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NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER IN THE UNITED STATES ("U.S.") OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE BENEFICIAL TITLE SELLER (A "**U.S. RISK RETENTION WAIVER**") AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**"), THE NOTES AND THE RESIDUAL CERTIFICATES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSON**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S. EACH PURCHASER OF THE NOTES OR RESIDUAL CERTIFICATES, OR A BENEFICIAL INTEREST THEREIN, ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES AND THE RESIDUAL CERTIFICATES BY ITS ACQUISITION OF THE NOTES OR THE RESIDUAL CERTIFICATES OR A BENEFICIAL INTEREST THEREIN, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (I) IS NOT A RISK RETENTION U.S. PERSON OR (II) HAS OBTAINED A U.S. RISK RETENTION WAIVER FROM THE BENEFICIAL TITLE SELLER, (2) IS ACQUIRING SUCH NOTE OR RESIDUAL CERTIFICATE, OR BENEFICIAL INTEREST THEREIN, FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE OR RESIDUAL CERTIFICATE, AND (3) IS NOT ACQUIRING SUCH NOTE OR RESIDUAL CERTIFICATE, OR BENEFICIAL INTEREST THEREIN, AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE OR RESIDUAL CERTIFICATE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION __.20 OF THE U.S. RISK RETENTION RULES).

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

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

By accessing this prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of this prospectus by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (d) if you are a person in the United Kingdom, then you are a person who (i) is an investment professional within the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FPO**") or (ii) is a high net worth entity falling within Articles 49(2)(a) to (d) of the FPO.

This prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, National Australia Bank Limited, Banco Santander, S.A., Standard Chartered Bank or any person who controls it nor any director, officer, employee nor agent of it (or parties 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 National Australia Bank Limited, Banco Santander, S.A. or Standard Chartered Bank.

HOPS HILL NO.1 PLC

(incorporated in England and Wales with limited liability under registered number 12901495)

Notes	Initial Principal Amount Outstanding	Issue Price	Interest Reference Rate	Relevant Margin	Portfolio Call/Optional Redemption Date	Pre-Call Redemption Profile	Final Maturity Date	Ratings (S&P/Moody's)
Class A Notes	£332,600,000	100%	Compounded Daily SONIA	Prior to the Step-Up Date, 0.95 per cent. and on and after the Step-Up Date, 1.425 per cent.	Interest Payment Date falling in May 2024 and each subsequent Interest Payment Date	Pass-through amortisation except on the First Interest Payment Date, when payments shall be made on a Fixed Percentage Basis	Interest Payment Date falling in May 2054	AAA (sf)/Aaa(sf)
Class B Notes	£26,000,000	100%	Compounded Daily SONIA	Prior to the Step-Up Date, 1.60 per cent. and on and after the Step-Up Date, 2.40 per cent.	Interest Payment Date falling in May 2024 and each subsequent Interest Payment Date	Interest Payment Date falling in May 2024 and each subsequent Interest Payment Date	Interest Payment Date falling in May 2054	AA+ (sf)/Aa1(sf)
Class C Notes	£18,000,000	100%	Compounded Daily SONIA	Prior to the Step-Up Date, 1.85 per cent. and on and after the Step-Up Date, 2.775 per cent.	Interest Payment Date falling in May 2024 and each subsequent Interest Payment Date	Interest Payment Date falling in May 2024 and each subsequent Interest Payment Date	Interest Payment Date falling in May 2054	AA- (sf)/Aa3(sf)
Class D Notes	£11,400,000	100%	Compounded Daily SONIA	Prior to the Step-Up Date, 2.35 per cent. and on and after the Step-Up Date, 3.525 per cent.	Interest Payment Date falling in May 2024 and each subsequent Interest Payment Date	Interest Payment Date falling in May 2024 and each subsequent Interest Payment Date	Interest Payment Date falling in May 2054	BBB+ (sf)/A2(sf)
Class X Notes	£8,400,000	100%	Compounded Daily SONIA ¹	Prior to the Step-Up Date, 4.50 per cent. and on and after the Step-Up Date, 0 per cent.	Interest Payment Date falling in May 2024 and each subsequent Interest Payment Date	N/A	Interest Payment Date falling in May 2054	Not Rated
Class Z VFN	£21,500,000 (being the initial principal amount subscribed for as at the Closing Date) up to a maximum of £200,000,000	100%	N/A	N/A	N/A	Pass-through amortisation except on the First Interest Payment Date, when payments shall be made on a Fixed Percentage Basis	Interest Payment Date falling in May 2054	Not Rated
Residual Certificates	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Not Rated

Prospectus dated 21 January 2021

¹ Prior to the Optional Redemption Date. On and from the Optional Redemption Date, the Class X Notes will not bear interest.

Arrangers

National Australia Bank Limited

Santander Corporate and Investment Banking

Joint Lead Managers

**National Australia Bank
Limited**

**Santander Corporate and
Investment Banking**

Standard Chartered Bank

Issue Date	The Issuer expects to issue the Notes in the classes described above and the Residual Certificates on 25 January 2021 or such other date as the Issuer and the Joint Lead Managers may agree pursuant to the Subscription Agreement (the " Closing Date ").
Standalone/ programme issuance	Standalone issuance.
Underlying Assets	<p>The Issuer will make payments on the Notes and Residual Certificates from, <i>inter alia</i>, payments of principal and interest received from a portfolio comprising mortgage loans originated by Keystone Property Finance Limited (the "Originator" and the "Legal Title Holder") to borrowers secured on Properties in England and Wales to be acquired by the Issuer from the Beneficial Title Seller on the Closing Date or, in relation to any Additional Mortgage Loans, on each Additional Mortgage Loan Purchase Date.</p> <p>See the section entitled "<i>The Mortgage Portfolio and the Mortgage Loans</i>" for further details.</p>
Credit Enhancement	<ul style="list-style-type: none"> ● Subordination of the Classes of Notes ranking junior in the relevant Payments Priorities and the Residual Certificates. ● The General Reserve Fund will be a non-amortising reserve fund initially funded from the proceeds of issue of the Class Z VFN and thereafter from Available Revenue Funds in an amount up to General Reserve Fund Required Amount (being an amount equal to £8,000,000). There will be two ledgers under the General Reserve Fund: (i) the Liquidity Ledger and (ii) the Credit Ledger. ● The Credit Ledger Required Amount (being an amount by which the General Reserve Fund Required Amount exceeds the Liquidity Ledger Required Amount) will be applied to reduce or eliminate any shortfall in Available Revenue Funds to pay items (a) to (h), (j), (k), (l), (m), and (n) of the Pre-Enforcement Revenue Payments Priorities. ● The Liquidity Ledger Required Amount (being an amount equal to 1.50% of the aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes) will be applied to reduce or eliminate any shortfall in Available Revenue Funds (subject to certain conditions) (after the application of any General Reserve Drawings) to pay items (a) to (f) and (h) of the Pre-Enforcement Revenue Payments Priorities. ● Available Revenue Funds will be applied to replenish the General Reserve Fund on each Interest Payment Date in accordance with the Pre-Enforcement Payments Priorities or the Post-Enforcement Payments Priorities as applicable (together, the "Payments Priorities"). ● On any Interest Payment Date falling after the occurrence of the Step-Up Date or Final Maturity Date and in circumstances where there is an Enhanced Amortisation Amount, the amount by which Available Revenue Funds exceed the amounts required to pay interest on the relevant class of Notes in accordance with the Pre-Enforcement Revenue Payments Priority and all other amounts ranking in priority thereto. <p>See the section entitled "<i>Credit Structure</i>" for further details.</p>
Liquidity Support	<ul style="list-style-type: none"> ● Subordination in payment of those Classes of Notes ranking junior in the relevant Payments Priorities and the Residual Certificates. ● The Credit Ledger Required Amount will be applied to reduce or eliminate, among other things, any shortfall in Available Revenue Funds (without taking into account any Liquidity Reserve Drawings or Principal Addition Amounts) to pay Interest Amounts in respect of the Rated Notes. ● The Liquidity Ledger Required Amount will be applied to reduce or eliminate, among other things, any shortfall in Available Revenue Funds (after the application of any General Reserve Drawings but without taking into account any Principal Addition

Amounts) to pay Interest Amounts in respect of the Class A Notes and the Class B Notes.

- The Available Principal Funds will be applied to reduce or eliminate, among other things, any shortfall in Available Revenue Funds (after the application of any Liquidity Reserve Drawings and any General Reserve Drawings) to pay Interest Amounts in respect of the Class A Notes (if the Class A Notes are the Most Senior Class), the Class B Notes (if the Class B Notes are the Most Senior Class or if the Class B Notes are not the Most Senior Class and there is no debit balance on the Class B Principal Deficiency Sub-Ledger), the Class C Notes (if the Class C Notes are the Most Senior Class) or the Class D Notes (if the Class D Notes are the Most Senior Class).
- Available Revenue Funds will be applied to replenish the General Reserve Fund on each Interest Payment Date in accordance with the applicable Payments Priorities.

See the section entitled "*Credit Structure*" for further details.

Redemption Provisions

Repayment of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class Z VFN with Available Principal Funds. Available Principal Funds includes, among other things, principal receipts from any disposal of the Mortgage Portfolio. Redemption to occur no later than the Final Maturity Date. Repayment of the Class X Notes with Available Revenue Funds and (following the Step-Up Date) Available Principal Funds. "**Notes**" means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class X Notes and the Class Z VFN.

See the section entitled "*Description of the Terms and Conditions of the Notes*" and Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*).

Credit Rating Agencies

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (the "**EU CRA Regulation**") unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the EU CRA Regulation and such registration is not refused.

Similarly, UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the United Kingdom and registered under the EU CRA Regulation as it forms part of domestic law in the United Kingdom by virtue of the EUWA (the "**UK CRA Regulation**"). In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation.

Each of S&P Global Ratings UK Limited ("**S&P**") and Moody's Investors Service Limited ("**Moody's**") (each a "**Rating Agency**" and together, the "**Rating Agencies**") is a credit rating agency established in the United Kingdom and registered under the UK CRA Regulation.

The FCA is obliged to maintain on its website, <http://www.fca.org.uk/>, a list of credit rating agencies registered and certified in accordance with the UK CRA Regulation. This list must be updated within five working days of FCA's adoption of any decision to withdraw the registration of a credit rating agency under the UK CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated FCA list.

The contents of this website do not form part of this Prospectus and are not incorporated by reference into this Prospectus.

Each of S&P and Moody's are included on the list of registered and certified credit rating agencies that is maintained by FCA.

The rating S&P has given to the Notes is endorsed by S&P Global Ratings Europe Limited, which is established in the European Union and registered under the EU CRA Regulation. The rating Moody's has given to the Notes is endorsed by Moody's Deutschland GmbH, which is established in the European Union and registered under the EU CRA Regulation.

"EUWA" means the European Union (Withdrawal) Act 2018 (as amended by the European Union (Withdrawal Agreement) Act 2020) as amended, varied, superseded or substituted from time to time.

Credit Ratings

Ratings are expected to be assigned to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes (together, the "**Rated Notes**") only as set out above on or before the Closing Date. The Class X Notes, Class Z VFN and Residual Certificates will not be rated on the Closing Date.

The ratings assigned to the Rated Notes by Moody's address, *inter alia*:

- (a) subject to paragraph (b) below, the likelihood of full and timely payment of interest due to the holders of the Rated Notes on each Interest Payment Date; and
- (b) the likelihood of full and ultimate payment of principal to the holders of the Rated Notes by or on the Final Maturity Date.

The ratings assigned to the Class A Notes by S&P address, *inter alia* (a) the likelihood of full and timely payment to the holders of the Class A Notes of interest on each Interest Payment Date in accordance with the Conditions; (b) the likelihood of full payment to the holders of the Rated Notes (other than the Class A Notes) of all payments of interest on or prior to the Final Maturity Date; (c) the likelihood of full and ultimate payment to the holders of the Rated Notes of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

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 purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**EU Prospectus Regulation**"). This Prospectus has been approved by the Central Bank of Ireland as the competent authority under the EU Prospectus Regulation. The Central Bank of Ireland only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. Such approval relates to the Notes which are to be admitted to trading on a regulated market for the purposes of 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 The Irish Stock Exchange plc trading as Euronext Dublin (the "**Stock Exchange**") for the Class A Notes, Class B Notes, Class C Notes, Class D Notes and the Class X Notes (the "**Listed Notes**") to be admitted to the official list (the "**Official List**") and trading on its regulated market (the "**Regulated Market**"). The Stock Exchange's Regulated Market is a regulated market for the purposes of EU MiFID II.

The Prospectus (as supplemented as at the relevant time, if applicable) is valid for the admission to trading of the Listed Notes on the regulated market of the Stock Exchange until the time when trading on such regulated market. The obligation to supplement this Prospectus in the event of the significant new factor, material mistake or material inaccuracy does not apply, once the Notes are admitted to trading on the regulated market of the Stock Exchange.

Neither the Class Z VFN nor the Residual Certificates will be admitted to the Official List nor will they be admitted to trading on the regulated market of the Stock Exchange.

Benchmarks Regulation	Interest payable on the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class X Notes is 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 the Regulation (EU) 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.
Eurosystem Eligibility	The Listed Notes are intended to be held in a manner which will allow Eurosystem eligibility. This simply means that the Listed Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (" ICSDs ") as common safekeeper and does not necessarily mean that the Listed Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.
Obligations	The Notes and Residual Certificates will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes and the Residual Certificates will not be obligations of any of the Beneficial Title Seller, Legal Title Holder, their affiliates or any other party named in the Prospectus.
Retention Undertaking	<p>Pursuant to Article 6 of Regulation (EU) 2017/2402 of the European Parliament and of the Council (the "EU Securitisation Regulation") together with any technical standards (which does not take into account any corresponding national measures) and Article 6 of the EU Securitisation Regulation as it forms part of domestic law in the United Kingdom by virtue of the EUWA (the "UK Securitisation Regulation") together with any binding technical standards, the Beneficial Title Seller will undertake to the Issuer, for the benefit of the Noteholders, that it will retain at all times until the redemption of the last of the Notes, a material net economic interest of not less than 5 per cent. in the nominal value of the securitisation in accordance with the text of Article 6 of the EU Securitisation Regulation and Article 6 of the UK Securitisation Regulation, respectively. As at the Closing Date, such interest will comprise an interest in the first loss tranche in the Class Z VFN, as contemplated by Article 6(3)(d) of the EU Securitisation Regulation and Article 6(3)(d) of the UK Securitisation Regulation, respectively.</p> <p>See the sections entitled "<i>Regulatory Disclosure</i>" and "<i>Risk Factors – Legal and Regulatory Risks – Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes</i>".</p> <p>The Beneficial Title Seller, as the sponsor under the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "U.S. Risk Retention Rules"), does not intend to retain at least 5 per cent. of the credit risk of the securitised assets for the purposes of compliance with the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Except with the prior written consent of the Beneficial Title Seller and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any Risk Retention U.S. Person. See the section entitled "<i>Risk Factors – Legal and Regulatory Risks – U.S. Risk Retention Requirements</i>".</p>
Simple, Transparent and Standardised (STS) Securitisations	As at the Closing Date, (i) no notification will be submitted to the European Securities and Markets Authority (" ESMA "), in accordance with Article 27 of the EU Securitisation Regulation, confirming that the requirements of Article 18 and Articles 19 to 22 of the EU Securitisation Regulation have been satisfied with respect to the Notes (such notification, the " EU STS Notification ") and (ii) no notification will be submitted to the FCA, in accordance with Article 27 of the UK Securitisation Regulation, confirming that the

requirements of Article 18 and Articles 19 to 22 of the UK Securitisation Regulation have been satisfied with respect to the Notes (such notification, the "**UK STS Notification**").

Residual Certificates In addition to the Notes, the Issuer will issue the Residual Certificates to the Beneficial Title Seller on the Closing Date. The Residual Certificates represent the right to receive the RC Payments. The Residual Certificates will not be listed or rated.

Volcker Rule 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 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**". Although other exclusions and/or exemptions may be available, the Issuer will satisfy all of the elements of the exemption from the definition of "investment company" under the Investment Company Act of 1940, as amended (the "**Investment Company Act**") provided by Section 3(c)(5)(C) thereunder. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or affiliate thereof, should consult its own legal advisers regarding the Volcker Rule and its effects.

Significant Investor On the Closing Date, the Beneficial Title Seller shall acquire the Class Z VFN, the Class X Notes and the Residual Certificates.

Significant concentrations of holdings of the Rated Notes may occur. In holding some or all of the Rated Notes, any investor holding such concentrations may have a majority holding and therefore be able to pass, or hold a sufficient minority to block, Noteholder resolutions.

It is possible that on the Closing Date, an investor may acquire a significant holding in the Rated Notes, potentially giving it a sufficient ability to pass or block Noteholder resolutions. Therefore, no assurance can be given that any subsequent Noteholder will have influence to block or pass certain Noteholder resolutions.

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

IMPORTANT NOTICE

The Notes and the Residual Certificates will be obligations of the Issuer only. Neither the Notes nor the Residual Certificates will be obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer, in particular, neither the Notes nor the Residual Certificates will be obligations of, or the responsibility of, or guaranteed by, any of the Legal Title Holder, the Originator, the Beneficial Title Seller, the Portfolio Option Holder, the Arranger, the Servicer, the Cash Manager, the Transaction Account Bank, the Collection Account Bank, Holdings, the Corporate Services Provider, the Back-Up Servicer Facilitator, the Back-up Cash Manager Facilitator, the Principal Paying Agent, the Registrar, the Class Z VFN Registrar, the Trustee and Agent Bank (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 or the Residual Certificates shall be accepted by any of the Relevant Parties or by any person other than the Issuer. The Prospectus has been prepared by the Issuer solely for use in connection with the sale of the Notes offered pursuant to the Prospectus. The Residual Certificates and the Class Z VFN are not being offered pursuant to the Prospectus.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), 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.

UK Mortgages Corporate Funding Designated Activity Company (the "**Beneficial Title Seller**") accepts responsibility for the information set out in the sections headed "*The Mortgage Portfolio and the Mortgage Loans*", "*Characteristics of the Completion Mortgage Portfolio*" and "*Description of the Beneficial Title Seller*". To the best of the knowledge and belief of the Beneficial Title 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.

Pepper (UK) Limited (the "**Servicer**") accepts responsibility for the information set out in the section headed "*Description of the Servicer*". To the best of the knowledge and belief of Pepper (UK) 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.

Keystone Property Finance Limited (the "**Originator**" and the "**Legal Title Holder**") accepts responsibility for the information set out in the section headed "*Description of the Originator and the Legal Title Holder*". To the best of the knowledge and belief of Keystone Property Finance 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.

National Australia Bank Limited (acting through its London branch) (the "**Interest Rate Swap Provider**") accepts responsibility for the information set out in the section headed "*Description of the Interest Rate Swap Provider*". To the best of the knowledge and belief of Interest Rate Swap Provider, the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

Citibank, N.A., London Branch (the "**Transaction Account Bank**", the "**Principal Paying Agent**", the "**Agent Bank**" and the "**Cash Manager**") accepts responsibility for the information set out in the section headed "*Description of the Transaction Account Bank, Principal Paying Agent, Agent Bank and Cash Manager*". To the best of the knowledge and belief of the Transaction Account Bank, Principal Paying Agent, Agent Bank and Cash Manager, 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.

Citicorp Trustee Company Limited (the "**Trustee**") accepts responsibility for the information set out in the section headed "*Description of the Trustee*". To the best of the knowledge and belief of the Trustee, 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.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Beneficial Title Seller, the Originator, the Legal Title Holder, the Servicer, the Trustee, the Joint Lead Managers or the Arrangers or any of them to subscribe for or purchase any of the Residual Certificates and/or Class Z VFN, and none of them make any representation, warranty or other assurance, expressed or implied, to any investors in the Residual Certificates and/or the Class Z VFN (and nothing contained herein is, or shall be relied upon as, a representation, whether as to the past, the present or the future). The distribution of this Prospectus or any part hereof, and any offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by any Transaction Party that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, save for obtaining the approval of this Prospectus as a prospectus for the purposes of the EU Prospectus Regulation by the Central Bank of Ireland, no action has been or will be taken by any Transaction Party which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer, National Australia Bank Limited and Banco Santander, S.A. (each an "**Arranger**" and each a "**Joint Lead Manager**") and Standard Chartered Bank (a "**Joint Lead Manager**") to inform themselves about and to observe any such restriction. For a further description of certain restrictions on offers and sales of the Notes and distribution of this document (or any part hereof), see the section entitled "*Subscription and Sale*".

Neither the delivery of this Prospectus nor any sale or allotment made in connection with any offering of any of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change in the information contained in this Prospectus since the date of this Prospectus.

None of the Joint Lead Managers, the Arrangers, the Trustee, the Beneficial Title Seller, the Originator, the Legal Title Holder, the Corporate Services Provider, the Interest Rate Swap Provider, the Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Back-Up Cash Manager Facilitator, the Transaction Account Bank, the Swap Collateral Account Bank, the Principal Paying Agent, the Agent Bank, the Class Z VFN Registrar or the Registrar makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus or part thereof or any other information provided by the Issuer in connection with the Notes, other than as expressly set out above. None of the Joint Lead Managers, the Arrangers, the Trustee, the Beneficial Title Seller, the Originator, the Legal Title Holder, the Corporate Services Provider, the Interest Rate Swap Provider, the Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Back-Up Cash Manager Facilitator, the Transaction Account Bank, the Swap Collateral Account Bank, the Principal Paying Agent, the Agent Bank, the Class Z VFN Registrar or the Registrar accepts any liability in relation to the information contained in this

Prospectus or any other information provided by the Issuer in connection with the Notes, other than as expressly set out above. Each potential purchaser of Notes should determine the relevance of the information contained in this Prospectus or part hereof and the purchase of Notes should be based upon such investigation as each purchaser deems necessary. None of the Joint Lead Managers, the Arrangers, the Trustee, the Beneficial Title Seller, the Originator, the Legal Title Holder, the Corporate Services Provider, the Interest Rate Swap Provider, the Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Back-Up Cash Manager Facilitator, the Transaction Account Bank, the Swap Collateral Account Bank, the Principal Paying Agent, the Agent Bank, the Class Z VFN Registrar or the Registrar undertakes or shall undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to their attention (other than as expressly required by the Transaction Documents).

The Arrangers and each Joint Lead Manager has no responsibility to or liability for and does not owe any duty to any party or other person in respect of the preparation and due execution of the Transaction Documents or the enforceability of any of the obligations set out in the Transaction Documents (other than its own individual obligations under the Subscription Agreement).

EU 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 has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended ("**EU MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR 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 has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of domestic law in the United Kingdom by virtue of the EUWA (the "**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and 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 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 EU MiFID II; or (iii) not a qualified investor as defined in the EU Prospectus Regulation.

Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the United Kingdom by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the United Kingdom by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the EU Prospectus Regulation as it forms part of domestic law in the United Kingdom by virtue of the EUWA (the "**UK Prospectus Regulation**").

Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law in the United Kingdom by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and the Notes are subject to U.S. tax law requirements. The Notes may not be sold or delivered, directly or indirectly, in the United States or to any U.S. persons (see the section entitled "*Subscription and Sale*") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Except with the prior written consent of the Beneficial Title Seller (a "**U.S. Risk Retention Waiver**") and where such sale falls within the exemption provided by Section 20 of the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "**U.S. Risk Retention Rules**"), the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any "U.S. Person" as defined in the U.S. Risk Retention Rules ("**Risk Retention U.S. Person**"). Prospective investors should note that the definition of "U.S. Person" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of "U.S. Person" in Regulation S. Each purchaser of the Notes or a beneficial interest therein acquired in the initial syndication of the Notes, by its acquisition of the Notes or a beneficial interest therein will be deemed to have made certain representations and agreements, including that it (1) either (i) is not a Risk Retention U.S. Person or (ii) it has obtained a U.S. Risk Retention Waiver from the Beneficial Title Seller, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules). Certain investors may be required to execute a written certification of representation letter by the Beneficial Title Seller in respect of their status under the U.S. Risk Retention Rules. See "*Risk Factors – Legal and Regulatory Risk – U.S. Risk Retention Requirements*".

None of the Issuer, the Trustee, the Joint Lead Managers, the Arrangers, the Beneficial Title Seller, the Originator, the Legal Title Holder, the Corporate Services Provider, the Interest Rate Swap Provider, the Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Back-Up Cash Manager Facilitator, the Transaction Account Bank, the Swap Collateral Account Bank, the Principal Paying Agent, the Agent Bank, the Class Z VFN Registrar or the Registrar makes any representation to any prospective investor or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations.

No person has been authorised to give any information or to make any representation other than as contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Trustee, the directors of the Issuer, the Joint Lead Managers or the Arrangers.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. No action has been taken by the Issuer, the Joint Lead Managers or the Arrangers other than as set out in the paragraph headed "*Listing*" on page v of this Prospectus that would permit a public offer of the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any part hereof nor any other prospectus, form of application, advertisement or other offering material may be issued, distributed or published in any country or jurisdiction (including the UK and Ireland), except in circumstances that will result in compliance with applicable laws, orders, rules and regulations.

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class X Notes will each be represented on issue by a global note certificate in registered form (a "**Global Note**"). The Global Notes will be issued in the denomination of £100,000 and integral multiples of £1,000 in excess thereof. Except in the limited circumstances described in the section entitled "*Description of the Global Notes – Issuance of Registered Definitive Notes*", the Global Notes will not be available in definitive form (the "**Definitive Notes**").

The Class Z VFN will be in dematerialised registered form. The Issuer will maintain a register, to be kept on the Issuer's behalf by the Class Z VFN Registrar, in which the Class Z VFN will be registered in the name of the holder of the Class Z VFN. Transfers of all or any portion of the interest in the Class Z VFN may be made only through the register maintained by the Issuer.

The Residual Certificates will each be represented on issue by a global residual certificate in registered form (a "**Global Certificate**").

The Issuer will maintain a register, to be kept on the Issuer's behalf by the Registrar, in which the Notes (except the Class Z VFN) and Residual Certificates will be registered in the name of the holders of such Notes (except the Class Z VFN) and/or Residual Certificates. Transfers of all or any portion of the interest in the Notes (except the Class Z VFN) and/or Residual Certificates may be made only through the register maintained by the Issuer.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer or any of the Legal Title Holder, the Originator, the Beneficial Title Seller, the Portfolio Option Holder, the Arrangers, the Servicer, the Cash Manager, the Transaction Account Bank, the Collection Account Bank, Holdings, the Corporate Services Provider, the Back-Up Servicer Facilitator, the Back-up Cash Manager Facilitator, the Principal Paying Agent, the Registrar, the Class Z VFN Registrar, the Trustee and Agent Bank (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**") to

subscribe for or purchase any of the Residual Certificates and/or Class Z VFN, and none of the Issuer or any of the Relevant Parties make any representation, warranty or other assurance, expressed or implied, to any investor in the Residual Certificates and/or Class Z VFN (and nothing contained herein is, or shall be relied upon as a representation, whether as to the past, the present or the future).

Each of Euroclear and Clearstream, Luxembourg will record the beneficial interests in the Global Notes ("**Book-Entry Interests**"). Book-Entry Interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear or Clearstream, Luxembourg, and their respective participants.

The information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

References in this Prospectus to "£" or "**Sterling**" are to the lawful currency for the time being of UK.

Forward Looking Statements and Statistical Information

Certain matters contained in this Prospectus are forward looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Mortgage Loans, and reflect significant assumptions and subjective judgements by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in the UK. This Prospectus also contains certain tables and other statistical analyses (the "**Statistical Information**") which have been prepared in reliance on information provided by the Issuer. Numerous assumptions have been used in preparing the Statistical Information, which may or may not be reflected in the material. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, or as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. The average life of or the potential yields on any security cannot be predicted, because the actual rate of repayment on the underlying assets, as well as a number of other relevant factors, cannot be determined. No assurance can be given that the assumptions on which the possible average lives of or yields on the securities are made will prove to be realistic. None of the Issuer, the Joint Lead Managers or the Arrangers has attempted to verify any forward-looking statements or Statistical Information, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward looking statements or Statistical Information. None of the Issuer, the Joint Lead Managers or the Arrangers assumes any obligation to update these forward looking statements or Statistical Information or to update the reasons for which actual results could differ materially from those anticipated in the forward looking statements or Statistical Information, as applicable.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (without limitation):

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in 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 and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of assets of the type comprising the Mortgage Portfolio, the market for securities of the type represented by the Notes, and the financial markets generally; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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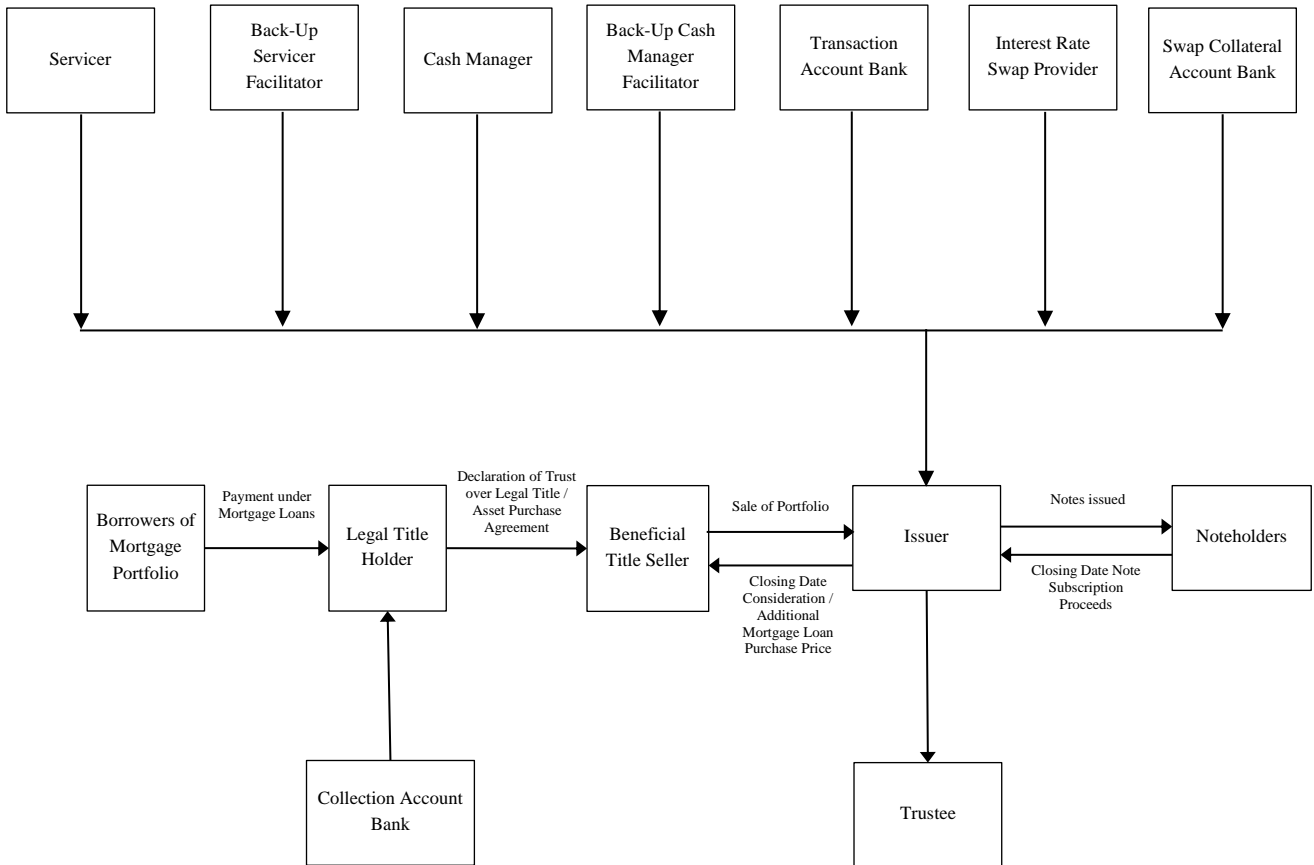
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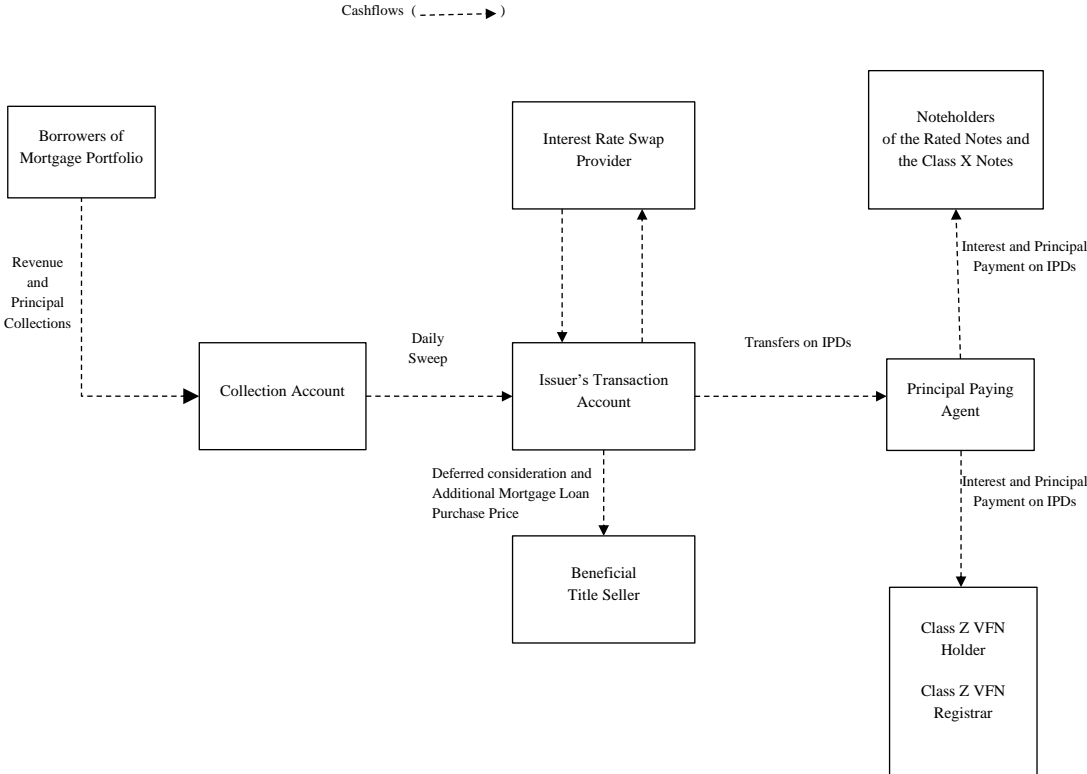
OVERVIEW

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

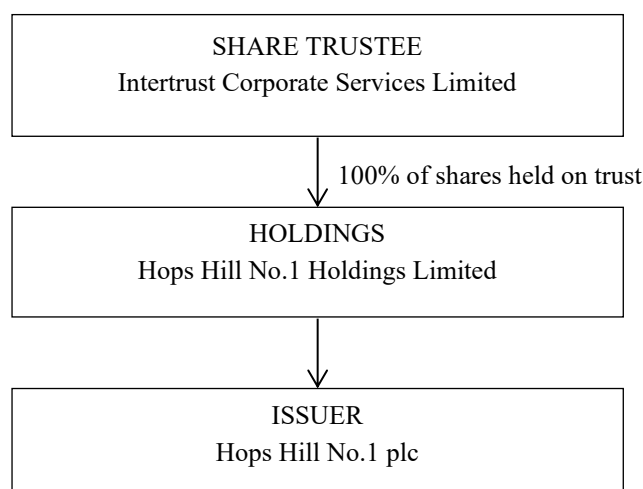
(A) DIAGRAMMATIC OVERVIEW OF THE TRANSACTION



(B) DIAGRAMMATIC OVERVIEW OF ON-GOING CASHFLOW



(C) OVERVIEW OF THE OWNERSHIP STRUCTURE



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

- The Issuer is a wholly-owned subsidiary of Hops Hill No.1 Holdings Limited ("**Holdings**") in respect of its beneficial ownership.
- The entire issued share capital of Holdings is held on trust by Intertrust Corporate Services Limited as share trustee (the "**Share Trustee**") under the terms of a discretionary trust, the benefit of which is expressed to be for discretionary purposes.
- None of the Issuer, Holdings and the Share Trustee is either owned, controlled, managed, directed or instructed, whether directly or indirectly, by the Beneficial Title Seller or the Legal Title Holder or any member of the group of companies of the Beneficial Title Seller or the Legal Title Holder.

(D) TRANSACTION PARTIES AND OTHER RELATED PARTIES ON THE CLOSING DATE

Party	Name	Address	Document under which appointed/Further Information
Issuer	Hops Hill No.1 plc (incorporated on 24 September 2020)	1 Bartholomew Lane London EC2N 2AX United Kingdom	N/A See the section entitled " <i>The Issuer</i> "
Holdings	Hops Hill No.1 Holdings Limited (incorporated on 18 September 2020)	1 Bartholomew Lane London EC2N 2AX United Kingdom	N/A See the section entitled " <i>Holdings</i> "
Beneficial Title Seller	UK Mortgages Corporate Funding Designated Activity Company	5 George's Dock I.F.S.C Dublin 1 Ireland	Mortgage Sale Agreement. See the section entitled " <i>Description of the Beneficial Title Seller</i> "

Party	Name	Address	Document under which appointed/Further Information
Class Z VFN Holder and Portfolio Option Holder	UK Mortgages Corporate Funding Designated Activity Company	5 George's Dock I.F.S.C Dublin 1 Ireland	Trust Deed and Deed Poll. See the sections entitled " <i>Description of the Beneficial Title Seller</i> " and " <i>Early Redemption of Notes</i> "
Interest Rate Swap Provider	National Australia Bank Limited (acting through its London branch)	Level 1, 800 Bourke Street Docklands Victoria 3008 Australia	Interest Rate Swap Agreement. See the section entitled " <i>Credit Structure – Interest Rate Swap</i> "
Originator and Legal Title Holder	Keystone Property Finance Limited	17 Kings Hill Avenue Kings Hill West Malling Kent ME19 4UA United Kingdom	Mortgage Sale Agreement. See the section entitled " <i>Description of the Originator and the Legal Title Holder</i> "
Servicer	Pepper (UK) Limited	Harman House 1 George St Uxbridge UB8 1QQ United Kingdom	Servicing Agreement. See the sections entitled " <i>Description of the Servicer</i> " and " <i>Servicing of the Mortgage Portfolio</i> "
Back-Up Servicer Facilitator	Intertrust Management Limited	1 Bartholomew Lane London, EC2N 2AX United Kingdom	Servicing Agreement.
Cash Manager	Citibank, N.A., London Branch	Citigroup Centre Canada Square Canary Wharf London E14 5LB	Cash Management Agreement. See the section entitled " <i>Description of the Transaction Account Bank, Principal Paying Agent, Agent Bank and Cash Manager</i> "
Back-Up Cash Manager Facilitator	Intertrust Management Limited	1 Bartholomew Lane London, EC2N 2AX United Kingdom	Cash Management Agreement.
Transaction Account Bank	Citibank, N.A., London Branch	Citigroup Centre Canada Square Canary Wharf London E14 5LB	Transaction Account Agreement. See the sections entitled " <i>Description of the Transaction Account Bank, Principal Paying Agent, Agent Bank and Cash Manager</i> " and " <i>Credit Structure</i> "
Trustee	Citicorp Trustee Company Limited	Citigroup Centre Canada Square Canary Wharf London E14 5LB	Trust Deed. See the sections entitled " <i>Description of the Trustee</i> " and " <i>The Trust Deed</i> "

Party	Name	Address	Document under which appointed/Further Information
Principal Paying Agent / Agent Bank	Citibank, N.A., London Branch	Citigroup Centre Canada Square Canary Wharf London E14 5LB	Agency Agreement.
Corporate Services Provider	Intertrust Management Limited	1 Bartholomew Lane London, EC2N 2AX United Kingdom	Corporate Services Agreement. See the section entitled " <i>The Issuer</i> "
Class Z VFN Registrar and Registrar	Citibank, N.A., London Branch	Citigroup Centre Canada Square Canary Wharf London E14 5LB	Agency Agreement.
Competent Authority for the purposes of the EU Prospectus Regulation	Central Bank of Ireland	New Wapping Street North Wall Quay Dublin 1 Ireland	N/A
Listing Authority and Stock Exchange	The Irish Stock Exchange plc trading as Euronext Dublin.	28 Anglesea Street Dublin 2 Ireland	N/A
Clearing Systems	Euroclear Bank SA / NV	1, Boulevard du Roi Albert II B-1210 Brussels Belgium	N/A
	Clearstream Banking, <i>société anonyme</i>	42 Avenue JF Kennedy L-1855 Luxembourg	N/A
Rating Agencies	S&P Global Ratings Europe Limited	Fourth Floor Waterways House, Grand Canal Quay, Dublin 2, Ireland	N/A
	Moody's Investor Service Limited	One Canada Square Canary Wharf London E14 5FA	N/A

RISK FACTORS

The following is a summary of the principal risks (including all material risks of which the Issuer is presently aware) associated with an investment in the Notes about which prospective investors should be aware. It is not intended to be exhaustive as to all the matters about which prospective investors should be aware.

In evaluating whether to purchase the Notes, prospective investors should not only consider the risk factors set out in this summary but should also ensure that they carefully review this Prospectus in full and seek professional advice as each investor deems necessary.

1 RISKS RELATED TO THE AVAILABILITY OF FUNDS TO PAY THE NOTES

1.1 The Issuer has a limited set of resources available to make payments on the Notes

The ability of the Issuer to meet its obligations to pay (a) amounts under the Notes and (b) its operating and administrative expenses will be dependent solely on the extent of monies received or recovered by or on behalf of the Issuer. Such monies consist solely of (i) monies received or recovered on the Mortgage Loans (whether by way of monthly payments, enforcement, disposal of the Mortgage Loans or otherwise), (ii) amounts of interest received from the Transaction Account Bank under the Transaction Account Agreement, (iii) amounts available in the General Reserve Fund, (iv) income from any Eligible Investments and (v) receipts under the Interest Rate Swap Agreement. Other than the foregoing, the Issuer will not have any other funds available to it to make payments under the Notes and the Residual Certificates and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes and the Residual Certificates under the applicable Payments Priorities. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Payments Priorities. Other than as provided in the Mortgage Sale Agreement the Issuer and the Trustee will have no recourse to the Beneficial Title Seller or any other entity.

1.2 The Notes will be limited recourse obligations of the Issuer

The Notes will be limited recourse obligations of the Issuer. If, and to the extent that, after all the property, rights and assets of the Issuer which is subject to the security created in favour of the Trustee pursuant to the Security Deed (the "**Security**") (the "**Charged Property**") has been realised and the proceeds thereof have been applied in accordance with the applicable Payments Priorities, the amounts recovered on realisation of the Charged Property are insufficient to pay or discharge amounts due from the Issuer to the Noteholders in full for any reason, the amounts will cease to be due and payable by the Issuer.

The Notes will not be obligations of, and will not be guaranteed by, the Beneficial Title Seller, the Legal Title Holder, the Originator, the Servicer, the Arrangers, the Joint Lead Managers or the Trustee.

1.3 The timing and amount of payment on the Mortgage Loans could be affected by various factors which may adversely affect payments on the Notes

The yield to maturity of the Notes of each class will depend on, among other things, the extent and timing of payments of principal (including full and partial prepayments, proceeds of disposal of Mortgage Loans or proceeds of enforcement of Mortgage Loans) on the Mortgage Loans, whether or not any Additional Mortgage Loans are acquired by the Issuer, the quantity of Additional Mortgage Loans acquired and the timing of their acquisition and the price paid

by the Noteholders of each class. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

The rate of prepayment of the Mortgage Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing, local and regional economic conditions and homeowner mobility. Subject to the terms and conditions of the Mortgage Loans, a Borrower may "overpay" or prepay principal at any time (the Legal Title Holder is always notified of overpayments). No assurance can be given as to the level of prepayments that the Mortgage Portfolio will experience. Accelerated prepayments will lead to a reduction in the weighted average life of the Notes. If the Beneficial Title Seller is required to repurchase a Mortgage Loan and its Related Security because, for example, one of the Mortgage Loans does not comply with the Asset Warranties, then the payment received by the Issuer will have the same effect as a prepayment of the relevant Mortgage Loan. As a result of these and other relevant factors not being within the control of the Issuer, no assurance can be given as to the timing or level of redemption of the Rated Notes. See also the section entitled "*The Mortgage Portfolio and the Mortgage Loans*".

On the First Interest Payment Date, the Pre-Funding Unused Amount will be applied in accordance with item (a) of the Pre-Enforcement Principal Payments Priorities towards redemption of the Notes (other than the Class X Notes) on a Fixed Percentage Basis.

Pursuant to the Deed Poll, the Portfolio Option Holder has the option to purchase the Mortgage Portfolio and its Related Security by giving notice to the Issuer with a copy to the Trustee at any time in the period from the Business Day falling 20 Business Days prior to the relevant Optional Redemption Date until such Optional Redemption Date for a purchase price which shall be the higher of (i) the aggregate market value of the Mortgage Portfolio as at the Optional Portfolio Purchase Completion Date, and (ii) an amount equal to the aggregate Principal Amount Outstanding of the Rated Notes as at the Optional Portfolio Purchase Completion Date plus accrued but unpaid interest thereon up to and including the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date, together with any payments due from the Issuer in respect of items ranking in priority to or *pari passu* with the Rated Notes (including interest and principal due and payable in respect of the Rated Notes), pursuant to the applicable Payments Priorities on the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date, less (x) any Available Principal Funds and Available Revenue Funds to be applied in accordance with the applicable Payments Priorities on the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date and (y) the credit balance of the General Reserve Fund. Holders of more junior classes of Notes should therefore be aware that such Classes of Notes may not be redeemed on the exercise of the Portfolio Option and that the Trustee is, on the valid exercise of the Portfolio Option, obliged under the terms of the Security Deed to release the Security over the Issuer's interest in the Mortgage Loans.

The occurrence of the Optional Portfolio Purchase will lead to a reduction in the weighted average life of the Notes. See also the section entitled "*Early Redemption of Notes*".

On any Interest Payment Date on which the aggregate Principal Amount Outstanding of the Notes is less than 10 per cent. of the aggregate Principal Amount Outstanding of all Notes on the Closing Date, the Issuer may, subject to certain conditions, redeem all of the Notes. Further, the Issuer may, subject to certain conditions, redeem all of the Notes on any Interest Payment Date on or after the Step-Up Date. In addition, the Issuer may, subject to the Conditions, redeem

all of the Notes if a change in Tax law results in the Issuer being required to make a Tax Deduction in respect of any payment in respect of the Notes, or the Issuer being subject to United Kingdom corporation tax in an accounting period on an amount which materially exceeds the amount retained by the Issuer (and to be recognised in the accounts of the Issuer as profit) for the relevant accounting year. See Condition 8.6 (*Optional Redemption of the Notes in whole for taxation or other reasons*) for further information.

Early redemption of the Notes may adversely affect the yield on the Notes.

1.4 There is a risk of shortfalls in the Available Revenue Funds which may result in insufficient funds available

If, on any Interest Payment Date, as a result of shortfalls in Available Revenue Funds, and after applying any General Reserve Drawing or Liquidity Reserve Drawing, there would be a PAA Deficit, the Issuer shall apply Available Principal Funds (if any) as Principal Addition Amounts to cure such PAA Deficit. Available Principal Funds (if any) may only be redirected as Principal Addition Amounts in respect of (A) if the Class A Notes are the Most Senior Class, items (a) to (f) of the Pre-Enforcement Revenue Payments Priorities, (B) if the Class B Notes are the Most Senior Class or the Class B Notes are not the Most Senior Class but there is no debit balance on the Class B Principal Deficiency Sub-Ledger (as at the related Cash Manager Determination Date but prior to application of Available Revenue Funds on the relevant Interest Payment Date), items (a) to (e) (or (a) to (f), as applicable) and (h) of the Pre-Enforcement Revenue Payments Priorities, (C) if the Class C Notes are the Most Senior Class, items (a) to (e) and (k) of the Pre-Enforcement Revenue Payments Priorities or (D) if the Class D Notes are the Most Senior Class, items (a) to (e) and (m) of the Pre-Enforcement Revenue Payments Priorities. The Issuer will not be able to use Available Principal Funds to pay interest on any class of Notes (other than to cure a PAA Deficit after the application of any General Reserve Drawing or Liquidity Reserve Drawing on such Interest Payment Date) or after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Payments Priorities) under any circumstances.

Application of any Available Principal Funds as Principal Addition Amounts (in addition to Principal Losses) will be recorded first on the Class Z Principal Deficiency Sub-Ledger until the balance of the Class Z Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class Z VFN then outstanding, and next on the Class D Principal Deficiency Sub-Ledger until the balance of the Class D Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class D Notes then outstanding, and next on the Class C Principal Deficiency Sub-Ledger until the balance of the Class C Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class C Notes then outstanding, and next on the Class B Principal Deficiency Sub-Ledger until the balance of the Class B Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class B Notes then outstanding, and next on the Class A Principal Deficiency Sub-Ledger until the balance of the Class A Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class A Notes then outstanding.

It is expected that during the course of the life of the Notes, any principal deficiencies (should they arise) will be recouped from Available Revenue Funds. Available Revenue Funds will be applied, after meeting prior ranking obligations as set out under the Pre-Enforcement Revenue Payments Priorities, as Revenue Reallocation Amounts to credit first the Class A Principal Deficiency Sub-Ledger, second the Class B Principal Deficiency Sub-Ledger, third the Class

C Principal Deficiency Sub-Ledger, fourth the Class D Principal Deficiency Sub-Ledger and fifth the Class Z Principal Deficiency Sub-Ledger. In addition, to the extent that the Notes have not been redeemed in full on the Interest Payment Date immediately following the Step-Up Date or the Final Maturity Date, an amount equal to the lesser of: (i) all remaining Available Revenue Funds (if any) after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Payments Priorities; and (ii) the amount required by the Issuer to pay in full all amounts payable under items (c) to (f) (inclusive) of the Pre-Enforcement Principal Payments Priorities, less any Available Principal Funds (other than item (c) of the definition thereof) otherwise available to the Issuer, will be applied as Available Principal Funds in accordance with the Pre-Enforcement Principal Payments Priorities until the Principal Amount Outstanding of the Notes has been reduced to zero.

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 Available Revenue Funds, any General Reserve Drawing, any Liquidity Reserve Drawing and Available Principal Funds may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Notes; and
- there may be insufficient Available Revenue Funds and Available Principal Funds to repay principal and interest on the Notes on or prior to the Final Maturity Date of the Notes.

2 RISKS RELATED TO THE UNDERLYING ASSETS

2.1 The Beneficial Title Seller has limited knowledge of matters represented in Asset Warranties

Although the Beneficial Title Seller will give certain representations and warranties in respect of the Mortgage Loans sold by it to the Issuer, the Beneficial Title Seller was not the originator of any of the Mortgage Loans. The Beneficial Title Seller purchased beneficial title to the Mortgage Loans and Related Security from the Originator under the Asset Purchase Agreement. The Beneficial Title Seller has an ongoing commercial relationship with the Legal Title Holder but its knowledge of the Mortgage Loans is limited to knowledge regarding the portfolio of buy-to-let mortgage loans originated by the Legal Title Holder as a whole. Therefore, the Beneficial Title Seller does not have any direct knowledge as to whether an Asset Warranty (including Asset Warranties which relate to the origination process) is correct or not or (where a warranty is qualified by reference to the awareness of the Beneficial Title Seller) it may not have actual knowledge of any relevant matters which give rise to a breach of warranty. Accordingly, it may be practically difficult for the Beneficial Title Seller to detect a breach of warranty in respect of the Mortgage Loans sold by it to the extent that the same related to a matter outside of the immediate knowledge of the Beneficial Title Seller. Consequently, there is a risk that where an Asset Warranty is qualified by reference to awareness of the Beneficial Title Seller there is a limited chance of recovery under the relevant Asset Warranty given the limited knowledge of the Beneficial Title Seller.

To the extent that an Asset Warranty is not expressed to be limited by reference to the awareness of the Beneficial Title Seller, the Beneficial Title Seller will nevertheless be liable to repurchase (or make a cash payment or indemnity in respect of all Liabilities relating to the material breach of Asset Warranty subject to (i) the Beneficial Title Seller's liability in relation to the Mortgage

Loan being a maximum of the Current Balance of such Mortgage Loan and (ii) the Beneficial Title Seller's total aggregate liability not exceeding an amount equal to 100 per cent. of the aggregate Current Balance of the Mortgage Portfolio as at the Closing Date.

The Beneficial Title Seller is a special purpose vehicle with limited assets and funds and as such will, after having satisfied its obligations to pay its secured creditors, have limited resources available to it to make any cash payments in respect of any Liabilities relating to the material breach of an Asset Warranty under the Mortgage Sale Agreement. No assurance can be given that the Beneficial Title Seller will always have the resources to comply with this undertaking in such a way that provides adequate protection to the Issuer or at all.

2.2 Delinquencies or default by Borrowers in paying amounts due on their Mortgage Loans

The Issuer is subject to the risk of default in payment by the Borrowers and the risk of failure by the Servicer (or, if at any time applicable, any back-up servicer) on behalf of the Issuer, to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant Mortgage Loan and Related Security in order to discharge all amounts due and owing by the relevant Borrowers under the relevant Mortgage Loans. This risk may affect the Issuer's ability to make payments on the Notes. No assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the Noteholders from all risk of loss. Should there be credit losses in respect of the Mortgage Loans, this could have an adverse effect on the ability of the Issuer to make payments of interest and/or principal on the Notes.

Borrowers may default on their obligations under the Mortgage Loans in the Mortgage Portfolio. Defaults may occur for a variety of reasons. The Mortgage Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies, natural disasters and widespread health crises or the fear of such crises (such as coronavirus (including COVID-19), measles, SARS, Ebola, H1N1, Zika, avian influenza, swine flu, or other epidemic diseases). Although interest rates are currently at a historical low and have been reduced by the Bank of England as part of its response to the COVID-19 pandemic, this may change in the future and an increase in interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their Mortgage Loans. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the Mortgage Loans. Unemployment, loss of earnings, illness (including any illness arising in connection with an epidemic, pandemic or health crises), divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgage Loans. In addition, the ability of a Borrower to sell a property given as security for a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

In order to enforce a power of sale in respect of a mortgaged property in England and Wales, the relevant mortgagee must first obtain possession of the relevant property. Possession is usually obtained by way of a court order or decree. This can be a lengthy and costly process

and will involve the mortgagee assuming certain risks. In addition, once possession has been obtained, a reasonable period must be allowed for marketing the property, to discharge obligations and to take reasonable care to obtain a proper price.

If obtaining possession of properties and arranging a sale in such circumstances is lengthy or costly, the Issuer's ability to make payments on the Notes may be reduced. The Issuer's ability to make such payments may be reduced further if the powers of a mortgagee in relation to obtaining possession of properties permitted by law are restricted in the future.

2.3 Buy-To-Let Loans

The Mortgage Loans in the Mortgage Portfolio comprise Buy-to-Let Mortgage Loans. There can be no assurance that each Property in relation to which a Buy-to-Let Mortgage Loan has been taken out by a Borrower will be the subject of an existing tenancy when the relevant Mortgage Loan is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the Mortgage Loan and/or that the rental income from such tenancy will be sufficient (whether or not there is any default of payment in rent) to provide the Borrower with sufficient income to meet the Borrower's interest obligations or capital repayments in respect of the Mortgage Loan.

There can be no assurance that, in the event of a material downturn in the private rental market, the ability to make repayments on the Notes would not be adversely affected. Such a downturn could be precipitated by a range of factors, which may include (but are not limited to) an expansion of buy-to-let lending should credit conditions continue to loosen and/or legislative changes affecting the sector, such as the introduction of rental caps or the regulation of the market or parts thereof.

The Coronavirus Act 2020 put measures in place in England that provided that where landlords issued notices seeking possession, in the period from 26 March 2020 to 28 August 2020, the notice period had to be for three months. The Coronavirus Act 2020 (Residential Tenancies: Protection from Eviction) (Amendment) (England) Regulations 2020, made in exercise of powers conferred by the Coronavirus Act 2020, came into force on 29 August 2020 (the "**English Regulations**"). The English Regulations apply in England only. The English Regulations modify certain provisions of the Coronavirus Act 2020 to give tenants in England greater protection from eviction over the winter by requiring landlords to provide tenants with six months' notice in all bar those cases raising other serious issues such as those involving, in certain circumstances: anti-social behaviour (including rioting); domestic abuse; fraud; the tenant's immigration status; the death of the former tenant where the tenancy is an assured tenancy or assured shorthold tenancy; and the tenant's accrual of rent arrears to the value of over six months' rent. The English Regulations provide that this six month notice period will be required starting from 29 August 2020 until 31 March 2021.

Further, from 27 March 2020, any possession claims in the system or about to go into the system were affected by a 90 day suspension of possession hearings and orders, such suspension of possession hearings and orders was extended until 23 August 2020 on 25 June 2020 and was extended by a further four weeks until 20 September 2020 on 21 August 2020. New CPR Practice Direction 55C ("**PD 55C**") is in force from 20 September 2020 until 28 March 2021. PD 55C sets out the steps required to reactivate stayed possession claims, as well as procedural changes applying both to existing possession claims and the issue of new claims. Different requirements apply under PD 55C depending on when the relevant possession claim was first issued.

In Wales, new regulations have been made under Schedule 29 to the Coronavirus Act 2020, that temporarily extend the minimum notice periods landlords must give to tenants with assured and assured shorthold tenancies. A six month notice period applied to notices issued between 24 July 2020 and 28 September 2020 under section 8 of the Housing Act 1988, except those that specified grounds 7A or 14 (relating to anti-social behaviour). A three month notice period continued to apply to notices that specified grounds 7A or 14. A six month notice period applied to notices issued on or after 24 July 2020 under section 21 of the Housing Act 1988. Schedule 29 is temporarily amended so that a landlord serving a notice on or after 24 July will be required to provide extended notice during the remainder of relevant period, which currently ends on 30 September 2020. The Coronavirus Act 2020 (Residential Tenancies: Protection from Eviction) (Wales) Regulations 2020 came into force on 29 September 2020 (the "**Welsh Regulations No. 2**"). The Welsh Regulation No. 2 apply in Wales only.

Upon enforcement of a Mortgage in respect of a Property which is the subject of an existing tenancy, the Servicer may not be able to obtain vacant possession of the Property, in which case the Servicer will only be able to sell the relevant Property as an investment property with one or more sitting tenants. This may affect the amount which the Servicer could realise upon enforcement of the Mortgage and the sale of the Property. In such a situation, amounts received in rent may not be sufficient to cover all amounts due in respect of the relevant Mortgage Loan. 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 Loan.

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 and the restriction took full effect from April 2020.

From 1 April 2016, a higher rate of stamp duty land tax ("**SDLT**") (and, from 1 April 2018, Welsh Land Transactions Tax ("**WLTT**")) applies to the purchase of additional residential properties (such as buy to let properties). The current additional rate is 3 per cent. above the current SDLT and WLTT rates. The Scottish government has implemented a similar additional dwelling supplement tax with effect from 1 April 2016 in respect of land and buildings transaction tax ("**LBTT**") (broadly speaking, the equivalent in Scotland to SDLT). The current additional rate in Scotland is 4 per cent. above the current LBTT rates. The UK government has announced that from 1 April 2021 an additional SDLT surcharge of 2 per cent. will apply to purchases of residential property in England and Northern Ireland by non-UK resident buyers.

Investors should note prohibitions on landlords to take possession of rental properties under the Coronavirus Act 2020 described in the section entitled *Further Information Relating to Mortgages in the UK – Risk of losses associated with buy-to-let Loans* below.

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 sub-standard property. Where a landlord wishes to continue letting property which is currently sub-standard, 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 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, the Scottish government has published, in draft form, The Energy Efficiency (Domestic Private Rented Property) (Scotland) Regulations 2020 to ensure that all privately rented homes in Scotland meet a minimum standard of energy efficiency. These regulations would have required all private rented sector properties to have a minimum Energy Performance Certificate (EPC) rating of 'E' at a change in tenancy from 1 October 2020 – and rising to EPC rating level 'D' from 1 April 2022. It should be noted that whilst it was anticipated that these regulations would come into force on 1 April 2020, the Scottish Government has delayed the implementation of the new minimum standards due to the impact of COVID-19.

These measures may adversely affect the private residential rental market in England, Wales, Scotland and Northern Ireland in general and (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.

2.4 Lack of liquidity of the Issuer could result in an insufficiency of funds on any Interest Payment Date

The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of various reasons including (i) payments being made late by Borrowers after the end of the relevant Calculation Period, (ii) contractual interest rates of the Mortgage Loans being lower than required by the Issuer in order to meet its commitments to pay interest on the Notes, and (iii) the risk that any cash held by or on behalf of the Issuer (including the Pre-Funding Initial Amount) may earn a rate of return below the rate of interest payable on the Notes. This risk may adversely affect the Issuer's ability to make payments on the Notes.

2.5 Loans may be subject to geographic concentration risk within certain regions of the United Kingdom

Mortgage Loans in the Mortgage Portfolio may also be subject to geographic concentration risks within certain regions of the United Kingdom. To the extent that specific geographic regions in the United Kingdom have experienced, or may experience in the future, weaker regional economic conditions (due to local, national and/or global macroeconomic factors) and weaker housing markets than other regions in the United Kingdom, a concentration of the Mortgage Loans in such a region may exacerbate the risks relating to the Mortgage Loans described in these risk factors. Certain geographic regions in the United Kingdom rely on different types of industries.

Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or the region that relies most heavily on that industry. In addition, any natural disasters or widespread health crises or the fear of such crises (such as coronavirus (including COVID-19), measles, SARS, Ebola, H1N1, Zika, avian influenza, swine flu, or other epidemic diseases) in a particular region may weaken economic conditions and reduce the value of affected Properties and/or negatively impact the ability of affected Borrowers to make timely payments on the Mortgage Loans. This may result in a loss being incurred upon sale of the Property and/or otherwise affect receipts on the Mortgage Loans. If the timing and payment of the Mortgage Loans is adversely affected by any of the risks described in this paragraph, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes. Given the unpredictable effect such factors may have on the local, national or global economy, no assurance can be given as to the impact of any of the matters described in this paragraph and, in particular, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes. For an overview of the geographical distribution of the Mortgage Loans as at the Portfolio Reference Date, see the section entitled "*Characteristics of the Completion Mortgage Portfolio*".

2.6 Risks Associated with Rising Mortgage Rates

As of 30 November 2020 (the "**Portfolio Reference Date**"), 100 per cent. of the loans in the Mortgage Portfolio by Current Principal Balance constitute Fixed Rate Mortgage Loans (with a reversion rate linked to LIBOR (prior its discontinuation) or the Bank of England's base rate). In addition, on each Additional Mortgage Loan Purchase Date, the Issuer may purchase additional Fixed Rate Mortgage Loans from the Beneficial Title Seller. Increases in the variable rate of interest linked to LIBOR (prior its discontinuation) or the Bank of England's base rate (in respect of Fixed Rate Mortgage Loans, to the extent the fixed rate period has expired and the interest rate is subject to the Legal Title Holder's reversionary rate which is a rate based on LIBOR (prior its discontinuation) or the Bank of England's base rate) may result in Borrowers with a loan subject to a variable or discretionary rate of interest being exposed to increased monthly payments as and when the related mortgage interest rate adjusts upward. This increase in Borrowers' monthly payments may result in higher delinquency rates and losses for the Issuer in the future.

2.7 Risk of Losses Associated with Declining Property Values

The Security for the Notes consists of the Charged Property and may be affected by, among other things, a decline in the value of the Properties. No assurance can be given that the values of the Properties have remained or will remain at the level at which they were on the dates of origination of the related Mortgage Loans. Declines in property values could in certain

circumstances result in the value of the Mortgages supporting the Mortgage Loans being significantly reduced and, ultimately, may result in losses to the Noteholders if the Security is required to be enforced.

2.8 Searches, Investigations and Warranties in Relation to the Mortgage Loans

None of the Arrangers, the Joint Lead Managers, the Issuer nor the Trustee has undertaken or will undertake any investigations, searches or other actions in respect of the Mortgage Loans and their Related Security and will rely instead on, *inter alia*, the warranties given by the Beneficial Title Seller in relation to the Mortgage Loans to the Issuer pursuant to the Mortgage Sale Agreement (the "**Asset Warranties**"). The sole remedy provided for in the Mortgage Sale Agreement (subject to the relevant cure period as set out in the Mortgage Sale Agreement and save as described below) of the Issuer in respect of a breach of an Asset Warranty shall be the requirement that the Beneficial Title Seller repurchase the beneficial title in any Mortgage Loan which is the subject of the breach, make a cash payment to the Issuer equal to the Repurchase Price, or indemnify and keep indemnified the Issuer against all Liabilities relating to the breach of Asset Warranty, provided that the amount payable by the Beneficial Title Seller pursuant to such indemnity in aggregate in respect of any Mortgage Loan shall not exceed the amount that would have been payable by the Beneficial Title Seller if it had repurchased (or made a cash payment in relation to) such Mortgage Loan at the Repurchase Price. The provision of these remedies in the Mortgage Sale Agreement shall not limit any other remedies available to the Issuer if the Beneficial Title Seller fails to repurchase, make the relevant cash payment or indemnify (as the case may be) in respect of a Mortgage Loan when obliged to do so.

In the event that any Mortgage Loan is found to be in breach of the Asset Warranties, there can be no assurance that the assets of the Beneficial Title Seller will be sufficient to meet its obligation under the Mortgage Sale Agreement. Such a shortfall may have an adverse effect on the Issuer's ability to make payments on the Notes. There is no obligation on the Beneficial Title Seller to repurchase a Mortgage Loan and its Related Security following a breach of an Asset Warranty.

In addition, as the amount of any Liabilities is based upon the amount of, *inter alia*, actual costs, damages or loss suffered by the Issuer and which results directly from the particulars of the resulting breach of the relevant Asset Warranty on the relevant Mortgage Loan, the amount of such Liabilities may not be known at the time at which the breach of the Asset Warranty is discovered and further additional time (which could be months or years) may be required before any such actual loss (if any) can be determined. Depending upon the scenario at the time which leads the Issuer to suffer a loss on the applicable Mortgage Loan it may in addition be difficult to accurately assess and determine the level and amount of Liabilities which the resulting breach of the relevant Asset Warranty actually contributed to the loss that the Issuer has suffered on such Mortgage Loan at such time (and to the extent such quantum cannot be agreed between the Issuer and the Beneficial Title Seller, an independent auditor will be required to determine the quantum). Accordingly, any indemnity payment required to be made by the Beneficial Title Seller in respect of any material breach of Asset Warranty may be uncertain as to appropriate quantum and also significantly delayed, both of which may impact the ability of the Issuer to meet its payment obligations under the Notes.

2.9 Standard Documentation

Prospective investors should note that since origination of the Mortgage Loans, the Standard Documentation may have been subject to certain amendments or variations including with

respect to: (a) any variation agreed with a Borrower to control or manage arrears on a Mortgage Loan; (b) any variation in the maturity date of a Mortgage Loan; (c) any variation imposed by statute or as a result of legally binding UK government policy changes or initiatives aimed at assisting home owners in meeting payments on their mortgage loans or any variation in the frequency with which the interest payable in respect of the Mortgage Loan is charged; (d) any variation to the interest rate as a result of the Borrower switching to a different rate; (e) any change to a Borrower under the Mortgage Loan or the addition of a new Borrower under a Mortgage Loan; (f) any change in the repayment method of the Mortgage Loan (including from an interest only loan to a repayment loan); or (g) any other variation that would be acceptable to a Prudent Mortgage Lender.

2.10 Risk of Losses Associated with Arrears Loans

Some Borrowers may have breached payment or non-payment obligations under the Mortgage Loans during the period since they were originated. While the Issuer will receive a degree of comfort by virtue of the Asset Warranties, mortgage loans in arrears may experience higher rates of delinquency, write offs, enforcements and bankruptcy than mortgage loans without such arrears or breaches.

2.11 Realisation of Charged Property and Liquidity Risk

The ability of the Issuer to redeem all the Notes in full and to pay amounts to the Noteholders including after the occurrence of an Event of Default, may depend upon whether the Mortgage Loans can be realised to obtain an amount sufficient to redeem the Notes. Unless such Mortgage Loans are sold pursuant to an exercise of the Portfolio Option, there can be no assurance that the Mortgage Loans can be realised for an amount sufficient to redeem the Notes. There may not be an active and liquid secondary market in the United Kingdom for loans with characteristics similar to the Mortgage Loans. It may not, therefore, be possible for the Issuer or, as the case may be, the Trustee or a Receiver to sell the Mortgage Loans on appropriate terms should such a course of action be required.

For this purpose, "**Receiver**" means any receiver, manager or administrative receiver appointed in respect of the Issuer by the Trustee in accordance with Clause 17.2 (*Appointment of a Receiver*) of the Security Deed;

2.12 Buildings Insurance Policy

The Mortgage Conditions require Borrowers to have buildings insurance for the relevant Property. However, it will be difficult in practice for the Servicer and/or the Issuer to determine whether the relevant Borrower has valid insurance in place at any time. This could adversely affect the Issuer's ability to make payment of interest and/or principal in respect of the Notes and payments due in respect of the Residual Certificates.

No assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable buildings insurance policy or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected Property. This could adversely affect the Issuer's ability to redeem the Notes.

2.13 Legal title holder to initially retain legal title to the Mortgage Loans and risks relating to set-off

Legal title to all of the Mortgage Loans and (subject to registration or recording at the Land Registry of England and Wales, the "**Land Registry**") their related Mortgages are currently vested in the Legal Title Holder.

In each case, this means that legal title to the Mortgage Loans and their Related Security in the Mortgage Portfolio will remain with the Legal Title Holder until the occurrence of a Perfection Event. The legal title to the Mortgage Loans will be transferred to the Issuer or a nominee of the Issuer on or before the 20th Business Day after the occurrence of a Perfection Event.

The Issuer has not applied, and prior to the occurrence of a Perfection Event will not apply, to the Land Registry to register or record its equitable interest in the Mortgages secured on Properties in England and Wales, respectively.

Following a Perfection Event, notice of the transfer of legal title to the Mortgage Loans to the Issuer or a nominee of the Issuer will be given to the Borrowers in respect of the Mortgage Loans and their Related Security. Until the time such notice is given to the relevant Borrowers, equitable or independent set-off rights may accrue in favour of any Borrower against his or her obligation to make payments to the Legal Title Holder under the relevant Mortgage Loan. These rights may result in the Issuer receiving reduced payments on the Mortgage Loans. The transfer of the benefit of any Mortgage Loans to the Issuer will continue to be subject to any prior rights any applicable Borrower may become entitled to after the transfer. However, following notice of the assignment to the Issuer or its nominee being given to the Borrowers, some rights of set-off (being those rights that are not connected with or related to the relevant Mortgage Loan) may not arise after the date notice is given. For further information on the effects of set-off in relation to the Mortgage Portfolio, see "*Legal and Regulatory Risks – Set-off may adversely affect the value of the Mortgage Portfolio or any part thereof*" below.

As a consequence of the Issuer not obtaining legal title to the Mortgage Loans and their Related Security or the Properties secured thereby, a bona fide purchaser from any Legal Title Holder for value of any of such Mortgage Loans and their Related Security without notice of any of the interests of the Issuer might obtain a good title free of any such interest. If this occurred, then the Issuer would not have good title to the affected Mortgage Loan and its Related Security, and it would not be entitled to payments by a Borrower in respect of that Mortgage Loan. However, the risk of third party claims obtaining priority to the interests of the Issuer in this way would likely be limited to circumstances arising from a breach by the Legal Title Holder of its contractual obligations or from fraud, negligence or mistake on the part of the Legal Title Holder or any of its respective personnel or agents.

Until notice of the assignment is given to the Borrowers, the Issuer would not be able to enforce any Borrower's obligations under a Mortgage Loan or its Related Security itself but to the extent that the Servicer failed to take any or appropriate enforcement action against the relevant Borrower (in accordance with the enforcement procedures of the Servicer) the Issuer or the Trustee would be able to take action (under the power of attorney to be entered into pursuant to the Mortgage Sale Agreement) or would have to join the Legal Title Holder as a party to any legal proceedings. Borrowers will also have the right to redeem their Mortgage Loan by repaying the relevant Mortgage Loan directly to the Legal Title Holder. However, the Legal Title Holder, pursuant to Mortgage Sale Agreement and the Servicer pursuant to the Servicing Agreement, undertakes, to hold any money repaid to it in respect of relevant Mortgage Loans on trust for the Issuer. In addition, the Beneficial Title Seller will, pursuant to the Mortgage Sale Agreement, agree to hold on trust any money repaid to it in respect of relevant Mortgage Loans received from the Legal Title Holder or any other party (or on their behalf) to the order of the Issuer.

If any of the risks described above were to occur then the realisable value of the Mortgage Portfolio or any part thereof may be affected.

In all cases, this means that in order for legal title to be transferred to the Issuer, transfers, conveyances and assignments would have to be registered or recorded at the Land Registry and notice would have to be given to Borrowers of the transfer.

For so long as the Issuer does not have legal title to the Mortgage Loans and their Related Security, the Legal Title Holder will undertake in the Mortgage Sale Agreement for the benefit of the Issuer that it will lend its name to, and take such other steps as may be reasonably required by the Issuer in relation to, any legal proceedings in respect of the relevant Mortgage Loans and their Related Security and the Issuer will have power of attorney to act in the name of the Legal Title Holder, in respect of which please see the section entitled "*The Mortgage Portfolio and the Mortgage Loans – Characteristics of the Mortgage Loans*" for further details.

As described above, the sale by the Beneficial Title Seller to the Issuer of the Mortgage Loans and their Related Security will be given effect by an assignment.

Once notice has been given to the Borrowers of the assignment of the Mortgage Loans and their Related Security to the Issuer or its nominee following a Perfection Event, independent set-off rights which a Borrower has against the Legal Title Holder will crystallise and further rights of independent set-off would cease to accrue from that date and no new rights of independent set-off could be asserted following that notice. Set-off rights arising under "transaction set-off" (being those set-off claims arising out of a transaction connected with the Mortgage Loan) will not be affected by that notice and will continue to exist.

The relevant Borrower may set off any claim for damages arising from the Legal Title Holder's breach of contract against the Legal Title Holder's (and therefore, as equitable assignee of or holder of the beneficial interest in the Mortgage Loans and their Related Security, the Issuer's) claim for payment of principal and/or interest under the relevant Mortgage Loan as and when it becomes due. These set-off claims will constitute transaction set-off, as described above.

2.14 Additional Mortgage Loans

The Additional Mortgage Loans will be originated by the Legal Title Holder after 31 December 2020 (the "**Cut-Off Date**") or have been originated prior to the Cut-Off Date but the first loan payment had not been made on or before the Cut-Off Date.

Additional Mortgage Loans may be sold to the Issuer on each Additional Mortgage Loan Purchase Date.

Any Additional Mortgage Loan is required as at the date of its acquisition by the Issuer to comply with the representations and warranties specified in the Mortgage Sale Agreement.

There can be no certainty that, following the acquisition of any Additional Mortgage Loans by the Issuer on each Additional Mortgage Loans Purchase Date, the Mortgage Portfolio will have similar proportions or similar concentration characteristics as set out in the tables in the section entitled "*Characteristics of the Completion Mortgage Portfolio*" below in relation to the Mortgage Loans constituting the Completion Mortgage Portfolio (although certain mitigants in this regard are contained in the criteria relating to the sale of the Additional Mortgage Loans, including the Mortgage Portfolio Tests, as more fully set out in the "*Assignment of the Mortgage Loans and Related Security*" section below).

Amounts standing to the credit of the Pre-Funding Principal Ledger, which shall include the Pre-Funding Initial Amount and any Principal Receipts received during the first Calculation

Period, on or prior to the First Interest Payment Date, shall be available for use by the Issuer for the acquisition of Additional Mortgage Loans.

The ratings assigned to the Rated Notes by each Rating Agency have been provided on the basis that some or all of the Pre-Funding Initial Amount and Principal Receipts received during the Calculation Period prior to the First Interest Payment Date will be utilised to purchase Additional Mortgage Loans similar to those included in the Completion Mortgage Portfolio on or after the Closing Date. The aggregate amounts standing to the credit of the Pre-Funding Principal Ledger on the First Interest Payment Date, which will include any Pre-Funding Initial Amount and Principal Receipts received during the first Calculation Period, not utilised by the Issuer to purchase Additional Mortgage Loans, will be applied as Available Principal Funds pursuant to the relevant Payments Priorities on the First Interest Payment Date.

Further, there is no guarantee that the Legal Title Holder and, subsequent to the sale from the Legal Title Holder to the Beneficial Title Seller, the Beneficial Title Seller will be in possession of sufficient loans or will be in a position to sell any such additional mortgage loans to the Issuer. Further, the Beneficial Title Seller is under no obligation to sell any additional mortgage loans to the Issuer as Additional Mortgage Loans. Whether or not such loans are sold, the quantity of loans sold and the timing of the sale would affect the amount of Revenue Receipts and/or Principal Receipts received by the Issuer in respect of any such additional mortgage loans which in turn may affect the yield to maturity and weighted average lives of the Notes.

See "*Assignment of the Mortgage Loans and Related Security*" for conditions applicable to the acquisition of Additional Mortgage Loans by the Issuer.

3 RISKS RELATING TO THE STRUCTURE

3.1 Deferral of Interest Payments on the Notes

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) that would otherwise be payable absent the deferral provisions in respect of any class of Notes (other than the Most Senior Class of Notes) after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Payments Priorities, then the Issuer will be entitled under Condition 7.10.2 to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as the relevant class of Notes becomes due and repayable in full in accordance with the Conditions. Any such deferral in accordance with the Conditions will not constitute an Event of Default.

To the extent that there are insufficient funds on the following Interest Payment Date or such earlier date as interest in respect of the relevant class of Notes which is not the Most Senior Class that is scheduled to be paid in accordance with the Conditions, including any prior deferred interest, the deferral of interest shall continue until the Final Maturity Date or any earlier date on which Notes are redeemed pursuant to Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*). However, if there is insufficient money available to the Issuer to pay interest on any class of Notes which is not the Most Senior Class then the relevant Noteholders may not receive all interest amounts.

In the event that amounts constituting deferred interest (including Additional Interest) are not paid in full on the class of Notes which is not the Most Senior Class such failure will not constitute an Event of Default until the Final Maturity Date (subject to the grace periods thereunder) or such earlier date on which the Notes are required to be redeemed in accordance

with Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*). Therefore, Noteholders should be aware that payments made to them may be deferred for a substantial period of time until the Final Maturity Date and/or may not be paid in full following the Final Maturity Date if the Issuer has insufficient funds.

Failure to pay timely interest on the Most Senior Class of Notes shall constitute an Event of Default under the Notes which may result in the Trustee enforcing the Security.

3.2 Subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class X Notes, Class Z VFN and the Residual Certificates

Subject to the distribution of the Pre-Funding Unused Amounts on the first Interest Payment Date, the Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, as provided in the Conditions and the Transaction Documents.

Subject to the distribution of the Pre-Funding Unused Amounts on the first Interest Payment Date, the Class B Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, as provided in the Conditions and the Transaction Documents.

Subject to the distribution of the Pre-Funding Unused Amounts on the first Interest Payment Date, the Class C Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes and the Class B Notes, as provided in the Conditions and the Transaction Documents.

Subject to the distribution of the Pre-Funding Unused Amounts on the first Interest Payment Date, the Class D Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes, as provided in the Conditions and the Transaction Documents.

The Class X Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to payments of interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, as provided in the Conditions and the Transaction Documents.

The Class Z VFN ranks *pro rata* and *pari passu* without preference or priority in relation to payment of principal at all times, but subordinate to all payments due in respect of items ranking senior thereto in the Pre-Enforcement Principal Payments Priorities, as provided in the Conditions and the Transaction Documents.

The Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to RC Payments at all times and are subordinate to all payments due in respect of the Notes, as provided in the terms and conditions of the Residual Certificates (the "**Residual Certificates Conditions**") and the Transaction Documents.

In addition to the above, payments on the Notes and the Residual Certificates are subordinate to payments of certain fees, costs and expenses payable to the other Secured Creditors (including, amongst others, the Trustee, the Transaction Account Bank, the Servicer, the Cash Manager and the Agents) and certain third parties. For further information on the likely costs payable to such Secured Creditors, please see "*Fees*".

To the extent that the Issuer does not have sufficient funds to satisfy its obligations to all its creditors, the holders of the lower ranking Notes and the Residual Certificates will be the first to see their claims against the Issuer unfulfilled. However, there is no assurance that these subordination provisions will protect the holders of the more senior classes of Notes from all or any risk of loss.

The priority of the Notes and the Residual Certificates are further set out in "*Cashflows – Pre-Enforcement Revenue Payments Priorities*" and "*Cashflows – Post-Enforcement Payments Priorities*".

There is no assurance that these subordination rules will protect the holders of Notes from all risk of loss.

4 RISKS RELATED TO CHANGES TO THE STRUCTURE AND DOCUMENTS

4.1 The Trustee may assume performance and is not obliged to act in certain circumstances

The Trustee is under no obligation to monitor or supervise the functions of the Servicer from time to time under the terms of the Servicing Agreement or any other person under any other Transaction Document, and will not do so, and is entitled to assume that the Servicer is properly performing its obligations in accordance with the provisions of the Servicing Agreement and that such other person is properly performing its obligations in accordance with each other Transaction Document, and will so assume.

The Trustee is under no obligation to, and shall not, review the information or documents or reports or files or discs which the Mortgage Sale Agreement or the Servicing Agreement or other Transaction Documents provide for to be delivered to it.

The Trustee may, at any time, at its discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of the Notes, the Residual Certificates or the Transaction Documents (including the Conditions and the Residual Certificates Conditions) to which it is a party, and at any time after the service of an Enforcement Notice the Trustee may, at its discretion and without notice, take such proceedings, actions or steps as it may think fit to enforce the Security. However, the Trustee shall not be bound to take any such proceedings, actions or steps (including, but not limited to, the giving of an Enforcement Notice in accordance with Condition 12 (*Events of Default*) or Residual Certificates Condition 10 (*Events of Default*)) unless:

- (a) it shall have been directed to do so by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding or in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or, in the case of holders of Residual Certificates, 25 per cent. in number of the holders of such Residual Certificates then in issue; and
- (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

In addition, the Trustee benefits from indemnities given to it by the Issuer pursuant to the Transaction Documents which rank in priority to the payments of interest and principal on the Notes.

4.2 Rights of Noteholders and Secured Creditors

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

If, in the Trustee's opinion, there is a conflict between the interests of holders of one or more classes of the Notes, on the one hand, and the interests of the holders of one or more Classes of Notes on the other hand, then the Trustee will have regard only to the interests of the relevant affected class of Notes ranking in priority to other relevant Classes of Notes in the Post-Enforcement Payments Priorities.

As a result, holders of Notes other than the Most Senior Class of Notes may not have their interests taken into account by the Trustee when the Trustee exercises discretion where there is a conflict of interest.

In addition, prospective investors should note that the Trust Deed provides that no Extraordinary Resolution of the holders of a class of Notes, other than the holders of the Most Senior Class of Notes, shall take effect for any purpose while the Most Senior Class of Notes remains outstanding unless such Extraordinary Resolution shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes.

For certain purposes, including the determination as to whether Notes are deemed outstanding or Residual Certificates are deemed in issue, for the purposes of convening a meeting of the Issuer and Noteholders or Residual Certificateholders, those Notes or Residual Certificates (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Beneficial Title Seller, any holding company as defined in section 1159 of the Companies Act 2006 ("**Holding Company**") of the Beneficial Title Seller or any other subsidiary as defined in section 1159 of the Companies Act 2006 of either such Holding Company (each such entity a "**Relevant Person**"), in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding or in issue, except where all of the Notes and/or the Residual Certificates are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Classes of Notes and/or Residual Certificates (the "**Relevant Class**") shall be deemed to remain outstanding or in issue (as the case may be) except that, if there is any other class of Notes and/or Residual Certificates ranking (with regard to the definition of Most Senior Class) *pari passu* with, or junior to, the Relevant Class and one or more Relevant Persons are not the beneficial owners of all the Notes and/or Residual Certificates, then the Relevant Class shall be deemed not to remain outstanding and provided that in relation to a matter relating to a Reserved Matter any Notes or Residual Certificates which are for the time being held by or on behalf of or for the benefit of a Relevant Person, in each case as beneficial owner, shall be deemed to remain outstanding or in issue, as applicable.

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 Residual Certificateholders or the other Secured Creditors, subject to the provisions of the Trust Deed.

4.3 Risks in respect of amendments to the Transaction Documents

The Trustee shall be obliged, without any consent or sanction of the Noteholders or the Residual Certificateholders or any of the other Secured Creditors, or, (subject to the receipt of consent

from any of the Secured Creditors party to the Transaction Document being modified or who would need to be a party to a new, supplemental or additional agreement, or which, as a result of the relevant amendment, would be further contractually subordinated to any Secured Creditor than would otherwise have been the case prior to such amendment) to concur with the Issuer and any other relevant parties in making any modification (other than in respect of a Reserved Matter, a matter listed in Condition 16.1.2 (*Modification*) or Residual Certificates Condition 14.1.2 (*Modification*) or any provisions of the Trust Documents referred to in the definition of Reserved Matter, which require the consent by Extraordinary Resolution of each class of Notes and Residual Certificates) to the Conditions, Residual Certificates Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security or enter into any new, supplemental or additional documents that the Issuer considers necessary for the purpose of (i) complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, (ii) complying with, or implementing or reflecting, any changes in Articles 9, 10 and 11 of EMIR or any other obligation which applies to it under EMIR, (iii) complying with certain risk retention legislation, regulations or official guidance in relation thereto, (iv) enabling the Listed Notes to be (or to remain) listed on the Stock Exchange, (v) enabling the Issuer or any of the other Transaction Parties to comply with FATCA, (vi) complying with any changes in the requirements of the EU Securitisation Regulation or UK Securitisation Regulation and together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time after the Closing Date, (vii) complying with, or implementing or reflecting, any changes in the manner in which the Notes are held which will allow Bank of England's Sterling monetary framework, that is, in a manner which would allow such Notes to be recognised as eligible collateral for the Bank of England's monetary policy and intra-day credit operations by the Bank of England either upon issue or at any or all times during the life of the Notes or (viii) a Base Rate Modification after the Closing Date (each a "**Proposed Amendment**"), without the consent of Noteholders pursuant to and in accordance with the detailed provisions of Condition 16.4 (*Additional Right of Modification*) and Residual Certificates Condition 14.4 (*Additional Right of Modification*).

In relation to any such Proposed Amendment, the Issuer is required to, amongst other things, give at least 30 calendar days' notice to the Noteholders of each class of Notes and the Residual Certificateholders of the proposed modification in accordance with Condition 21 (*Notices*) and Residual Certificates Condition 19 (*Notices*) as applicable and by publication on Bloomberg on the "Company Filings" screen relating to the Notes. However, Noteholders should be aware that, in relation to each Proposed Amendment, unless Noteholders or Residual Certificateholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding (if the Most Senior Class is a Class of Notes) or 10 per cent. in number (if the Most Senior Class is the Residual Certificates) of the Most Senior Class then outstanding have contacted the Trustee in writing (or, in the case of the Global Notes and Global Certificates, otherwise in accordance with the then current practice of any applicable clearing system through which such Global Notes and Global Certificates may be held) within such notification period notifying the Trustee that such Noteholders or Residual Certificateholders do not consent to the modification, the modification can be made without Noteholder and Certificateholder consent.

The full requirements in relation to the modifications discussed above are set out in Condition 16.4 (*Additional Right of Modification*) and Residual Certificates Condition 14.4 (*Additional Right of Modification*).

The Interest Rate Swap Provider's written consent is required to amend any Transaction Document to which the Interest Rate Swap Provider is not a party or give any waiver if, in the reasonable opinion of the Interest Rate Swap Provider, such amendment or waiver: (a) has the effect that immediately thereafter, the Interest Rate Swap Provider would potentially be required to pay more or receive less if it transferred the Transaction to another person than it would have paid or received prior to such amendment or waiver; (b) has the effect that the Issuer's obligations to the Interest Rate Swap Provider under the Interest Rate Swap Agreement are further contractually subordinated to the Issuer's obligations to any other of its creditors compared with the position that subsisted immediately prior to such amendment or waiver; (c) would result in an amendment of clause 20.1.2 of the Trust Deed or a waiver in respect of such clause; (d) affects the amount, timing or priority of any payments or deliveries due from the Interest Rate Swap Provider to the Issuer or from the Issuer to the Interest Rate Swap Provider (including any amounts, rights and obligations in relation to the Swap Collateral Account); or (e) adversely affects the validity of any security granted pursuant to the Transaction Documents or any rights that the Interest Rate Swap Provider has in respect of such security.

If Noteholders or Residual Certificateholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding (if the Most Senior Class is a Class of Notes) or 10 per cent. in number (if the Most Senior Class is the Residual Certificates) of the Most Senior Class then outstanding have notified the Trustee in writing (or, in the case of the Global Notes and Global Certificates, otherwise in accordance with the then current practice of any applicable clearing system through which such Global Notes and Global Certificates may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders or Residual Certificateholders of the Most Senior Class then outstanding is passed in favour of such modification in accordance with Condition 15 (*Meetings of Noteholders*) or Residual Certificates Condition 13 (*Meetings of Residual Certificateholders*). See "*Terms and Conditions of the Notes*" and "*Terms and Conditions of the Residual Certificates*".

In addition, Noteholders and/or Residual Certificateholders should be aware that the Trustee may agree with the Issuer and/or any other person, to make certain modifications or amendments to the Conditions, Residual Certificates Condition or the Transaction Documents without the consent of the Noteholders in certain circumstances as set out in Condition 16.1 (*Modification*) or Residual Certificateholders in certain circumstances as set out in Residual Certificates Condition 14.1 (*Modification*).

5 COUNTERPARTY RISKS

5.1 Borrower default or failure by the Servicer may affect the Issuer's ability to make payment on the Notes

The Issuer is subject to the risk of default in payment by the Borrowers and the risk of failure by the Servicer (or, if at any time applicable, any other back-up servicer) on behalf of the Issuer, to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant Mortgage Loan and Related Security in order to discharge all amounts due and owing by the relevant Borrowers under the relevant Mortgage Loans. This risk may affect the Issuer's ability to make payments on the Notes.

The performance of the Servicer may also be affected by economic, social, political and other factors, such as changes in the national or international economic climate, regional economic conditions, changes in laws, political developments and government policies, natural disasters,

illness (including illnesses from epidemics or pandemics) and widespread health crises or the fear of such crises (such as coronavirus (including COVID-19), measles, SARS, Ebola, H1N1, Zika, avian influenza, swine flu, or other epidemic diseases), which may result in a material delay or default in the performance of certain services in relation to the Mortgage Loans by the Servicer.

5.2 Servicing of the Mortgage Loans and Reliance on Third Parties

Pepper (UK) Limited has been appointed by the Issuer as Servicer to service the Mortgage Loans. If the Servicer breaches the terms of the Servicing Agreement, then (prior to the service of an Enforcement Notice and with the prior written consent of the Trustee) the Issuer or (after the service of an Enforcement Notice) the Trustee will be entitled to terminate the appointment of the Servicer in accordance with the terms of the Servicing Agreement.

Any change in Servicer could delay collection of payments on the Mortgage Loans and ultimately could adversely affect the ability of the Issuer to make payments in full on the Notes and the Residual Certificates. In particular delays will arise where the Issuer and the Back-Up Servicer Facilitator cannot agree on the identity of any replacement servicer.

There can be no assurance that the Back-Up Servicer Facilitator will be able to perform its obligations under the Servicing Agreement, in which case there can be no assurance that a replacement servicer with sufficient experience of servicing mortgage loans would be found who would be willing and able to service the Mortgage Loans on the terms, or substantially similar terms, to those presently in place. In addition, as described below, any replacement servicer will be required, *inter alia*, to be authorised under the FSMA in order to service the Mortgage Loans. Even if a servicer is found to service the Mortgage Loans, the ability of a replacement servicer to fully perform the required services would depend, among other things, on the information, software and records available at the time of the appointment. The Trustee has no obligation to act as servicer in such event. Any delay or inability to appoint a replacement servicer may affect payments on the Mortgage Loans and hence the Issuer's ability to make payments when due on the Notes and the Residual Certificates.

As at the Closing Date, the Servicer has the ability under the Servicing Agreement to sub-contract its obligations. Notwithstanding any such sub-contracting to any party or delegation of the performance of any of its obligations under the Servicing Agreement, the Servicer will (subject to certain qualifications) (see "*Servicing of the Mortgage Portfolio*") remain responsible for the performance of such obligations under the Servicing Agreement.

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

The Issuer is party to contracts with a number of other third parties who have agreed to perform services in relation to the Notes. In particular, but without limitation, the Cash Manager and the Back-Up Cash Manager Facilitator under the Cash Management Agreement, the Transaction Account Bank under the Transaction Account Agreement, the Principal Paying Agent, the Agent Bank, the Registrar and the Class Z VFN Registrar under the Agency Agreement, the Interest Rate Swap Provider under the Interest Rate Swap Agreement, the Corporate Services Provider under the Corporate Services Agreement and the Back-Up Servicer Facilitator under the Servicing Agreement have all agreed to provide services with respect to the Notes. If any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party (including any failure arising from circumstances beyond their control, such as epidemics or pandemics) or were to resign from their appointment or if their

appointment under the agreements to which they are a party were to be terminated (in each case, without being replaced), Noteholders may be adversely affected. It should also be noted that the liability of a number of these parties, including the Servicer and the Cash Manager, is limited in accordance with the terms of their relevant agreements.

The performance of any such third parties may also be affected by economic, social, political and other factors, such as changes in the national or international economic climate, regional economic conditions, changes in laws, political developments and government policies, natural disasters, illness (including illnesses from epidemics or pandemics) and widespread health crises or the fear of such crises (such as coronavirus (including COVID-19), measles, SARS, Ebola, H1N1, Zika, avian influenza, swine flu, or other epidemic diseases), which may result in a material delay or default in the performance of certain services in relation to the Mortgage Loans by such third parties.

5.3 Interest Rate Risk

The Mortgage Loans in the Mortgage Portfolio are subject to fixed interest rates while the Issuer's liabilities under the Listed Notes are based on Compounded Daily SONIA. The Fixed Rate Mortgage Loans revert to a rate linked to LIBOR (prior its discontinuation) or the Bank of England's base rate after the expiry of their fixed rate periods.

To hedge its interest rate exposure in relation to the Fixed Rate Mortgage Loans in the Mortgage Portfolio, the Issuer will enter into the Interest Rate Swap Agreement with the Interest Rate Swap Provider on the Closing Date (see "*Credit Structure*").

The notional amount under the Interest Rate Swap Agreement is set on the Closing Date by reference to the Swap Notional Amount Schedule, which pre-sets the notional amount at each point in time over the life of the Interest Rate Swap. The notional amount, the issuer fixed rate and the Swap Notional Amount Schedule may be amended on each Additional Novation Date following the acquisition of Additional Mortgage Loans by the Issuer.

"**Additional Novation Date**" has the meaning given to it in the Interest Rate Swap Novation Agreement.

"**Interest Rate Swap Novation Agreement**" means the ISDA novation agreement dated on or about the Closing Date between the Issuer, the Warehouse Borrower and the Interest Rate Swap Provider.

A failure by the Interest Rate Swap Provider to make timely payments of amounts due under the Interest Rate Swap Agreement will constitute a default thereunder. The Interest Rate Swap Agreement provides that the Sterling amounts owed by the Interest Rate Swap Provider on any payment date under the Interest Rate Swap (which corresponds to an Interest Payment Date) may be netted against the Sterling amounts owed by the Issuer on the same payment date.

Accordingly, (i) if the amounts owed by the Issuer to the Interest Rate Swap Provider on a payment date are greater than the amounts owed by the Interest Rate Swap Provider to the Issuer on the same payment date, then the Issuer will pay the positive difference to the Interest Rate Swap Provider on such payment date; (ii) if the amounts owed by the Interest Rate Swap Provider to the Issuer on a payment date are greater than the amounts owed by the Issuer to the Interest Rate Swap Provider on the same payment date, then the Interest Rate Swap Provider will pay the positive difference to the Issuer on such payment date; and (iii) if the amounts owed by both parties are equal on a payment date, neither party will make a payment to the other on such payment date.

To the extent that the Interest Rate Swap Provider defaults in its obligations under its Interest Rate Swap Agreement to make payments to the Issuer in Sterling, on any payment date under the Interest Rate Swap, the Issuer will be exposed to the possible variance between the fixed interest rates receivable on the Fixed Rate Mortgage Loans in the Mortgage Portfolio and Compounded Daily SONIA.

Further, if the Interest Rate Swap Provider fails to pay any amounts or make any deliveries when due under the Interest Rate Swap Agreement, the Available Revenue Funds may be insufficient to make the required payments on the Notes and the Noteholders may experience delays and/or reductions in the interest payments due to be received by them.

The Interest Rate Swap Provider will be obliged to make payments under the Interest Rate Swap Agreement without any Tax Deduction unless required by law. If any such Tax Deduction is required by law, the Interest Rate Swap Provider will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount that the Issuer would have received had no such Tax Deduction been required. The Interest Rate Swap Agreement will provide, however, that in case of a Tax Event (as defined in the Interest Rate Swap Agreement), the Interest Rate Swap Provider may transfer its rights and obligations to another of its offices, branches or affiliates to avoid the relevant Tax Event. If the Interest Rate Swap Provider is unable to transfer its rights and obligations under the Interest Rate Swap Agreement to another office, branch or affiliate, it will have the right to terminate the Interest Rate Swap Agreement. Upon such termination, the Issuer or the Interest Rate Swap Provider may be liable to make a termination payment to the other party.

In the event that the Interest Rate Swap Provider is downgraded below the Required Swap Rating, the Issuer may terminate the Interest Rate Swap Agreement if the Interest Rate Swap Provider fails to take certain remedial measures within the timeframe stipulated in the Interest Rate Swap Agreement. Such remedial measures may include providing collateral for its obligations under the Interest Rate Swap Agreement, arranging for its obligations under the Interest Rate Swap Agreement to be transferred to an entity with the Required Swap Ratings (or guaranteed by an entity with the Required Swap Ratings), procuring another entity with the Required Swap Ratings to become co-obligor or guarantor in respect of its obligations under the Interest Rate Swap Agreement or taking such other action (which may include taking no action) that would result in the rating of the Rated Notes being maintained at, or restored to, the level it would have been at prior to such ratings downgrade. However, in the event the Interest Rate Swap Provider is downgraded there can be no assurance that a co-obligor, guarantor or replacement interest rate swap provider will be found or that the amount of collateral provided will be sufficient to meet the Interest Rate Swap Provider's obligations. Unless one or more comparable replacement interest rate swaps are entered into, the Issuer may have insufficient funds to make payments due on the Notes.

If the Interest Rate Swap Provider posts any collateral pursuant to the Interest Rate Swap Agreement to an account established for such purpose with a Swap Collateral Account Bank, such collateral will be utilised solely in satisfying the liabilities (if any) of the Interest Rate Swap Provider after a termination of the Interest Rate Swap Agreement or returning collateral (in the case of Excess Swap Collateral) by making payments directly to the Interest Rate Swap Provider (and not in accordance with the relevant Payments Priorities) in accordance with the terms of the Interest Rate Swap Agreement and the credit support annex entered into in connection with such agreement. Following the termination of the Interest Rate Swap Agreement, any Swap Collateral or the liquidation proceeds thereof which is not returned to

the Interest Rate Swap Provider in accordance with the terms of the Interest Rate Swap Agreement shall constitute Available Revenue Funds unless applied in acquiring a replacement swap.

The Interest Rate Swap Agreement will be terminable early by one party if an Early Termination Event occurs, which includes, *inter alia*, (i) an Event of Default or Termination Event (as defined in the Interest Rate Swap Agreement, with certain Events of Default and Termination Events being disapplied in respect of the Issuer) occurring in relation to the other party; (ii) an Enforcement Notice being served; (iii) the Notes or the Rated Notes being redeemed pursuant to Condition 8.2 (*Redemption by Optional Portfolio Purchase*), Condition 8.4 (*Optional Redemption in whole of the Notes*), Condition 8.5 (*Optional Redemption of the Notes on or after the Step-Up Date*), Condition 8.6 (*Optional Redemption of the Notes in whole for taxation or other reasons*) or for any other reason (other than pursuant to Condition 8.3 (*Mandatory Redemption in part*)); or (iv) if any of the Transaction Documents to which the Interest Rate Swap Provider is not a party is amended without the prior written consent of the Interest Rate Swap Provider and the Interest Rate Swap Provider determines (in its reasonable opinion) that such amendment would affect certain provisions in the Transaction Documents that are relevant to the security, amount or timing of any payments or deliveries due to or by the Interest Rate Swap Provider, or its rights as a Secured Creditor unless the Interest Rate Swap Provider has been notified of the proposed amendment and does not state in writing that it is of the opinion that it would be materially adversely affected thereby.

Events of default under the Interest Rate Swap Agreement in relation to the Issuer will be limited to (i) non-payment under the Interest Rate Swap Agreement and (ii) insolvency events.

If a replacement swap is entered into following an Early Termination Event, this may be on terms less favourable to the Issuer and therefore may mean that reduced amounts are available for distribution by the Issuer to the Secured Creditors (including *inter alia*, the Noteholders). The Issuer may not be able to enter into a replacement interest rate swap with a replacement interest rate swap provider immediately or at a later date. If a replacement interest rate swap provider cannot be found, the risk of a difference between the rate of interest to be received by the Issuer on the Fixed Rate Mortgage Loans in the Mortgage Portfolio and the rate of interest payable by the Issuer on the Notes will not be hedged, and so the funds available to the Issuer to pay any interest on the Notes may be insufficient if the interest revenues received by the Issuer on such Fixed Rate Mortgage Loans in the Mortgage Portfolio are substantially lower than the rate of interest payable by it on the Notes. In these circumstances, the holders of Notes may experience delays and/or reductions in the interest payments to be received by them, and the Rated Notes may also be downgraded.

The fixed rates payable by the Issuer under the Interest Rate Swap Agreement are not an exact match of the interest rates that the Issuer receives in respect of the Fixed Rate Mortgage Loans in the Mortgage Portfolio. As such, the fixed rate payable by the Issuer under the Interest Rate Swap Agreement may exceed the amount that the Issuer receives in respect of the Fixed Rate Mortgage Loans in the Mortgage Portfolio.

5.4 Termination payments under the Interest Rate Swap

The Interest Rate Swap Agreement will provide that, upon the occurrence of certain events, the Interest Rate Swap may be terminated and a termination payment by either the Issuer or the Interest Rate Swap Provider may be payable, depending on, among other things, the terms of such Interest Rate Swap and the cost of entering into a replacement transaction at the time.

Any termination payment due by the Issuer other than an Interest Rate Swap Excluded Termination Amount (to the extent not satisfied by any applicable Replacement Swap Premium or, in certain circumstances and/or to a limited extent, amounts standing to the credit of any swap collateral account(s), if any, which shall in each case be paid directly by the Issuer to the Interest Rate Swap Provider), will rank prior to payments in respect of the Notes and could affect the availability of sufficient funds of the Issuer to make payments of amounts due from it under the Notes in full. If any termination amount is payable, payment of such termination amounts may adversely affect amounts available to pay interest and principal on all the Notes.

Any additional amounts required to be paid by the Issuer following termination of the Interest Rate Swap (including any extra costs incurred in entering into replacement interest rate swaps) will also rank prior to payments in respect of the Notes. This may adversely affect amounts available to pay interest on the Notes and, following service of an Enforcement Notice on the Issuer (which has not been revoked), interest and principal on the Notes.

The Issuer shall use reasonable endeavours to enter into a replacement interest rate swap with a replacement interest rate swap provider (if required), however no assurance can be given as to the ability of the Issuer to enter into one or more replacement transactions, or if one or more replacement transactions are entered into, as to the credit rating of the interest rate swap provider for the replacement transactions.

5.5 Certain material interests

Certain of the advisers and other parties to the transaction have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and the Beneficial Title Seller in the ordinary course of business. Other parties to the transaction may also perform multiple roles. Accordingly, conflicts of interest may exist or may arise as a result of parties having previously engaged or in the future engaging in transactions with other parties, having multiple roles or carrying out other transactions for third parties. The parties to the transaction may pursuant to the Transaction Documents be replaced by one or more new parties. It cannot be excluded that such a new party also could have a potential conflicting interest.

5.6 Certain conflicts of interest

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, each Arranger, each Joint Lead Manager and their respective related entities, associates, officers or employees (each a "**Joint Lead Manager Related Person**"):

- (a) may from time to time be a Noteholder and/or Residual Certificateholder or have other interests with respect to the Notes or the Residual Certificates and they may also have

interests relating to other arrangements with respect to a Noteholder or a Note, a Residual Certificateholder or a Residual 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 Residual Certificates;
- (c) may purchase all or some of the Notes or Residual 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 (which may include financing of the risk retention), investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Residual 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 Manager Related Person in the course of its business (including in respect of interests described above) may act independently of any other Joint Lead Manager Related Person or Transaction Party;
- (ii) to the maximum extent permitted by applicable law, the duties of each Joint Lead Manager Related Person in respect of the Notes and/or Residual 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 Manager 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 Manager Related Person may have or come into possession of information not contained in this Prospectus that may be relevant to any Noteholder or to any decision by a potential investor to acquire the Notes and/or Residual 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 Manager Related Person is under any obligation to disclose any Relevant Information to any other Joint Lead Manager Related Person, to any Transaction Party or to any potential investor and this Prospectus and any subsequent conduct by a Joint Lead Manager Related Person should not be construed as implying that such Joint Lead Manager Related Person is not in possession of such Relevant Information; and
- (v) each Joint Lead Manager 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 Manager Related Person's dealings with respect to a Note and/or a Residual Certificate the Issuer or a Transaction Party, may affect the value of a Note or Residual Certificate.

These interests may conflict with the interests of a Noteholder or Residual Certificateholder and the Noteholder or Residual Certificateholder may suffer loss as a result. To the maximum

extent permitted by applicable law, a Joint Lead Manager Related Person is not restricted from entering into, performing or enforcing its rights in respect of the Transaction Documents, the Notes, the Residual 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 Residual Certificateholders and the Joint Lead Manager 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.

Prospective investors should note that National Australia Bank Limited has provided financing indirectly to the Originator through a warehouse borrower. As such, the proceeds of the issuance of the Notes will be used on or about the Closing Date to refinance such financing using a portion of the Purchase Price in respect of the Mortgage Portfolio to purchase the relevant Mortgage Loans from the warehouse borrower before on-selling such part of the Mortgage Portfolio to the Issuer. The warehouse borrower will ultimately use such funds to repay National Australia Bank Limited. Other than where required in accordance with applicable law, National Australia Bank Limited has no obligation to act in any particular manner as a result of its prior, indirect involvement with the Mortgage Portfolio and any information in relation thereto. With respect to the refinancing, National Australia Bank Limited will act in its own commercial interest.

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

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

A Rating Confirmation that any action proposed to be taken by the Issuer or the Trustee will not have an adverse effect on the then current rating of the Rated Notes does not, for example, confirm that such action (a) is permitted by the terms of the Transaction Documents or (b) is in the best interests of, or not prejudicial to, the Noteholders. While each of the Secured Creditors (including the holders of the Rated Notes), the Issuer or the Trustee (as applicable) are entitled to have regard to the fact that the Rating Agencies have confirmed that the then current rating of the Rated Notes would not be adversely affected, the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Secured Creditors (including the holders of the Rated Notes), the Issuer, the Trustee or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the holders of the Rated Notes), the Issuer, the Trustee or any other person whether by way of contract or otherwise.

Any such Rating Confirmation may or may not be given at the sole discretion of the Rating Agencies. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that the Rating Agencies cannot provide a Rating Confirmation in the time available or at all, and the Rating Agencies shall not be responsible for the consequences thereof. A Rating Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date. A Rating Confirmation represents only a restatement of the opinions given as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

5.8 Ratings of the Rated Notes

A rating issued by a Rating Agency is not a recommendation to buy, sell or hold securities and there is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by one or both of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgment of the Rating Agencies, circumstances so warrant such revision, suspension or withdrawal of the rating of the Rated Notes.

At any time, a Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Rated Notes may be withdrawn, lowered or qualified. A qualification, downgrade or withdrawal of any of the ratings mentioned above may adversely impact the market value of the Rated Notes. The Class X Notes, the Class Z VFN and the Residual Certificates will not be rated by the Rating Agencies.

Credit rating agencies other than the Rating Agencies could seek to rate the Rated Notes and if such "unsolicited ratings" are lower than the comparable ratings assigned to the Rated Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the market value of the Rated Notes. For the avoidance of doubt and unless the context otherwise requires, any reference to "ratings" or "rating" in this Prospectus is to the ratings assigned by the specified Rating Agencies only.

6 MACRO-ECONOMIC AND MARKET RISKS

6.1 Increases in prevailing market interest rates may adversely affect the performance of the Mortgage Portfolio

Borrowers with a Mortgage Loan for which the interest rate adjusts to a reversionary rate based on LIBOR (prior its discontinuation) or the base rate of the Bank of England, following an initial fixed rate may (at the end of the initial fixed rate period) be exposed to increased monthly payments if the related mortgage interest rate adjusts upward. This increase in Borrowers' monthly payments, which ultimately may result in higher delinquency rates and losses in the future. As of the Closing Date, the Mortgage Portfolio comprises Mortgage Loans paying a fixed rate and Mortgage Loans in respect of which the initial fixed rate period has expired.

Borrowers seeking to avoid increased monthly payments (caused by, for example, a rise in the related mortgage interest rates) by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave Borrowers with insufficient equity in their homes to permit them to refinance, especially borrowers with higher current LTVs.

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

6.2 Absence of secondary market or lack of liquidity in the secondary market may affect the market value of the Notes

No assurance is provided that there is an active and liquid secondary market for the Notes, and no assurance is provided that a secondary market for the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment for the life of the Notes. Any investor in the Notes must be prepared to hold their Notes for an indefinite period of time

or until their Final Maturity Date or alternatively such investor may only be able to sell the Notes at a discount to the original purchase price of those Notes.

The secondary market for mortgage-backed securities has experienced disruptions resulting from reduced investor demand for such securities. This has had a material adverse impact on the market value of mortgage-backed securities and resulted in the secondary market for mortgage-backed securities similar to the Notes experiencing limited liquidity. In the future, limited liquidity in the secondary market may have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors.

There can be no assurance that the market for mortgage-backed securities will recover from these disruptions at all, or, if it does begin to recover, to what degree or how quickly it will do so.

Whilst central bank schemes such as the Bank of England's Discount Window Facility and Sterling Monetary Framework and the European Central Bank's liquidity scheme provide an important source of liquidity in respect of eligible securities, further restrictions in respect of the relevant eligibility criteria for eligible collateral in the future are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities. Recognition of any of the Notes as eligible securities for the purposes of any of the liquidity schemes being operated by the Bank of England or the European Central Bank will depend upon satisfaction of the relevant eligibility criteria. None of the Issuer, the Arrangers, the Joint Lead Managers, the Beneficial Title Seller, the Trustee, the Originator or the Legal Title Holder gives any representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements for any liquidity facility operated by the Bank of England or the European Central Bank and be recognised as eligible collateral for the purposes of such liquidity schemes or whether any funding hair-cut will be applied. Any potential investor in the Notes should make its own determinations and seek its own advice with respect to whether or not the Notes constitute eligible collateral for the purposes of any liquidity scheme operated by the Bank of England or the European Central Bank and as to whether any funding hair-cut applies. No assurance can be given that the Notes will be eligible securities for the purposes of the liquidity schemes operated by the Bank of England or the European Central Bank or whether any particular hair-cuts will be applied and no assurance can be given that any of the relevant parties have taken any steps to register such collateral.

6.3 Risk Relating to Interest Only Mortgage Loans which may adversely affect the performance of the Mortgage Portfolio

As of the Portfolio Reference Date, approximately 94.43 per cent. of the loans in the Mortgage Portfolio by value constitute Interest Only Mortgage Loans. Interest Only Mortgage Loans are originated with a requirement that the Borrower pay scheduled interest payments only and, as such, there is no scheduled amortisation of principal. Consequently, upon the maturity of an Interest Only Mortgage Loan, the Borrower will be required to make a bullet payment that will represent the entirety of the Current Balance. The ability of such Borrower to repay an Interest Only Mortgage Loan at maturity frequently depends on such Borrower's ability to refinance the Property, to sell the Property, or to obtain funds from another source such as pension policies, personal equity plans or endowment policies. The ability of a Borrower to sell or refinance the Property will be affected by a number of factors, including the value of the

Property, the Borrower's equity in the Property, the financial condition and payment history of the Borrower, tax laws and general economic conditions at that time. Because of the greater risk relating to refinancing of Interest Only Mortgage Loans, a significant downturn in the property markets or the economy could lead to a greater increase in defaults or repayment of principal of Interest Only Mortgage Loans than on Repayment Mortgage Loans.

Borrowers may have insufficient equity to refinance their Mortgage Loans with lenders and may have insufficient resources to pay amounts in respect of their Mortgage Loans as and when they fall due. This could lead to a higher delinquency rates and losses which in turn may adversely affect the Issuer's ability to make payment on the Notes

6.4 The impact of the United Kingdom's withdrawal from the European Union may 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

Following the UK's withdrawal from the European Union, due to the ongoing political uncertainty as regards 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 Mortgage Loans), any other party to the Transaction Documents and/or any Borrower in respect of the underlying Mortgage 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.

6.5 Changes or uncertainty in respect of SONIA may affect the value or payment of interest under the Mortgage Loans or the Notes

Interest rate benchmarks (including SONIA) may perform differently over time (as a result of a change in methodology or otherwise) or be otherwise affected by factors (including international or national reforms or other initiatives or investigations) which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) triggering changes in the rules or methodologies used in the benchmark and/or (ii) 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, investors should be aware that:

- (a) any other changes to a relevant interest rate benchmark (including 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;
- (b) while an amendment may be made under Condition 16.4 (*Additional Right of Modification*) and Residual Certificates Condition 14.4 (*Additional Right of Modification*) to change the SONIA rate on the Notes to an alternative base rate under certain circumstances broadly related to SONIA disruption or discontinuation and subject to certain conditions, there can be no assurance that any such amendment will be made or, if made, that it will (i) 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

- (c) the rate of interest on the Mortgage Loans which have a floating mortgage rate may be determined for a period by any applicable fall back provisions under the Mortgage Conditions, although such provisions may not operate as intended (depending on market circumstances and the availability of rates information at the time), investors should note the various circumstances under which a Base Rate Modification may be made, which are specified in Condition 16.4 (*Additional Right of Modification*) and Residual Certificates Condition 14.4 (*Additional Right of Modification*).

The SONIA administrator or its supervisor could make a public statement relating to SONIA's disruption or discontinuation, and a Base Rate Modification may also be made if the Issuer (or the Beneficial Title Seller on its behalf) reasonably expects any of these events to occur within six months of the proposed effective date of such Base Rate Modification. A Base Rate Modification may also be made if an alternative means of calculating a SONIA-based base rate is introduced which becomes a standard means of calculating interest for similar transactions. Investors should also note the various options permitted as an Alternative Base Rate as set out in Condition 16.4 (*Additional Right of Modification*) and Residual Certificates Condition 14.4 (*Additional Right of Modification*), which include, *inter alia*, such other base rate as the Issuer (or the Beneficial Title Seller on its behalf) reasonably determines. Investors should also note the negative consent requirements in relation to a Base Rate Modification as to which see Condition 15 (*Meetings of Noteholders*) and Residual Certificates Condition 13 (*Meetings of Residual Certificateholders*).

When implementing any Base Rate Modification, the Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person, and shall act and rely solely and without investigation on any certificate (including, but not limited to, a Base Rate Modification Residual Certificate) or other evidence (including, but not limited to, a Rating Confirmation) provided to it pursuant to Condition 16.4 (*Additional Right of Modification*) or Residual Certificates Condition 14.4 (*Additional Right of Modification*) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.

More generally, any of the above matters or any other significant change to the setting or existence of SONIA could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of SONIA could result in 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 be made to SONIA or any other relevant benchmark rate and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

6.6 LIBOR

LIBOR has been subject to review and is currently subject to various investigations regarding whether the process for determining LIBOR may have been manipulated. As a result of the review and investigations LIBOR is currently the subject of proposals for reform at both a UK and EU level and certain reforms have already been adopted whilst others are still to be implemented including the BMR.

On 27 July 2017, the FCA announced that after 2021 the FCA would cease taking steps to persuade or compel banks to participate in setting LIBOR. That announcement indicates that the continuation of LIBOR on the current basis cannot be guaranteed after 2021. In the announcement, the FCA stated that the London interbank market is not sufficiently active to determine reliable rates. In a further speech on 12 July 2018, the FCA emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021.

Investors should be aware that: (a) actions by the administrator of LIBOR, regulators or law enforcement agencies may affect LIBOR (and/or the determinations thereof) in unknown ways, which could adversely affect the Mortgage Loans, (b) any uncertainty or with respect to LIBOR may adversely affect liquidity of the Mortgage Loans and their market value, or (c) it is not possible to ascertain at this time whether any reforms to LIBOR would have the effect of a sudden or prolonged increase or decrease in LIBOR or whether such reforms could have an adverse impact on the Mortgage Loans. Any such consequence could have a material adverse effect on the value of and return on the Notes and the Residual Certificates. Investors should also note that, as described in this Prospectus, certain of the Fixed Rate Mortgage Loans in the Mortgage Portfolio become LIBOR linked Mortgage Loans upon the expiration of their fixed interest rate periods. Please see the section entitled "*The Mortgage Portfolio and the Mortgage Loans – Characteristics of the Mortgage Loans*" for further details.

7 LEGAL AND REGULATORY RISKS

7.1 Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in multiple measures for increased regulation which are at various stages of implementation and which may have an adverse impact on the regulatory position of certain investors in securitisation exposures and/or on the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and should consult their own advisors in this respect. None of the Issuer, the Arrangers, the Joint Lead Managers or the Beneficial Title Seller make any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the Closing Date or at any time in the future.

7.2 Regulatory reforms under Basel may have an adverse impact on capital treatment of the Notes

Prudential regulation reforms under Basel or other frameworks may have an adverse impact on the regulatory capital treatment of the Notes. Investors should note in particular that the Basel Committee on Banking Supervision ("**BCBS**") has approved a series of significant changes to the Basel framework for prudential regulation (such changes being referred to by the BCBS as Basel III, and referred to, colloquially, as Basel III in respect of reforms finalised prior to 7 December 2017 and Basel IV in respect of reforms finalised on or following that date). The Basel III/IV reforms, which include revisions to the credit risk framework in general and the securitisation framework in particular, may result in increased regulatory capital and/or other prudential requirements in respect of securitisation positions. The BCBS continues to work on new policy initiatives. National implementation of the Basel III/IV reforms may vary those reforms and/or their timing. It should also be noted that changes to prudential requirements have been made for insurance and reinsurance undertakings through participating jurisdiction

initiatives, such as the Solvency II framework in Europe. Investors in the Notes are responsible for analysing their own regulatory position and prudential regulation treatment applicable to the Notes and should consult their own advisers in this respect.

7.3 The EU Securitisation Regulation regime applies to the Notes and non-compliance with this regime may have an adverse impact on the regulatory treatment of Notes and/or decrease liquidity of the Notes.

The EU Securitisation Regulation applies in general (subject to certain grandfathering) from 1 January 2019.

However, some legislative measures necessary for the full implementation of the EU Securitisation Regulation regime have not yet been finalised and compliance with certain requirements is subject to the application of transitional provisions. Moreover, it is expected that in due course the EU Securitisation Regulation regime will be amended as a result of the legislative proposals by the European Commission of July 2020 (relating to the introduction of a regulatory regime for balance sheet synthetic STS securitisations and changes aimed at addressing regulatory obstacles affecting securitisation of non-performing exposures) and the wider review by 1 January 2022 of the functioning of the EU Securitisation Regulation regime, which may be accompanied by further legislative proposals.

The EU Securitisation Regulation establishes certain common rules for all securitisations that fall within its scope (including recast of pre-1 January 2019 risk retention and investor due diligence regimes).

The EU Securitisation Regulation has direct effect in member states of the EU and is to be implemented in due course in other countries in the EEA.

The EU Securitisation Regulation requirements apply to the Notes. As such, certain European-regulated institutional investors, including credit institutions, investment firms, authorised alternative investment fund managers, insurance and reinsurance undertakings, certain undertakings for the collective investment of transferable securities and certain regulated pension funds (institutions for occupational retirement provision), are required to comply under Article 5 with certain due diligence requirements prior to holding a securitisation position and on an ongoing basis while holding the position. Among other things, prior to holding a securitisation position, such institutional investors are required to verify certain matters with respect to compliance of the relevant transaction parties with credit granting standards, risk retention and transparency requirements. If the relevant European-regulated institutional investor elects to acquire or holds the Notes having failed to comply with one or more of these requirements, this may result in the imposition of a penal capital charge on the Notes for institutional investors subject to regulatory capital requirements or a requirement to take a corrective action, in the case of a certain type of regulated fund investors. Aspects of the requirements of the EU Securitisation Regulation and what is or will be required to demonstrate compliance to national regulators remain unclear. Prospective investors should therefore make themselves aware of requirements applicable to them and are required to independently assess and determine the sufficiency of the information described in this Prospectus generally for the purposes of complying with such due diligence requirements under the EU Securitisation Regulation.

Various parties to the securitisation transaction described in this Prospectus (including the Beneficial Title Seller) are also subject to the requirements of the EU Securitisation Regulation. However, some uncertainty remains in relation to the interpretation of some of these

requirements and what is or will be required to demonstrate compliance to national regulators. Prospective investors are referred to the section of the Prospectus headed "*Regulatory Disclosure*" for further details and should note that there can be no assurance that the information in this Prospectus or to be made available to investors in accordance with Article 7 of the EU Securitisation Regulation will be adequate for any prospective institutional investors to comply with their due diligence obligations under the EU Securitisation Regulation.

Prospective investors in the Notes are responsible for analysing their own regulatory position, and should consult their own advisers in this respect.

7.4 The UK Securitisation Regulation regime applies to the Notes and non-compliance with this regime may have an adverse impact on the regulatory treatment of Notes and/or decrease liquidity of the Notes.

Pursuant to the EUWA (as amended by the European Union (Withdrawal Agreement) Act 2020, from 11pm (GMT) on 31 December 2020 (the "**Implementation Period Completion Day**"), EU regulations (including the EU Securitisation Regulation) which previously had direct effect in the UK by virtue of the European Communities Act 1972 were transposed into domestic law. Like the EU Securitisation Regulation, the UK Securitisation Regulation also includes risk retention and transparency requirements (imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation) and due diligence requirements which are imposed, under the UK Securitisation Regulation, on UK Affected Investors in a securitisation. If the due diligence requirements under the UK Securitisation Regulation are not satisfied then, depending on the regulatory requirements applicable to such UK Affected Investor, an additional risk weight, regulatory capital charge and/or other regulatory sanction may be applied to such securitisation investment and/or imposed on the UK Affected Investor.

"**UK Affected Investor**" means CRR firms as defined by Article 4(1)(2A) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 as it forms part of domestic law in the United Kingdom by virtue of the EUWA, certain alternative investment fund managers which manage or market alternative investment funds in the UK, UK regulated insurers or reinsurers, certain management companies as defined in section 237(2) of the FSMA, UCITS as defined by section 236A of FSMA which is an authorised open ended investment company as defined in section 237(3) of FSMA and occupational pension schemes as defined in section 1(1) of the Pension Schemes Act 1993.

7.5 Simple, Transparent and Standardised Securitisations

The EU Securitisation Regulation makes provision for a securitisation transaction to be designated a simple, transparent and standardised transaction (a "**EU STS Securitisation**"). In order to obtain this designation, a transaction is required to comply with the requirements set out in Articles 20, 21 and 22 of the EU Securitisation Regulation (the "**EU STS Criteria**") and one of the originator or sponsor in relation to such transaction is required to file an EU STS Notification to ESMA confirming the compliance of the relevant transaction with the EU STS Criteria. No EU STS Notification will be filed in relation to the Notes as at the Closing Date and there is no intention that such a notification will be filed at any point during the life of the Notes.

The UK Securitisation Regulation makes provision for a securitisation transaction to be designated a simple, transparent and standardised transaction (a "**UK STS Securitisation**"). In

order to obtain this designation, a transaction is required to comply with the requirements set out in Articles 20, 21 and 22 of the UK Securitisation Regulation (the "**UK STS Criteria**") and one of the originator or sponsor in relation to such transaction is required to file an UK STS Notification to FCA confirming the compliance of the relevant transaction with the UK STS Criteria. No UK STS Notification will be filed in relation to the Notes as at the Closing Date and there is no intention that such a notification will be filed at any point during the life of the Notes.

Investors should consider the consequence from a regulatory perspective of the Notes not being considered an EU STS Securitisation or UK STS Securitisation, including (but not limited to) that the lack of such designation may negatively affect the regulatory position of the Notes and, in addition, have a negative effect on the price and liquidity of the Notes in the secondary market.

7.6 Raising of financing by the Beneficial Title Seller against Notes held by it for risk retention purposes

On or after the Closing Date, the Beneficial Title Seller 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 Retention Notes required to be retained by it as originator in compliance with Article 6(1) of the EU Securitisation Regulation and Article 6(1) of the UK Securitisation Regulation 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 Retention Notes 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 Minimum Retained Interest. In carrying out any such sale or appropriation, the financing counterparty would not be required to have regard for the EU Securitisation Regulation or the UK Securitisation Regulation and any such sale or appropriation may therefore cause the Beneficial Title Seller to be out of compliance with the EU Securitisation Regulation or the UK Securitisation Regulation. In such an event, with respect to the EU Securitisation Regulation and UK 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, the price and liquidity of the Notes held by an investor in the secondary market could be negatively impacted.

"**Minimum Retained Interest**" means a material net economic interest of not less than 5 per cent. of the nominal value of the securitised exposures for the purposes of Article 6(3)(d) of the EU Securitisation Regulation and Article 6(3)(d) of the UK Securitisation Regulation.

7.7 Risks relating to the Banking Act 2009

The Banking Act 2009 (the "**Banking Act**") includes provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of certain UK incorporated entities, including authorised deposit-taking institutions and investment firms, and powers to take certain resolution actions in respect of third country institutions. In addition, powers may be used in certain circumstances in respect of UK established banking group companies, where such companies are in the same group as a relevant UK or third country institution or in the same group as an EEA credit institution or investment firm. Relevant transaction parties for these purposes include the Transaction Account Bank, the Collection Account Bank, the Interest Rate Swap Provider and the Swap Collateral Account Bank.

The tools available under the Banking Act include share and property transfer powers (including powers for partial property transfers), bail-in powers, certain ancillary powers (including powers to modify contractual arrangements in certain circumstances) and special insolvency procedures which may be commenced by the UK authorities. It is possible that the extended tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made and, in certain circumstances, the UK authorities may exercise broad pre-resolution powers in respect of relevant entities with a view to removing impediments to the exercise of the stabilisation tools.

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the United Kingdom. The Banking Act includes provisions related to compensation in respect of instruments and orders made under it. In general, there is considerable uncertainty about the scope of the powers afforded to UK authorities under the Banking Act and how the UK authorities may choose to exercise them.

If an instrument or order were to be made under the provisions of the Banking Act currently in force in respect of a relevant entity as described above, such action may (amongst other things) affect the ability of such entity to satisfy its obligations under the Transaction Documents and/or result in the cancellation, modification or conversion of certain unsecured liabilities of such entity under the Transaction Documents or in other modifications to such documents. In particular, modifications may be made pursuant to powers permitting (i) certain trust arrangements to be removed or modified, (ii) contractual arrangements between relevant entities and other parties to be removed, modified or created where considered necessary to enable a transferee in the context of a property or share transfer to operate the transferred business effectively and (iii) in connection with the modification of an unsecured liability through use of the bail-in tool, the discharge of a relevant entity from further performance of its obligations under a contract. In addition, subject to certain conditions, powers would apply to require a relevant instrument or order (and related events) to be disregarded in determining whether certain widely defined "default events" have occurred (which events may include trigger events included in the Transaction Documents in respect of the relevant entity, including termination events). As a result, the making of an instrument or order in respect of a relevant entity as described above may affect the ability of the Issuer to meet its obligations in respect of the Notes.

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

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of the entities referred to above and there has been no indication that any such

instrument or order will be made, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such instrument or order if made. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred.

Lastly, as a result of Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms and any relevant national implementing measures, it is possible that an institution with its head office in an EU state and/or certain group companies could be subject to certain resolution actions in that other state. Once again, any such action may affect the ability of any relevant entity to satisfy its obligations under the Transaction Documents and there can be no assurance that Noteholders will not be adversely affected as a result.

7.8 Fixed Charges May Take Effect under English Law as Floating Charges

The Issuer will purport to grant, *inter alia*, fixed charges in favour of the Trustee over the Issuer's interest in the Transaction Account and any other bank account in which the Issuer has an interest.

The law in England and Wales relating to the re-characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment in security) may take effect under English law as floating charges only, if, for example, it is determined that the Trustee does not exert sufficient control over the relevant account or the proceeds thereof for the security to be said to "fix" over those assets. If the charges take effect as floating charges instead of fixed charges, then certain claims, which are given priority over the floating charge by law, would be given priority over the claims of the floating chargeholder. See the section entitled "*English law security and insolvency considerations*" below.

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

Where a Borrower has a valid claim against a mortgagee, that Borrower will be entitled to set-off payment otherwise due to that mortgagee to the extent of the Borrower's claim where the Borrower's claim arises out of the contract in respect of which the mortgagee claims payment (that is, the relevant Mortgage Condition) or in respect of closely connected transactions.

If a Borrower were to attempt to set-off, the amount he or she could set-off would be limited to the damages that Borrower suffered as a result of the breach by the Legal Title Holder of such contractual obligation. The likely measure of damages would be the difference, if any, between the cost of borrowing from the Legal Title Holder and the cost of borrowing from another lender.

7.10 U.S. Risk Retention Requirements

Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 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. The U.S. Risk Retention Rules came into effect on 24 December 2015 with respect to residential mortgage-backed securitizations. The U.S. Risk Retention Rules provide that the securitizer of an asset backed securitization is its

sponsor. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Beneficial Title Seller, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5 per cent. of the credit risk of the securitized assets for purposes of compliance with the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that: (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the "**ABS interests**" (as defined in Section 2 of the U.S. Risk Retention Rules) are issued) of all classes of ABS interests issued in the securitization transaction are sold or transferred to, or for the account or benefit of, Risk Retention U.S. Persons; (3) neither the sponsor nor the Issuer of the securitization transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Mortgage Portfolio will be comprised of mortgage loans and their related security, which are originated by the Originator, being a company incorporated in England. See the section entitled "*Description of the Originator and the Legal Title Holder*" in respect of the Originator and the Legal Title Holder.

Prior to any Notes which are offered and sold by the Issuer being transferred to or purchased by, or for the account or benefit of, any Risk Retention U.S. Person, the purchaser of such Notes must first disclose to the Joint Lead Managers that it is a Risk Retention U.S. Person and obtain the written consent of the Beneficial Title Seller in the form of a U.S. Risk Retention Waiver. Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of "U.S. person" under Regulation S, and that persons who are not "U.S. persons" under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The definition of "U.S. person" in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to clauses (b) and (h)(i), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" (and "Risk Retention U.S. Person" as used in this Prospectus) means any of the following:

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organization or entity organized or incorporated under the laws of any State or of the United States²;
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);

² The comparable provision from Regulation S is "(ii) any partnership or corporation organized or incorporated under the laws of the United States."

The comparable provision from Regulation S "(vii)(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in 17 CFR 230.501(a)) who are not natural persons, estates or trusts."

- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organisation or entity if:
 - (i) organised or incorporated under the laws of any foreign jurisdiction; and
 - (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act.

Each holder of a Note or a beneficial interest therein acquired in the initial syndication of the Notes on the Closing Date, by its acquisition of a Note or a beneficial interest in a Note, will be deemed, and, in certain circumstances, will be required to represent to the Issuer, the Beneficial Title Seller and the Joint Lead Managers that it (1) either (i) is not a Risk Retention U.S. Person or (ii) it has obtained a U.S. Risk Retention Waiver, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein). Non-compliance with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action which may adversely affect the Notes and the ability of the Beneficial Title Seller to perform its obligations under the Transaction Documents. Furthermore, such non-compliance could negatively affect the value and secondary market liquidity of the Notes.

Each of the Issuer, the Beneficial Title Seller and the Joint Lead Managers have agreed that the Issuer and the Beneficial Title Seller shall have the sole responsibility for determining the proper characterisation of potential investors for such restriction or for determining the availability of the exemption provided for in Section __.20 of the U.S. Risk Retention Rules and that none of the Joint Lead Managers or any person who controls any of them or any director, officer, employee, agent or affiliate of the Joint Lead Managers shall have any responsibility for determining the proper characterisation of potential investors for such restriction or for determining the availability of the exemption provided for in Section 20 of the U.S. Risk Retention Rules, and none of the Joint Lead Managers or any person who controls it or any director, officer, employee, agent or affiliate of the Joint Lead Managers accepts any liability or responsibility whatsoever for any such determination.

The Beneficial Title Seller has advised the Issuer that it will not provide a U.S. Risk Retention Waiver to any investor if such investor's purchase would result in more than 10 per cent. of the dollar value (or equivalent amount in the currency in which securities are issued) (as determined by fair value under US GAAP) of all Classes of Notes to be sold or transferred to Risk Retention U.S. Persons in the initial distribution. Consequently, in the initial distribution, the Notes may

only be purchased by persons that (a) are not Risk Retention U.S. Persons or (b) have obtained a U.S. Risk Retention Waiver from the Beneficial Title Seller.

There can be no assurance that the requirement to disclose its status as a Risk Retention U.S. Person will be complied with or will be made by such Risk Retention U.S. Persons.

Further, there can be no assurance that the exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to whether a failure by the Beneficial Title Seller to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes or the market value of the Notes. The consequences of non-compliance with the U.S. Risk Retention Rules are unclear, but investors should note that the liquidity and/or value of the Notes could be adversely affected by such non-compliance.

None of the Arrangers or the Joint Lead Managers or any of their affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Closing Date or at any time in the future. Investors should consult their own advisors as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

7.11 Tax Considerations

(a) UK Special Regime for the Taxation of Securitisation Companies

The Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) were made under section 84 of the Finance Act 2005 (now section 624 of the Corporation Tax Act 2010) on 11 December 2006 to deal with the corporation tax position of securitisation companies such as the Issuer with effect for their periods of account beginning on or after 1 January 2007 (and subsequently amended by the Taxation of Securitisation Companies (Amendment) Regulations 2018 (SI 2018/143)) with effect for their periods of account beginning on or after 1 January 2018 (the "**Regulations**"). If the Regulations apply to a company, then, broadly, it will be subject to corporation tax only on its "retained profit" (as that term is defined in the Regulations) for so long as it satisfies the conditions of the Regulations. Based on advice received, the Issuer considers that it should fall within the Regulations. However, if the Issuer does not in fact satisfy the conditions of the Regulations (or subsequently ceases to satisfy those conditions), then the Issuer may be subject to tax liabilities not contemplated in the cashflows for the transaction described in the Prospectus. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest or principal (or both) than expected.

(b) Withholding Tax under the Notes

Provided that the Listed 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 Listed 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 a Tax Deduction is imposed on payments due in respect of the Notes, neither the Issuer nor any Paying Agent nor any other person is obliged to gross up or otherwise compensate Noteholders for the lesser amounts received as a result of the imposition of such Tax Deduction. In such circumstances, the Issuer will be entitled to exercise the option set out in Condition 8.6 (*Optional Redemption of the Notes in whole for taxation or other reasons*), subject to satisfying the requirements set out therein.

The applicability of any Tax Deduction in the United Kingdom is discussed further under "*Taxation – United Kingdom*".

(c) **Tax risks associated with non-owner occupied properties**

As of the Portfolio Reference Date, 100 per cent. of the Mortgage Loans are secured by non-owner occupied freehold or leasehold properties (the "**Buy-to-Let Mortgage Loans**").

Since April 2017 the UK Government has been implementing a phased restriction on the amount of income tax relief that individual landlords can claim for residential property finance costs (such as mortgage interest). For the tax year between 6 April 2019 and 5 April 2020 relief for finance costs is only available against 25% of rental income with the remaining 75% of income benefiting from a tax credit at the basic rate of income tax (20%). With effect from 6 April 2020 there will be no deduction available for finance costs from rental income and instead all rental income will only be eligible for a tax credit at the basic rate of income tax (20%).

In addition, a different (and higher) rate of capital gains tax ("**CGT**") applies in respect of a gain realised by an individual on the disposal of a residential property which is not the taxpayer's principal private residence (e.g. a second home or a buy-to-let property) than the rate of CGT that applies in respect of taxable gains realised on the disposal of other assets.

A higher rate of stamp duty land tax ("**SDLT**") (and Welsh land transactions tax ("**WLTT**")) applies to the purchase of additional residential properties (such as buy-to-let properties). The current additional rate is 3 per cent. above the current SDLT and WLTT rates.

The introduction of these measures may adversely affect the private residential rental market in the United Kingdom in general or (in the case of the restriction of income tax relief) the ability of individual Borrowers of Buy-to-Let Mortgage Loans to meet their obligations under those Loans. Further, such measures may prompt Borrowers to re-finance their loan or sell the underlying Property, which in turn may adversely affect the yield to maturity of the Notes. See further "*Risks Related to the Availability of Funds to Pay the Notes – The timing and amount of payment on the Mortgage Loans could be affected by various factors which may adversely affect payments on the Notes*" above.

"**Tax**" means all forms of tax, duties, levies, imposts, charges, deductions and withholdings which are collected and administered by any Tax Authority, together with all fines, penalties, interest, charges and surcharges connected therewith.

"**Tax Authority**" means any taxing or other authority competent to impose any liability in respect of Taxation or responsible for the assessment, administration or collection of Taxation or enforcement of any law in relation to Taxation and acting in its capacity as such.

"Tax Deduction" means any deduction or withholding on account of Tax other than a FATCA Withholding.

"Tax Payment" means any payment for or on account of Tax.

7.12 Enforcement of Buy-to-Let Mortgage Loans

The Dwelling Houses (Execution of Possession Orders by Mortgagees) Regulations 2010 came into effect on 1 October 2010 and contain new requirements for creditors to give at least 14 days' notice of their intention to execute a possession order over residential premises which have been let. Additionally, pursuant to the Mortgage Repossessions (Protection of Tenants etc.) Act 2010, a court could delay execution of possession orders for up to two months on an application by a tenant. These changes in the law may delay the Legal Title Holder exercise of its power of sale in relation to the Buy-to-Let Mortgage Loans and may in turn reduce the timeliness of receipts receivable by the Issuer under the Mortgage Portfolio and may adversely impact on the ability of the Issuer to make payments under the Notes.

7.13 English law security and insolvency considerations

The Issuer will enter into the Security Deed pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see "*Security for the Issuer's Obligations*"). 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. In particular, it should be noted that significant changes to the UK insolvency regime have been enacted under the Corporate Insolvency and Governance Act 2020 which received Royal Assent on 25 June 2020 and came into effect on 26 June 2020. The changes include, among other things: (i) the introduction of a new moratorium regime that certain eligible companies can obtain which will prevent creditors taking certain action against the company for a specified period; (ii) a ban on operation of or exercise of ipso facto clauses preventing (subject to exemptions) termination, variation or exercise of other rights under a contract due to a counterparty entering into certain insolvency or restructuring procedures; and (iii) a new compromise or arrangement under Part 26A of the Companies Act 2006 (the "**Restructuring Plan**") that provides for ways of imposing a restructuring on creditors and/or shareholders without their consent (so-called cross-class cram-down procedure), subject to certain conditions being met and with a court adjudicating on the fairness of the restructuring proposal as a whole in determining whether or not to exercise its discretionary power to sanction the Restructuring Plan. While the Issuer is expected to be exempt from the application the new moratorium regime and the ban on ipso facto clauses, there is no guidance on how the new legislation will be interpreted and the Secretary of State may by regulations modify the exceptions. For the purposes of the Restructuring Plan, it should also be noted that there are currently no exemptions, but the Secretary of State may by regulations provide for exclusion of certain companies providing financial services and the UK government has expressly provided for changes to the Restructuring Plan to be effected through secondary legislation, particularly in relation to the cross-class cram-down procedure. It is therefore possible that aspects of the legislation may change. While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent and/or subject to pre-insolvency restructuring proceedings, no assurance can be given that any modification of the exceptions from the application of the new insolvency reforms referred to above will not be detrimental to the interests of the Noteholders and there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency or pre-insolvency proceedings and/or

that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws or the laws affecting the creditors' rights generally).

In addition, it should be noted that, to the extent that the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of sections 174A, 176ZA and 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Security Deed may be used to satisfy any expenses of the insolvency proceeding, claims of unsecured creditors or creditors who otherwise take priority over floating charge recoveries. While certain of the covenants given by the Issuer in the Transaction Documents are intended to ensure it has no significant creditors other than the secured creditors under the Security Deed, it will be a matter of fact as to whether the Issuer has any other such creditors at any time. There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

7.14 Liquidation Expenses payable on floating charge realisation will reduce amounts available to satisfy the claims of secured creditors of the Issuer

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 chargeholder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating chargeholder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency (England and Wales) Rules 2016 (as amended).

Therefore floating charge realisations upon enforcement of the floating charge security to be granted by the Issuer which would otherwise be available to satisfy the claims of Secured Creditors may be reduced by at least a significant proportion of any liquidation expenses which could have an adverse effect on the ability of the Issuer to make payments in respect of the Notes.

7.15 European Market Infrastructure Regulation

The European Market Infrastructure Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories (as amended by Regulation (EU) 2019/834) as it forms part of domestic law in the United Kingdom by virtue of the EUWA ("**EMIR**") impose certain obligations on parties to "over the counter" ("**OTC**") derivative contracts including a mandatory clearing obligation (the "**Clearing Obligation**"), margin posting (the "**Collateral Obligation**") and other risk-mitigation techniques for OTC derivatives contracts not cleared by a central counterparty, and reporting and record-keeping requirements.

Under EMIR, (i) financial counterparties ("**FCs**"), other than small FCs and (ii) non-financial counterparties whose positions, together with the positions of all other non-financial counterparties in its "group" (as defined in EMIR), in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold ("**NFC+s**", and together with FCs other than small FCs, the "**In-scope Counterparties**") must clear via an authorised or recognised central counterparty ("**CCP**") OTC derivatives contracts that are entered into on or after the effective date for the Clearing Obligation for that counterparty pair and class of derivatives (the "**Clearing Start Date**").

Unless an exemption applies, FCs (other than a small FC) and NFC+s must clear any such OTC derivative contracts entered into between each other and with certain third country equivalent entities (i.e. those that would have been subject to the Clearing Obligation if they were established in the UK). The process for implementing the Clearing Obligation is under way and a timeframe for compliance has been established for the first class of transactions (being certain interest rate derivative contracts in USD, EUR, GBP and JPY), with the Clearing Start Date for such contracts with NFC+s having been 21 December 2018. Timeframes for mandatory clearing of certain other classes of OTC derivatives transactions have also been established.

On the basis that the Issuer is currently a non-financial counterparty whose positions, together with the positions of all other non-financial counterparties in its "group", in OTC derivatives (after the exclusion of hedging positions) do not exceed any of the specified clearing thresholds (each, an "NFC-"), OTC derivative contracts that are entered into by the Issuer would not in any event be subject to any mandatory clearing or frontloading requirements. If the Issuer's counterparty status as an NFC- changes then certain OTC derivatives contracts that are entered into by the Issuer may become subject to the Clearing Obligation.

Under EMIR, OTC derivatives contracts entered into by NFC+ and FC entities (and/or third country equivalent entities) that are not cleared by a CCP may be subject to margining requirements unless certain exemptions apply. The regulatory technical standards relating to the collateralisation obligations in respect of OTC derivatives contracts which are not cleared are now in force and the obligation for In-scope Counterparties to margin uncleared OTC derivatives contracts was phased in from the first quarter of 2017 with variation margin obligations applying to all transactions entered into by In-scope Counterparties from 1 March 2017. However, on the basis that the Issuer is an NFC-, OTC derivatives contracts that are entered into by the Issuer would not be subject to any margining requirements. If the Issuer's counterparty status as an NFC- changes then certain OTC derivatives contracts that are entered into by the Issuer may become subject to margining requirements.

Further, OTC derivatives contracts that are not cleared by a CCP are also subject to certain other risk-mitigation techniques, including arrangements for timely confirmation of OTC derivatives contracts, portfolio reconciliation, dispute resolution and arrangements for monitoring the value of outstanding OTC derivatives contracts. These requirements are already in effect. In order to comply with certain of these risk-mitigation techniques, the Issuer includes appropriate provisions in the Interest Rate Swap Agreement.

In addition, under EMIR, counterparties must report all their OTC and exchange traded derivatives contracts to an authorised or recognised trade repository or to FCA. Where one counterparty is FC and the other is NFC-, the reporting obligation for both parties will fall on the FC. In order to comply with these reporting requirements, the Issuer (as an NFC-) will be required to provide to the Interest Rate Swap Provider (as an FC) any information about their OTC derivative contract that the Interest Rate Swap Provider cannot be reasonably expected to possess.

Notwithstanding the qualifications on application described above, the position of the swaps under each of the Clearing Obligation and Collateral Obligation is not entirely clear and may be affected by further measures still to be made.

8 RISKS RELATING TO THE CHARACTERISTICS OF THE NOTES

8.1 Definitive Notes and denominations in integral multiples

The Notes are issued in the denominations of £100,000 per note. However, for so long as the Notes are represented by Global Notes, and Euroclear and Clearstream, Luxembourg so permit, such Notes shall be tradable in minimum nominal amounts of £100,000 and integral multiples of £1,000 thereafter. In such a case a Noteholder of a Note (except the Class Z VFN) who, as a result of trading such amounts, holds a principal amount of less than the minimum authorised denomination of £100,000 in his account with the relevant clearing system at the relevant time will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of the relevant class of Global Notes, as applicable, such that it holds an amount equal to one or more minimum authorised denominations.

If Definitive Notes are issued, holders of Notes (except the Class Z VFN) should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

8.2 Book-Entry Interests

Unless and until Definitive Notes are issued in exchange for Book-Entry Interests (in the limited set of circumstances described under Condition 3 (*Form, Denomination and Title*)), holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of Notes (except the Class Z VFN) under the Trust Deed. After payment to the Principal Paying Agent, the Issuer will not have responsibility or liability for the payment of interest, principal or other amounts to Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of Book-Entry Interests.

The Notes (except the Class Z VFN) will be represented by Global Notes delivered to a common safekeeper for Euroclear or Clearstream, Luxembourg, and will not be held by the beneficial owners or their nominees. The Global Notes will not be registered in the names of the beneficial owners or their nominees. As a result, unless and until notes in definitive form are issued in respect of the Notes (except the Class Z VFN), beneficial owners of a class of Notes (except the Class Z VFN) will not be recognised by the Issuer or the Trustee as Noteholders, as that term is used in the Trust Deed. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of Euroclear and Clearstream, Luxembourg and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder under the Trust Deed.

Payments of principal and interest on, and other amounts due in respect of, each Note (except the Class Z VFN) (when represented by a Global Note) will be made by the Principal Paying Agent to the order of the Common Safekeeper for Euroclear and Clearstream, Luxembourg against presentation of such Global Note. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. The Issuer expects that payments by participants or indirect payments to owners of Book-Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants or indirect

participants. None of the Issuer, the Trustee, or any Paying Agent 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 (other than in respect of Electronic Consents). 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, 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 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 (except the Class Z VFN) in physical form could make it difficult for a Noteholder to pledge such Notes (except the Class Z VFN) if notes in physical form are required by the party demanding the pledge and could hinder the ability of the Noteholder to resell such Notes (except the Class Z VFN) because some investors may be unwilling to buy Notes (except the Class Z VFN) that are not in physical form (except the Class Z VFN). The Class Z VFN will be issued in dematerialised registered form.

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

The Issuer believes that the risks described above in this section titled "Risk Factors" are the principal risks for the Noteholders inherent in the transaction, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons. The Issuer does not represent that the above stated risk factors are exhaustive and cannot give any assurance that those will be sufficient to ensure timely payment of interest, principal or any other amounts on or in connection with the Notes to Noteholders.

MORTGAGE PORTFOLIO AND SERVICING

See the sections entitled "The Mortgage Portfolio and the Mortgage Loans", "Characteristics of the Completion Mortgage Portfolio", "Assignment of the Mortgage Loans and Related Security" and "Servicing of the Mortgage Portfolio" for further detail in respect of the characteristics of the Mortgage Portfolio and the sale and the servicing arrangements in respect of the Mortgage Portfolio.

Sale of Portfolio

The mortgage portfolio (the "**Mortgage Portfolio**") will consist of the Mortgage Loans, the Mortgages, the Related Security, and all rights, interest, benefit, income and payments derived therefrom from time to time, which will be (i) sold to the Beneficial Title Seller on or before the Closing Date and which the Beneficial Title Seller will on-sell to the Issuer on the Closing Date (the "**Completion Mortgage Portfolio**") or (ii) in respect of any Additional Mortgage Loans, sold to the Beneficial Title Seller on or before the relevant Additional Mortgage Loan Purchase Date and which the Beneficial Title Seller will on-sell to the Issuer on such Additional Mortgage Loan Purchase Date.

"**Mortgage**" means a charge by way of legal mortgage and, in relation to a Mortgage Loan, means the mortgage or legal charge securing that Mortgage Loan including, in each case, all principal sums, interest, costs, charges, expenses and other monies secured or intended to be secured by that mortgage or legal charge.

"**Mortgage Conditions**" means all the terms and conditions applicable to a Mortgage Loan, including without limitation those set out in the Legal Title Holder's relevant printed mortgage conditions, as varied from time to time by any mortgage or product special conditions contained in the Mortgage Offer;

"**Mortgage Loan**" means a loan secured by a Mortgage and Related Security, in the Mortgage Portfolio originated by the Legal Title Holder and sold to the Issuer pursuant to the Mortgage Sale Agreement in respect of such Mortgage Loan, excluding (for the avoidance of doubt) each Mortgage Loan and its Related Security which is repurchased by the Beneficial Title Seller pursuant to the Mortgage Sale Agreement or otherwise sold by the Issuer and no longer beneficially owned by the Issuer;

"**Related Security**" means, in relation to a Mortgage Loan, the security granted for the repayment of that Mortgage Loan by the relevant Borrower including the relevant Mortgage and all other matters applicable thereto acquired as part of the Mortgage Portfolio sold to the Issuer pursuant to the Mortgage Sale Agreement including (without limitation):

- (i) the benefit of all affidavits, consents, renunciations, guarantees, indemnities, waivers and postponements (including, without limitation, Deeds of Consent) from occupiers and other persons having an interest in or rights in connection with the relevant Property;
- (ii) each right of action of the Beneficial Title Seller against any person (including, without limitation, any solicitor, licensed conveyancer, qualified conveyancer, valuer, registrar or registry or other person) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion (including, without limitation, each Certificate of Title and Valuation Report) given or received in connection with all or part of that Mortgage Loan and its Related Security or affecting

the decision of the Legal Title Holder to make or offer to make all or part of the relevant Mortgage Loan;

- (iii) the benefit of (including, without limitation, the rights as the insured person under and as notations of interest on, and returns of premium and proceeds of claims under) insurance and assurance policies (including, the relevant third party buildings insurance policies) deposited, charged, obtained, or held in connection with the relevant Mortgage Loan, Mortgage and/or Property and relevant Loan Files; and
- (iv) the benefit of each guarantee, indemnity and/or personal bond (if any) given by a person in support of the liabilities of any borrower or mortgagor in respect of such Mortgage Loan;

The Mortgage Portfolio comprises Mortgage Loans secured over properties in England and Wales

Additional Mortgage Loans may be sold to the Issuer on each Additional Mortgage Loan Purchase Date.

The acquisition of Additional Mortgage Loans by the Issuer will be subject to the satisfaction of certain conditions. This includes, among others, that the Additional Mortgage Loans comply with the representations and warranties specified in the Mortgage Sale Agreement. Amounts standing to the credit of the Pre-Funding Principal Ledger, which shall include the Pre-Funding Initial Amount and any Principal Receipts received during the first Calculation Period, on or prior to the First Interest Payment Date, shall be available for use by the Issuer for the acquisition of Additional Mortgage Loans.

Each Mortgage Loan and its Related Security is governed by English law.

The Mortgage Portfolio comprises Buy-to-Let Mortgage Loans originated by the Originator.

The terms "**sale**", "**sell**" and "**sold**" when used in this Prospectus in connection with the Mortgage Loans and their Related Security shall be construed to mean each such creation of an equitable interest and such equitable assignment. The terms "**repurchase**" and "**repurchased**" when used in this Prospectus in connection with a Mortgage Loan and its Related Security shall be construed to include (A) the repurchase of the equitable interest of the Issuer in respect of such Mortgage Loan and its Related Security and (B) the purchase by the Beneficial Title Seller of such Mortgage Loan and its Related Security from the Issuer pursuant to the terms of the Mortgage Sale Agreement.

See the sections entitled "*The Mortgage Portfolio and the Mortgage Loans*" and "*Assignment of the Mortgage Loans and Related Security*".

Features of Mortgage Loans

Certain features of the loans in the Completion Mortgage Portfolio as at the Portfolio Reference Date are set out in the table below and investors should refer to, and carefully consider, further details in respect of the loans in the Mortgage Portfolio set out in the section entitled "*Characteristics of the Completion Mortgage Portfolio*".

Type of mortgage	Repayment and interest only
Buy-to-Let Mortgage Loans	Yes – 100%
Number of Mortgage Loans	1,456

Current Principal Balance £315,958,931

	<u>Average / Weighted average</u>
Weighted Average Original LTV	71.60%
Weighted Average Current LTV	71.62%
Weighted Average Seasoning (Months)	10.36
Weighted Average Remaining Term (Years)	21.96

Consideration The consideration payable by the Issuer to the Beneficial Title Seller in respect of the sale of the Mortgage Loans and Related Security shall be (a) (i) in respect of the Completion Mortgage Portfolio and the Servicer Float, £337,237,509 in cash consideration (the "**Purchase Price**"); and (ii) in respect of each Additional Mortgage Loan, the Additional Mortgage Loan Purchase Price; plus (b) the Deferred Consideration.

Representations and Warranties The Beneficial Title Seller will make certain Asset Warranties regarding the Mortgage Loans and Related Security to the Issuer on (i) the Closing Date, in relation to the Mortgage Loans in the Completion Mortgage Portfolio and (ii) each Additional Mortgage Loans Purchase Date, in relation to each Additional Mortgage Loan purchased by the Issuer on such Additional Mortgage Loan Purchase Date.

See the section entitled "*Assignment of the Mortgage Loans and Related Security*" for further details.

Repurchase or Indemnity for Breach of Asset Warranty In the event of a breach of an Asset Warranty given in respect of the relevant Mortgage Loan (which is not capable of remedy or, if capable of remedy, the Beneficial Title Seller fails to remedy within the applicable grace period following such breach of Asset Warranty), the Beneficial Title Seller will be required to, at its option:

- (i) make a cash payment equal to the Repurchase Price;
- (ii) repurchase the relevant Mortgage Loan which is subject to a breach of Asset Warranty for an amount equal to the Repurchase Price; or
- (iii) indemnify and keep indemnified the Issuer against all Liabilities relating to the breach of Asset Warranty, provided that the amount payable by the Beneficial Title Seller pursuant to such indemnity in aggregate in respect of any Mortgage Loan shall not exceed the amount that would have been payable by the Beneficial Title Seller if it had repurchased (or made a cash payment in relation to) such Mortgage Loan at the Repurchase Price.

Repurchase of or Cash Payment for Product Switches To the extent the Legal Title Holder implements a Product Switch, the Beneficial Title Seller shall repurchase or make a cash payment to the Issuer in relation to the relevant Mortgage Loan and its Related Security. Such repurchase or cash payment shall be for an amount equal the relevant Repurchase Price.

Repurchase of or Cash Payment For To the extent a Mortgage Loan is a Disqualified Mortgage Loan, the Beneficial Title Seller shall repurchase or make a cash payment to the Issuer in relation to the relevant Disqualified Mortgage Loan and its Related Security. Such

Disqualified Mortgage Loans

repurchase or cash payment shall be for an amount equal to the relevant Repurchase Price.

Consideration for repurchase

The Repurchase Price in relation a Mortgage Loan shall be equal to the Current Balance of such Mortgage Loan as at the close of business on the date immediately preceding the date of repurchase (or if applicable in relation to a breach of Asset Warranty, cash payment, or the date on which the Beneficial Title Seller elected to make indemnity payments to the Issuer in respect of such Mortgage Loan) plus an amount equal to the Issuer's reasonable and proper third party costs and expenses incurred or payable in connection with such repurchase or payment (the "**Repurchase Price**").

Pre-Funding Initial Amount

On the Closing Date, it is expected that the Issuer will credit an amount equal to £62,762,491 (the "**Pre-Funding Initial Amount**") to the Pre-Funding Principal Ledger of the Transaction Account. The Pre-Funding Initial Amount shall be funded from the proceeds of issue of the Notes.

The Issuer will only be entitled to apply amounts (if any) standing to the credit of the Pre-Funding Principal Ledger prior to the First Interest Payment Date in purchasing Additional Mortgage Loans on an Additional Mortgage Loans Purchase Date provided certain conditions are met.

The consideration payable by the Issuer to the Beneficial Title Seller in respect of each Additional Mortgage Loan shall be the Additional Mortgage Loan Purchase Price, in accordance with the Mortgage Sale Agreement.

The Principal Collections and Revenue Collections (if any) in respect of each Additional Mortgage Loan between the relevant Additional Mortgage Loan Cut-Off Date and the relevant Additional Mortgage Loan Purchase Date shall be for the account of the Issuer.

On the First Interest Payment Date, the outstanding balance (if any) of the Pre-Funding Principal Ledger will form part of the Available Principal Funds (the "**Pre-Funding Unused Amount**") and applied in accordance with item (a) of the Pre-Enforcement Principal Payments Priorities towards the redemption of the Notes (other than the Class X Notes) on a Fixed Percentage Basis.

Purchase of Mortgage Portfolio by Portfolio Option Holder

The Portfolio Option Holder may exercise the Portfolio Option by notice to the Issuer with a copy to the Trustee at any time in the period from the Business Day falling 20 Business Days prior to an Optional Redemption Date until such Optional Redemption Date (the "**Optional Portfolio Purchase**"). Completion of the purchase by the Portfolio Option Holder will occur on the Business Day falling two Business Days prior to the next Interest Payment Date to occur after the exercise date (the "**Optional Portfolio Purchase Completion Date**").

Consideration for purchase by Portfolio Option Holder

The purchase price payable by the Portfolio Option Holder in respect of the Optional Portfolio Purchase shall be the higher of (i) the aggregate market value of the Mortgage Portfolio as at the Optional Portfolio Purchase Completion Date, and (ii) an amount equal to the aggregate Principal Amount Outstanding of the Rated Notes as at the Optional Portfolio Purchase Completion Date plus accrued but unpaid interest thereon up to and including the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date, together with any payments due from the Issuer in respect of items ranking in priority to or *pari passu* with the Rated Notes (including interest and principal

due and payable in respect of the Rated Notes), pursuant to the applicable Payments Priorities on the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date, less (x) any Available Principal Funds and Available Revenue Funds to be applied in accordance with the applicable Payments Priorities on the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date and (y) the credit balance of the General Reserve Fund as at the Optional Portfolio Purchase Completion Date.

Perfection Events:

Transfer of the legal title to the relevant Mortgage Loans and Related Security will be perfected if certain specified perfection events occur. Such perfection events will include (i) perfection being required by (A) law, (B) an order of court of competent jurisdiction, (C) a Regulatory Authority which has jurisdiction over the Legal Title Holder, or (D) any organisation of which the Legal Title Holder is a member or whose members comprise, but are not necessarily limited to mortgage lenders with whose instructions it is customary for the Legal Title Holder to comply, (ii) insolvency of the Legal Title Holder, (iii) delivery of an Enforcement Notice by the Trustee and (iv) the security being in jeopardy and the Trustee (acting on the direction of an Extraordinary Resolution of the Most Senior Class) being required to take perfection action to reduce that jeopardy.

Prior to the completion of the transfer of legal title to the relevant Mortgage Loans and Related Security to the Issuer (or a nominee of the Issuer), the Issuer will hold only the equitable title to those Mortgage Loans and the Related Security and will therefore be subject to certain risks as set out in the risk factors entitled "*Risk Factors – Risks Related to the Underlying Assets – Legal title holder to initially retain legal title to the Mortgage Loans and risks relating to set-off*" and "*Risk Factors – Legal and Regulatory Risks – Set-off may adversely affect the value of the Mortgage Portfolio or any part thereof*".

See the section entitled "*Assignment of the Mortgage Loans and Related Security*" for further details.

Servicing of the Mortgage Portfolio:

The Servicer will be appointed by the Issuer to service the Mortgage Portfolio on a day-to-day basis.

The appointment of the Servicer may be terminated by the Issuer or by the Trustee, upon the occurrence of certain events, as more particularly described in the section entitled "*Servicing of the Mortgage Portfolio*". The Back-Up Servicer Facilitator has agreed to provide certain services, in the event that the appointment of the Servicer is terminated pursuant to the Servicing Agreement.

In the absence of a Servicer Termination Event, Noteholders have no right to instruct the Trustee to terminate the appointment of the Servicer. Once a Servicer Termination Event has occurred, Noteholders may, by Extraordinary Resolution, instruct the Trustee to terminate the appointment of the Servicer.

See the section entitled "*Servicing of the Mortgage Portfolio*" for further details.

Back-Up Servicer Facilitator:

The Back-Up Servicer Facilitator will agree to promptly, on delivery of a notice of termination or resignation and as requested by the Issuer, use its reasonable endeavours to identify (on behalf of the Issuer) a suitable back-up or

replacement servicer (as the case may be) to act as back-up servicer or replacement servicer.

DESCRIPTION OF THE TERMS AND CONDITIONS OF THE NOTES

See the sections entitled "*Terms and Conditions of the Notes*" and "*Early Redemption of Notes*" for further detail in respect of the terms of the Notes.

FULL CAPITAL STRUCTURE OF THE NOTES

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class X Notes	Class Z VFN	Residual Certificates
Currency:	GBP	GBP	GBP	GBP	GBP	GBP	GBP
Initial Principal Amount Outstanding:	£332,600,000	£26,000,000	£18,000,000	£11,400,000	£8,400,000	£21,500,000 (being the initial principal amount subscribed at the Closing Date) up to a maximum of £200,000,000	N/A
Note Credit Enhancement:	Subordination of the Class B Notes, Class C Notes, Class D Notes, Class X Notes and Class Z VFN, Liquidity Ledger, Credit Ledger, excess spread On any Interest Payment Date falling after the Step-Up Date or the Final Maturity Date, any Enhanced Amortisation Amounts	Subordination of the Class C Notes, Class D Notes, Class X Notes and Class Z VFN, Liquidity Ledger, Credit Ledger, excess spread On any Interest Payment Date falling after the Step-Up Date or the Final Maturity Date, any Enhanced Amortisation Amounts	Subordination of the Class D Notes, Class X Notes and Class Z VFN, Liquidity Ledger, Credit Ledger, excess spread On any Interest Payment Date falling after the Step-Up Date or the Final Maturity Date, any Enhanced Amortisation Amounts	Subordination of the Class X Notes and Class Z VFN, Liquidity Ledger, Credit Ledger, excess spread On any Interest Payment Date falling after the Step-Up Date or the Final Maturity Date, any Enhanced Amortisation Amounts	Excess spread	Excess spread. On the Interest Payment Date falling after the Step-Up Date or the Final Maturity Date, any Enhanced Amortisation Amounts	N/A
Liquidity Support:	Liquidity Ledger, Credit Ledger, Principal Addition Amount and excess spread	Liquidity Ledger, Credit Ledger, Principal Addition Amount (when (i) the Class B Notes are the Most Senior Class and (ii) the Class B Notes are not the Most Senior Class and there is no debit balance on the Class B Principal	Credit Ledger, Principal Addition Amount (when the Class C Notes are the Most Senior Class only) and excess spread	Credit Ledger, Principal Addition Amount (when the Class D Notes are the Most Senior Class only) and excess spread	N/A	N/A	N/A

		Deficiency Sub-Ledger only) and excess spread					
Issue Price:	100%	100%	100%	100%	100%	100%	N/A
Interest Reference Rate:	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA ³	N/A	N/A
Relevant Margin:	0.95%	1.60%	1.85%	2.35%	4.50%	N/A	N/A
Step-Up Margin:	1.425%	2.40%	2.775%	3.525%	0.00%	N/A	N/A
Interest Accrual Method:	Act/365 (fixed)						
Interest Determination Date:	The fifth Business Day before the Interest Payment Date						
Interest Payment Dates:	Following the First Interest Payment Date, interest is payable monthly in arrear on the 27 th of each month						
Business Day Convention:	Modified Following						
First Interest Payment Date:	The Interest Payment Date falling on 27 May 2021						
First Interest Period:	The period from the Closing Date to the First Interest Payment Date						
Optional Redemption Date:	The Interest Payment Date falling in May 2024 and each subsequent Interest Payment Date						
Pre-Enforcement Redemption Profile:	Except on the First Interest Payment Date, when payments shall be made on a Fixed Percentage Basis, sequential pass through amortisation on each Interest Payment Date to the extent of Available Principal Funds subject to and in accordance with the relevant Payments Priorities.						
Portfolio Call Option:	On or after the Step-Up Date, the Portfolio Option Holder may exercise the option to purchase the Mortgage Portfolio. The purchase price for the Mortgage Portfolio shall be the higher of (i) the aggregate market value of the Mortgage Portfolio as at the Optional Portfolio Purchase Completion Date, and (ii) an amount equal to the aggregate Principal Amount Outstanding of the Rated Notes as at the Optional Portfolio Purchase Completion Date plus accrued but unpaid interest thereon up to and including the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date, together with any payments due from the Issuer in respect of items ranking in priority to or <i>pari passu</i> with the Rated Notes (including interest and principal due and payable in respect of the Rated Notes), pursuant to the applicable Payments Priorities on the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date, less (x) any Available Principal Funds and Available Revenue Funds to be applied in accordance with the applicable Payments Priorities on the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date and (y) the credit balance of the General Reserve Fund as at the Optional Portfolio Purchase Completion Date.						
Portfolio Call:	If the Optional Portfolio Purchase is exercised later than 10 Business Days prior to the next Interest Payment Date to occur after the exercise date in respect of the Portfolio Option the Notes will be redeemed on the Interest Payment Date immediately following that Interest Payment Date.						
Other Early Redemption in Full Events:	Tax/clean-up call/Issuer voluntary call on each Interest Payment Date on or after the Step-Up Date						
Post-Enforcement Redemption Profile:	Sequential pass-through amortisation in accordance with the Post-Enforcement Payments Priorities.						
Final Maturity Date:	Interest Payment Date falling in May 2054						

³ Prior to the Optional Redemption Date. On and from the Optional Redemption Date, the Class X Notes will not bear interest.

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class X Notes	Class Z VFN	Residual Certificates
Form of the Notes:	Registered	Registered	Registered	Registered	Registered	Registered	Registered
Application for Listing:	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	N/A	N/A
ISIN:	XS2251299249	XS2251299595	XS2251300195	XS2251300351	XS2251300435	N/A	XS2251300518
Common Code:	225129924	225129959	225130019	225130035	225130043	N/A	225130051
CFI:	DAVNFR	DAVXFR	DAVXFR	DAVXFR	DAVXFR	N/A	DAZXFR
FISN	HOPS HILL NO.1/VARASST BKD 22001231	HOPS HILL NO.1/VARASST BKD 22001231	HOPS HILL NO.1/VARASST BKD 22001231	HOPS HILL NO.1/VARASST BKD 22001231	HOPS HILL NO.1/VARASST BKD 22001231	N/A	HOPS HILL NO.1/ZERO CPNASST BKD 220
Clearance/Settlement:	Euroclear / Clearstream, Luxembourg	Euroclear / Clearstream, Luxembourg	Euroclear / Clearstream, Luxembourg	Euroclear / Clearstream, Luxembourg	Euroclear / Clearstream, Luxembourg	N/A	Euroclear / Clearstream, Luxembourg
Minimum Denomination:	£100,000 and £1,000 increments	£100,000 and £1,000 increments	£100,000 and £1,000 increments	£100,000 and £1,000 increments	£100,000 and £1,000 increments	£100,000 and £1,000 increments	N/A
Rating of Notes on Issue (S&P/Moody's):	AAA (sf)/Aaa(sf)	AA+ (sf)/Aa1(sf)	AA- (sf)/Aa3(sf)	BBB+ (sf)/A2(sf)	N/A	N/A	N/A

The Issuer will issue the following classes of the Notes on the Closing Date under the Trust Deed:

- Class A Mortgage Backed Floating Rate Notes due 2054 (the "**Class A Notes**");
- Class B Mortgage Backed Floating Rate Notes due 2054 (the "**Class B Notes**");
- Class C Mortgage Backed Floating Rate Notes due 2054 (the "**Class C Notes**");
- Class D Mortgage Backed Floating Rate Notes due 2054 (the "**Class D Notes**");
- Class X Floating Rate Notes due 2054 (the "**Class X Notes**"),
- Class Z Variable Funded Note due 2054 (the "**Class Z VFN**"),

(and together, the "**Notes**" and the holders thereof from time to time, the "**Noteholders**").

Residual Certificates

On the Closing Date, the Issuer will also issue to the Beneficial Title Seller the Residual Certificates under the Trust Deed (the "**Residual Certificates**" and the holders thereof, the "**Residual Certificateholders**") representing the right to receive the deferred consideration for the Issuer's purchase of the Mortgage Portfolio pursuant to the Mortgage Sale Agreement, consisting of the RC Payments.

Ranking

The Notes within each individual class will rank *pro rata* and *pari passu* and rateably without any preference or priority among themselves as to payments of interest and principal at all times.

The "**Most Senior Class**" shall be:

- (a) the Class A Notes whilst they remain outstanding;
- (b) thereafter the Class B Notes whilst they remain outstanding;
- (c) thereafter the Class C Notes whilst they remain outstanding;
- (d) thereafter the Class D Notes whilst they remain outstanding;
- (e) thereafter the Class X Notes whilst they remain outstanding;
- (f) thereafter the Class Z VFN whilst it remains outstanding; and
- (g) thereafter the Residual Certificates whilst they remain outstanding.

Any reference to a "**class**" of Noteholders shall be a reference to the Class A Notes and/or the Class B Notes and/or the Class C Notes and/or the Class D Notes and/or the Class X Notes and/or the Class Z VFN, as the case may be, or to the respective holders thereof.

Form of Notes and Residual Certificates

The Notes (except the Class Z VFN) and Residual Certificates will be issued in global registered form. The Class Z VFN will be issued in dematerialised registered form.

Pre-Enforcement Ranking of Payments of Interest:

Payments of interest due on the Notes will be made in Sequential Order in the following order of priority:

- (a) first, in respect of the Class A Notes;
- (b) second, in respect of the Class B Notes;
- (c) third, in respect of the Class C Notes;
- (d) fourth, in respect of the Class D Notes; and
- (e) fifth, in respect of the Class X Notes;

in each case in accordance with the Pre-Enforcement Revenue Payments Priorities.

**Pre-Enforcement
Ranking of Payments
of Principal:**

Except in respect of the First Interest Payment Date on which payments will be made on a Fixed Percentage Basis, payments of principal due on the Notes will be made in Sequential Order in the following order of priority:

- (a) first, in respect of the Class A Notes;
- (b) second, in respect of the Class B Notes;
- (c) third, in respect of the Class C Notes;
- (d) fourth, in respect of the Class D Notes;
- (e) fifth (following the Step-Up Date only), in respect of the Class X Notes; and
- (f) sixth, in respect of the Class Z VFN,

in each case in accordance with the Pre-Enforcement Principal Payments Priorities.

Payments of principal on the Class X Notes will be made in accordance with the Pre-Enforcement Revenue Payments Priorities and, following the Step-Up Date, in accordance with the Pre-Enforcement Principal Payments Priorities.

Sequential Order:

In respect of payments of interest to be made to the Class A Notes, Class B Notes, Class C Notes, Class D Notes, and Class X Notes: first, to the Class A Notes; second, to the Class B Notes; third, to the Class C Notes; fourth, to the Class D Notes and fifth, to the Class X Notes.

In respect of payments of principal to be made to the Class A Notes, Class B Notes, Class C Notes, Class D Notes, (following the Step-Up Date) the Class X Notes and Class Z VFN: first, to the Class A Notes; second, to the Class B Notes; third, to the Class C Notes; fourth, to the Class D Notes; and fifth, to the Class Z VFN.

Payments of principal on the Class X Notes will be made in accordance with the Pre-Enforcement Revenue Payments Priorities and (following the Step-Up Date) the Pre-Enforcement Principal Payments Priorities.

The Residual Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to the RC Payments at all times. RC Payments made through the Pre-Enforcement Revenue Payments Priorities are subordinate to all other payments of Available Revenue Funds and RC Payments made through the Pre-Enforcement Principal Payments Priorities are subordinate to all other payments of Available Principal Funds.

**First Interest
Payment Date Pre-
Enforcement Ranking
of Payments of
Principal**

In respect of First Interest Payment Date only, payments of principal due on the Notes in respect of each Class of Notes (except the Class X Notes) on a *pari passu* basis applying Pre-Funding Unused Amounts in the following proportions: 83.15% in respect of the Class A Notes, 6.50% in respect of the Class B Notes, 4.50% in respect of the Class C Notes, 2.85% in respect of the Class D Notes and 3.00% in respect of the Class Z VFN ("**Fixed Percentage Basis**").

Variable Funded Note

The Issuer will issue the Class Z VFN on the Closing Date.

So long as the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes are outstanding, the Principal Amount Outstanding of the Class Z VFN shall not fall below 5 per cent. of the nominal value of the securitised exposures.

On the Closing Date, the Class Z VFN will be subscribed for in the amount of £21,500,000. Prior to the Class Z VFN Commitment Termination Date, the Class

Z VFN will have a maximum principal amount of £200,000,000 or such other amount as may be agreed from time to time by the Issuer and the holder of the Class Z VFN (the "**Class Z VFN Holder**", which on the Closing Date will be the Beneficial Title Seller) and notified by the Issuer to the Noteholders, Residual Certificateholders and the Trustee (the "**Maximum Class Z VFN Amount**"), that can be funded by the Class Z VFN Holder at the request of the Issuer.

The commitment of the Class Z VFN Holder in respect of holding the Class Z VFN will be extinguished on the earlier to occur of:

- (a) the Interest Payment Date falling in May 2054; and
 - (b) an Event of Default,
- (the "**Class Z VFN Commitment Termination Date**").

The maximum principal amount outstanding under the Class Z VFN shall not exceed the Maximum Class Z VFN Amount.

Security

The Notes and the Residual Certificates are secured and will share the Security with the other Secured Amounts of the Issuer as set out in the Security Deed. The security granted by the Issuer includes:

- (a) an assignment of the benefit of the Issuer in each Mortgage Loan, Mortgage and other Related Security relating to such Mortgage Loan, each Mortgage Condition and all Receivables;
- (b) an assignment of rights held by the Issuer against certain third parties;
- (c) a first fixed charge of the benefit of any bank or other accounts of the Issuer in which the Issuer may at any time have or acquire any benefit;
- (d) an assignment of rights in respect of the Collection Account Trust;
- (e) a first fixed charge of the benefit of the Issuer in and to any Eligible Investments;
- (f) an assignment of the benefit of the Issuer under each relevant Transaction Document to which the Issuer is a party (other than the Trust Documents);
- (g) a first floating charge over all the assets and undertakings of the Issuer to the extent not effectively charged pursuant to paragraphs (a) to (f) above.

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

See also the following risk factor under "*Risk Factors – Legal and Regulatory Risks – Fixed Charges May Take Effect under English Law as Floating Charges*".

Interest Provisions

See the section entitled "*Terms and Conditions of the Notes*".

Interest Deferral

Interest due and payable on the Notes (other than the Most Senior Class then outstanding) may be deferred in accordance with Condition 7.10.2.

Gross-up

None of the Issuer, the Trustee or any Agent will be obliged to gross-up if there is any Tax Deduction in respect of the Notes, or any FATCA Withholding.

Redemption

The Notes are subject to the following redemption events:

- mandatory redemption in whole on the Final Maturity Date, as fully set out in Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*);

- mandatory redemption of the Rated Notes in whole after the occurrence of an Optional Portfolio Purchase, as fully set out in Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*);
- mandatory redemption in part on any Interest Payment Date as fully set out in Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*); and
- optional redemption of the Notes exercisable by the Issuer in whole on any Interest Payment Date where the aggregate amount of the Principal Amount Outstanding of the Notes is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date, as fully set out in Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*);
- optional redemption of the Notes exercisable by the Issuer in whole on any Interest Payment Date on or after the Step-Up Date, as fully set out in Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*); and
- optional redemption exercisable by the Issuer in whole for tax reasons, as fully set out in Condition 8 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*).

Any Note redeemed pursuant to the above redemption provisions will be redeemed at an amount equal to the Principal Amount Outstanding (or the relevant proportion thereof, if in part) of the relevant Note, together (in the case of all classes of Listed Notes) with accrued (and unpaid) interest on the Principal Amount Outstanding (or the relevant proportion thereof, if in part) of the relevant Notes to be redeemed, in each case up to (but excluding) the date of redemption.

Events of Default

As fully set out in Condition 12 (*Events of Default*) and Residual Certificates Condition 10 (*Events of Default*), which includes (and where relevant will be subject to the applicable grace period):

- non-payment of interest and/or principal in respect of the Most Senior Class within five days of the due date for payment of such principal or fails to pay any amount of interest in respect of the Most Senior Class within ten days of the due date for payment of such interest (provided that, for the avoidance of doubt, a deferral of interest in respect of the Notes which are not the Most Senior Class then outstanding, or Class Z VFN in accordance with Condition 7.10.2 shall not constitute a default in the payment of such interest);
- Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and/or Residual Certificates (provided all of the Notes have been redeemed in full) or under the Transaction Documents (including a breach of the Issuer Warranties) and such default (a) is, in the opinion of the Trustee, incapable of remedy or (b) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice of such default to the Issuer; and
- Insolvency Event in respect of the Issuer.

Enforcement

If an Event of Default has occurred and is continuing, the Trustee may, and for so long as any Notes and/or Residual Certificates remain outstanding 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 of Notes then outstanding (if the Most Senior Class is a Class of Notes) or 25 per cent. in number of the holders of such Residual Certificates then in issue (if the Most Senior Class is the Residual Certificates); or (b) by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding, deliver a notice delivered by the Trustee to the Issuer in accordance with Condition 12 (*Events of Default*) of the Conditions and Residual Certificates Condition 10 (*Events of Default*) (an "**Enforcement Notice**") to the Issuer and institute such proceedings or take such action or step as may be required in order to enforce the Security in accordance with the Trust Documents. The Trustee shall not be obliged to deliver an Enforcement Notice, unless it shall have been fully indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

Insolvency Event

In relation to a Party (or any other relevant person) means that the Party or such person:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or compromise with or for the benefit of its creditors;
- (d) has a moratorium declared in relation to any indebtedness of that party;
- (e) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up, examinership or liquidation by it or such regulator, supervisor or similar official;
- (f) has instituted against it a proceeding seeking a judgment of insolvency, examinership or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up, examinership or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (e) above and:
 - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding up or liquidation; or
 - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (g) has a resolution passed for its winding up, official management, examinership or liquidation (other than pursuant to a consolidation, amalgamation or merger);

- (h) seeks or becomes subject to the appointment of an administrator, monitor, provisional liquidator, examiner, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
 - (i) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) days thereafter;
 - (j) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (i) above; or
 - (k) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts,
- each of the events referred to in paragraphs (a) to (k) above an "**Insolvency Event**".

Limited Recourse

The Notes are limited recourse obligations of the Issuer and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 9 (*Limited Recourse*).

The Residual Certificateholders are only entitled to funds which are available to the Issuer in accordance with the applicable Payments Priorities and therefore the Residual Certificates are limited recourse obligations of the Issuer.

Non-petition

The Noteholders and Residual Certificateholders shall not be entitled to take any steps (otherwise than in accordance with the Trust Deed, the Conditions and the Residual Certificates Conditions):

- to direct the Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security or any other Transaction Document to which the Trustee is a party other than when expressly permitted to do so under the Conditions; or
- to take or join any person in taking any steps against the Issuer to obtain payment of any amount due from the Issuer to it; or
- until the date falling two years after the Final Discharge Date, to initiate or join any person in initiating any Insolvency Event in relation to the Issuer; or
- to take or join in the taking of any steps or proceedings which would result in the Payments Priorities not being observed.

Governing Law

English law.

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

See the sections entitled "Terms and Conditions of the Notes" and "Terms and Conditions of the Residual Certificates" for further detail in respect of the rights of Noteholders, conditions for exercising such rights and relationship with other Secured Creditors.

Prior to an Event of Default Noteholders holding no less than 10 per cent. of the aggregate Principal Amount Outstanding of the outstanding Notes of the relevant class are entitled to request the Trustee (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) to convene a Noteholders' Meeting with respect to that class to consider any matter affecting their interests or, as applicable, Residual Certificateholders holding no less than 10 per cent. in number of Residual Certificates then in issue are entitled to convene a Residual Certificateholders' Meeting with respect to the Residual Certificates.

However, prior to the occurrence of an Event of Default, investors should note that neither the Noteholders nor the Residual Certificateholders will be entitled to instruct or direct the Issuer to take any actions, either directly or through the Trustee, where the Issuer has no right, obligation or ability to take such action under the Transaction Documents.

Following an Event of Default Following the occurrence of an Event of Default which is continuing, the holders of the Most Senior Class may, if they hold not less than 25 per cent. of the Principal Amount Outstanding (if the Most Senior Class is a Class of Notes) or 25 per cent. in number (if the Most Senior Class is the Residual Certificates) of the Most Senior Class of Notes then outstanding or if they pass an Extraordinary Resolution, direct the Trustee (provided that it has been indemnified and/or secured and/or prefunded to its satisfaction) to deliver an Enforcement Notice to the Issuer stating that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued (but unpaid) interest or that all RC Payments pursuant to the Residual Certificates are immediately due and payable, as applicable.

Noteholders and Residual Certificateholders Meeting provisions	<i>Initial meeting</i>	<i>Adjourned meeting</i>
Notice period:	21 clear days	14 clear days
Quorum for Meetings on Extraordinary Resolutions:	One or more persons holding or representing a majority of the Principal Amount Outstanding of the Notes or a majority in number of Residual Certificates then outstanding in that class or those classes (other than a Reserved Matter (which must be proposed separately to each class of Noteholders and	One or more persons being or representing Noteholders or Residual Certificateholders of that class or those classes, whatever the Principal Amount Outstanding of the Notes or Residual Certificates then outstanding so held or represented in such class or classes (other than a Reserved Matter (which

Residual Certificateholders), which requires one or more persons holding or representing in the aggregate not less than 75 per cent. of the Principal Amount Outstanding of the Notes then outstanding in the relevant class or classes), must be proposed separately to each class of Noteholders and Residual Certificateholders), which requires one or more persons holding or representing not less than in the aggregate 25 per cent. of the Principal Amount Outstanding of the Notes or 25 per cent. in number of the Residual Certificates then outstanding in the relevant class or classes).

Extraordinary Resolution passed at a Meeting: 75 per cent. of votes cast for matters requiring Extraordinary Resolution.

Electronic Consent: 75 per cent. of the aggregate Principal Amount Outstanding of the relevant class or classes of Notes then outstanding or 75 per cent. in number of the holders of the Residual Certificates then in issue. Electronic Consent has the same effect as an Extraordinary Resolution.

Written Resolution: 75 per cent. of the aggregate Principal Amount Outstanding of the relevant class or classes of Notes then outstanding or 75 per cent. in number of the holders of the Residual Certificates then in issue. A Written Resolution has the same effect as an Extraordinary Resolution.

Matters requiring Extraordinary Resolution

The following matters (including, but not limited to):

- Reserved Matter;
- subject to Condition 16 (*Modification and Waiver*) and Residual Certificates Condition 14 (*Modification and Waiver*), modification of the Conditions or the Residual Certificates Conditions, as applicable;
- substitution of the Issuer;
- subject to Condition 16 (*Modification and Waiver*) and Residual Certificates Condition 14 (*Modification and Waiver*), waiving a breach of covenant by the Issuer;
- after the service of an Enforcement Notice, the termination of the Servicer's appointment;
- (absent an instruction in writing given by holders of not less than 25 per cent. of the Principal Amount Outstanding (if the Most Senior Class is a Class of Notes) or 25 per cent. in number (if the Most Senior Class is the

Residual Certificates) of the Most Senior Class then outstanding) giving of a direction to the Trustee to deliver an Enforcement Notice;

- removal of the Trustee and approval of the successor trustee;
- approval of the terms of a merger, reorganisation or amalgamation of the Issuer; and
- (absent an instruction in writing given by holders of not less than 25 per cent. of the Principal Amount Outstanding (if the Most Senior Class is a Class of Notes) or 25 per cent. in number (if the Most Senior Class is the Residual Certificates) of the Most Senior Class then outstanding) giving of a direction to the Trustee to refrain from exercising any powers conferred upon it by Condition 16.2 (*Waiver*) or Residual Certificates Condition 14.2 (*Waiver*).

Relationship between classes of Noteholders

Subject to the provisions in respect of a Reserved Matter, a resolution of the holders of the Most Senior Class then outstanding shall be binding on all other classes of Notes and on the Residual Certificates and would override any resolutions to the contrary of any class ranking behind such Most Senior Class.

A Reserved Matter requires an Extraordinary Resolution of each class of Notes and Residual Certificates then outstanding.

Relationship between Noteholders and other Secured Creditors

So long as any Notes are outstanding and there is a conflict between the interests of the Noteholders and the other Secured Creditors, the Trustee will take into account the interests of the holders of the Most Senior Class except to ensure the application of the Issuer's funds after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Payments Priorities, and the Secured Creditors shall have no claim against the Trustee for doing so.

So long as any Notes or Residual Certificates are outstanding and there is a conflict between the interests of the Noteholders, the Residual Certificateholders and the other Secured Creditors, the Trustee will take into account the interests of the holders of the Most Senior Class only in the exercise of its discretion. So long as the Notes have been redeemed in full but any Secured Amount remain outstanding and there is a conflict of interest between the Residual Certificateholders and the other Secured Creditors (other than the Noteholders and the Residual Certificateholders), the Trustee will take into account the interests of the Residual Certificateholders (and not the other Secured Creditors) only in the exercise of its discretion.

"**Secured Creditors**" means the Trustee in its own capacity and as trustee on behalf of those persons listed as entitled to payment in Clause 15 of the Security Deed, and those other parties listed in the Post-Enforcement Payments Priorities.

Issuer or Beneficial Title Seller as Noteholder and/or Residual Certificateholder

For the purpose of, *inter alia*, the right to attend and vote at any Meeting of Noteholders or Residual Certificateholders, the right to resolve by Extraordinary Resolution in writing or by Electronic Consent and certain rights to direct, the relevant Notes must be "outstanding" or the Residual Certificates must be in issue. Those Notes or Residual Certificates (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Beneficial Title Seller, any holding company of any of them or any other subsidiary of either such holding company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except in the case of the Beneficial Title Seller, any holding company of the Beneficial Title Seller or any

**Provision of
Information to the
Noteholders**

other subsidiary of such holding company (the "**Relevant Persons**") where all of the Notes of any class and/or Residual Certificates are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such class of Notes and/or Residual Certificates (the "**Relevant Class**") shall be deemed to remain outstanding except that, if there is any other class of Notes and/or Residual Certificates ranking *pari passu* with, or junior to, the Relevant Class and one or more Relevant Persons are not the beneficial owners of all the Notes and/or Residual Certificates of such class, then the Relevant Class shall be deemed not to remain outstanding.

The Issuer shall procure that the Cash Manager will prepare:

- (a) an investor report on a monthly basis containing information in relation to the Notes including, but not limited to, amounts paid by the Issuer pursuant to the relevant Payments Priorities in respect of the relevant period and required counterparty information (the "**Investor Report**"); and
- (b) an investor report on a monthly basis as required by and in accordance with Article 7(1)(e) of the EU Securitisation Regulation in the form of the template set out in Annex XII (*Investor report template – Non-asset backed commercial paper securitisation*) of the EU Article 7 Technical Standards (the "**EU SR Investor Report**") and (save to the extent that the Issuer is permitted by the FCA to provide only an EU SR Investor Report) an investor report on a monthly basis as required by and in accordance with Article 7(1)(e) of the UK Securitisation Regulation in the form of the template set out in Annex XII (*Investor report template – Non-asset backed commercial paper securitisation*) of the UK Article 7 Technical Standards (the "**UK SR Investor Report**").

The Cash Manager shall make available the Investor Report, the EU SR Investor Report and any UK SR Investor Report to the Issuer or any other third party as determined by the Issuer in accordance with the terms of the Cash Management Agreement. The defined terms used in the Investor Report, the EU SR Investor Report and any UK SR Investor Report shall, by reference, incorporate the defined terms set out generally in the Prospectus and more specifically in the incorporated terms memorandum which is dated on or about the Closing Date and signed for the purpose of identification by each of the Transaction Parties (the "**Incorporated Terms Memorandum**").

The Cash Manager, on behalf of the Issuer, will also assist in the preparation of an inside information or significant event information report as required by and in accordance with Articles 7(1)(f) and/or 7(1)(g) (as applicable) of the EU Securitisation Regulation in the form of the template set out in Annex XIV (*Inside information or significant event template – Non-asset backed commercial paper securitisation*) of the EU Article 7 Technical Standards (the "**EU SR Inside Information and Significant Event Report**") and (save to the extent that the Issuer is permitted by the FCA to provide only an EU SR Inside Information and Significant Event Report) an inside information or significant event information report as required by and in accordance with Articles 7(1)(f) and/or 7(1)(g) (as applicable) of the UK Securitisation Regulation in the form of the template set out in Annex XIV (*Inside information or significant event template – Non-asset backed commercial paper securitisation*) of the UK Article 7 Technical Standards (the "**UK SR Inside Information and Significant Event Report**") and make

available such information to the Issuer or any other third party as determined by the Issuer in accordance with the terms of the Cash Management Agreement.

The Investor Report will also be published by the Cash Manager (on behalf of the Issuer) on www.sf.citidirect.com. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

Without prejudice to its obligations under the Cash Management Agreement, the Cash Manager has no liability or responsibility for any breaches under the EU Securitisation Regulation or the UK Securitisation Regulation, the responsibility for which lies solely with the Issuer, and the Beneficial Title Seller.

For so long as the Notes are outstanding, the Servicer will, on behalf of the Issuer, prepare on a monthly basis certain loan-by-loan information in relation to the Mortgage Portfolio in respect of the relevant Calculation Period:

(a) as required by and in accordance with Article 7(1)(a) of the EU Securitisation Regulation and the EU Article 7 Technical Standards, in the form set out in Schedule 3 (*Reports*) to the Servicing Agreement, or as otherwise agreed from time to time between the Servicer and the Issuer (the "**EU SR Loan Level Report**") and (save to the extent that the Issuer is permitted by the FCA to provide only an EU SR Loan Level Report) as required by and in accordance with Article 7(1)(a) of the UK Securitisation Regulation and the UK Article 7 Technical Standards, in the form set out in Schedule 3 (*Reports*) to the Servicing Agreement, or as otherwise agreed from time to time between the Servicer and the Issuer (the "**UK SR Loan Level Report**"); and

(b) in the form required by the Bank of England for the purpose of the Bank of England's Sterling monetary framework, in the form set out in Schedule 3 (*Reports*) to the Servicing Agreement, or as otherwise agreed from time to time between the Servicer and the Issuer (the "**BOE Loan Level Report**"),

and make available to the Cash Manager, the Issuer and EuroABS the EU SR Loan Level Report, any UK SR Loan Level Report, the BOE Loan Level Report and such other reports as may be required in accordance with the Servicing Agreement.

Without prejudice to its obligations under the Servicing Agreement, the Servicer has no liability or responsibility for any breaches under the EU Securitisation Regulation or the UK Securitisation Regulation, the responsibility for which lies solely with the Issuer and the Beneficial Title Seller.

For so long as the Notes are outstanding, the Issuer will (or will procure another party to):

(a) publish on a monthly basis the Investor Reports, the EU SR Investor Reports, any UK SR Investor Report, the EU SR Loan Level Report, any UK SR Loan Level Report, the EU SR Inside Information and Significant Event Report and any UK SR Inside Information and Significant Event Report on the website of EuroABS at www.euroabs.com; and

(b) within 15 days of the issuance of the Notes, make available copies of the Transaction Documents and this Prospectus on the website of EuroABS at www.euroabs.com.

Until the Notes are redeemed in full, a cashflow model shall be made available (directly or indirectly through one or more entities which provide such cashflow models to investors generally) by the Issuer to investors, potential investors and

firms that generally provide services to investors. At the date of the Prospectus the cashflow model shall be made available on the website of EuroABS at www.euroabs.com.

The Issuer will make available (or procure the availability of) such information to the holders of any of the Notes, relevant competent authorities and, upon reasonable request, to potential investors in the Notes.

Each Investor Report, EU SR Investor Report, UK SR Investor Report, EU SR Loan Level Report, UK SR Loan Level Report, EU SR Inside Information and Significant Event Report and UK SR Inside Information and Significant Event Report will be published by the Issuer (or such third party as determined by the Issuer) by means of a securitisation repository or (where no securitisation repository is registered in accordance with Article 10 of the EU Securitisation Regulation) on the website of EuroABS at www.euroabs.com, being a website which conforms to the requirements set out in Article 7(2) of the EU Securitisation Regulation, or any other website which may be notified by the Issuer from time to time, provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the EU Securitisation Regulation. None of the reports or the website or the contents thereof form part of this Prospectus.

Information required to be made available prior to pricing to potential investors in the Notes pursuant to Article 7 of the EU Securitisation Regulation and Article 7 of the UK Securitisation Regulation was made available by means of the website of EuroABS at www.euroabs.com.

For the purposes of Article 7(2) of the EU Securitisation Regulation and Article 7(2) of the UK Securitisation Regulation, the Issuer has been designated as the entity responsible for compliance with the requirements of Article 7 in each case and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf.

"EU Article 7 ITS" means Commission Implementing Regulation (EU) 2020/1225 (the 2020/1225 ITS) including any relevant guidance and policy statements relating to the application of the 2020/1225 ITS published by the EBA, the ESMA, the EIOPA (or their successor) or by the European Commission.

"EU Article 7 RTS" means Commission Delegated Regulation (EU) 2020/1224 (the 2020/1224 RTS) including any relevant guidance and policy statements relating to the application of the 2020/1224 RTS published by the EBA, the ESMA, the EIOPA (or their successor) or by the European Commission.

"EU Article 7 Technical Standards" mean the EU Article 7 RTS and the EU Article 7 ITS.

"UK Article 7 ITS" means the EU Article 7 ITS as it forms part of domestic law in the United Kingdom by virtue of the EUWA and any applicable laws, regulations, rules, guidance or other implementing measures of the FCA, PRA or other relevant UK regulator (or their successor).

"UK Article 7 RTS" means the EU Article 7 RTS as it forms part of domestic law in the United Kingdom by virtue of the EUWA and any applicable laws, regulations, rules, guidance or other implementing measures of the FCA, PRA or other relevant UK regulator (or their successor).

"UK Article 7 Technical Standards" mean the UK Article 7 RTS and the UK Article 7 ITS.

Communication with Noteholders

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

- so long as the Global Notes and Global Certificates are held in the Clearing Systems, by delivery to the relevant Clearing System for communication by it to Noteholders;
- so long as the Listed Notes are listed on a recognised stock exchange, by delivery to them in accordance with the notice requirements of such stock exchange; or
- in respect of all Notes (except the Class Z VFN), by publication on the Relevant Screen.

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and, in relation to the Listed Notes, to the requirements of the stock exchange on which the Listed Notes are then listed, and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

Notices to the Class Z VFN Holder will be sent by the Issuer to the fax number or email address of the Class Z VFN Holder notified to the Issuer from time to time in writing.

Right of Modification without Noteholder or Residual Certificateholder Consent

Pursuant to and in accordance with the provisions of Condition 16.4 (*Additional Right of Modification*) and Residual Certificates Condition 14.4 (*Additional Right of Modification*), the Trustee shall be obliged, without any consent or sanction of the Noteholders, the Residual Certificateholders, or any other Secured Creditor, to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to the Conditions, the Residual Certificates Conditions, the Trust Deed or any other Transaction Document for the purposes of:

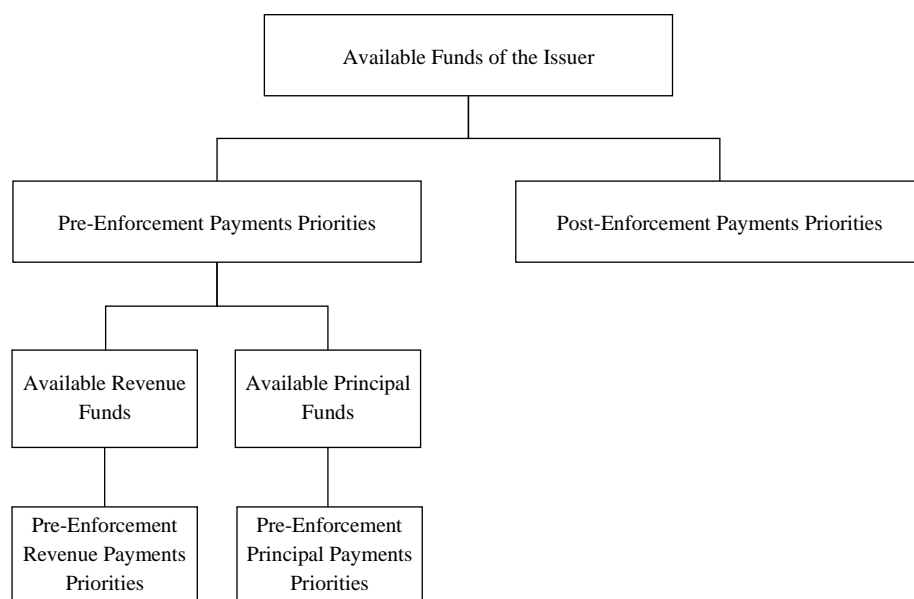
- complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that the Issuer certifies in writing to the Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria;
- complying with, or implementing or reflecting, any changes in Articles 9, 10 and 11 of EMIR or any other obligation which applies to it under EMIR, 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;
- complying with any obligation which applies to it (i) under Article 6 of the EU Securitisation Regulation or Article 6 of the UK Securitisation Regulation, including as a result of the adoption of regulatory technical standards in relation to the EU Securitisation Regulation or UK Securitisation Regulation, (ii) Regulation (EU) (2017/2401) or (iii) any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies in writing to the Trustee that such modification is required solely for such purpose and has been drafted solely to such effect;

- complying with any changes in the requirements of the EU Securitisation Regulation or UK Securitisation Regulation, together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time after the Closing Date, including as a result of any changes to any secondary legislation or official guidance in relation thereto (including the appointment of a third party to assist with the Issuer's reporting obligations pursuant to the EU Securitisation Regulation or UK 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;
- complying with, or implementing or reflecting, any changes in the manner in which the Notes are held or to the terms of the Notes or the Transaction Documents which would allow such Notes to be recognised as eligible collateral for the Bank of England's monetary policy and intra-day credit operations by the Bank of England either upon issue or at any or all times during the life of the Notes, 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;
- enabling the Listed Notes to be (or to remain) listed on the Stock Exchange, 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;
- enabling the Issuer or any of the other Transaction Parties to comply with FATCA, 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; or
- a Base Rate Modification.

If Noteholders or Residual Certificateholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding (if the Most Senior Class is a Class of Notes) or 10 per cent. in number (if the Most Senior Class is the Residual Certificates) of the Most Senior Class then outstanding have notified the Trustee in writing (or, in the case of the Global Notes and the Global Certificates, otherwise in accordance with the then current practice of any applicable clearing system through which such Global Notes and Global Certificates may be held) within the notification period referred to above that they do not consent to any such modification, then such modification will not be made unless such modification is approved by an Extraordinary Resolution of the Noteholders or Residual Certificateholders of the Most Senior Class then outstanding.

CREDIT STRUCTURE AND CASHFLOW

See the sections entitled "*Cashflows*" and "*Credit Structure*" for further detail in respect of the credit structure and cashflow of the transaction.



Available Funds of the Issuer:

The Issuer will use Available Revenue Funds and Available Principal Funds for the purposes of making interest and principal payments under the Notes, RC Payments under the Residual Certificates and payments under the other Transaction Documents.

"**Available Revenue Funds**" means in relation to an Interest Payment Date an amount equal to the aggregate of (without double counting) the following:

- (a) Revenue Receipts (including any Revenue Collections paid by the Beneficial Title Seller into the Transaction Account pursuant to the Mortgage Sale Agreement) received during the immediately preceding Calculation Period, or, if in a Determination Period, Calculated Revenue Funds, in each case, excluding an amount equal to any Reconciliation Amounts to be applied as Available Principal Funds on that Interest Payment Date;
- (b) amounts received by the Issuer under the Interest Rate Swap Agreement (other than (i) any early termination amount received by the Issuer under the Interest Rate Swap Agreement to the extent it is to be applied in acquiring a replacement swap, (ii) Excess Swap Collateral, (iii) Swap Collateral, except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the Interest Rate Swap Agreement, to reduce the amount that would otherwise be payable by the Interest Rate Swap Provider to the Issuer on early termination of the Interest Rate Swap under the Interest Rate Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the Interest Rate Swap Provider, such Swap Collateral is not to be applied in acquiring a replacement swap in which case such amounts will be included in Available Revenue Funds), (iv) any Replacement Swap Premium, but only to the extent applied directly to pay any termination payment due and

payable by the Issuer to the Interest Rate Swap Provider and (v) amounts in respect of Swap Tax Credits);

- (c) (prior to the occurrence of an Optional Portfolio Purchase) General Reserve Drawings to be recorded as a credit entry on the Revenue Ledger on the Interest Payment Date following such Calculation Period;
- (d) (prior to the occurrence of an Optional Portfolio Purchase) Liquidity Reserve Drawings to be recorded as a credit entry on the Revenue Ledger on the Interest Payment Date following such Calculation Period;
- (e) (upon the redemption in full of the Rated Notes prior to the occurrence of an Optional Portfolio Purchase) all amounts standing to the credit of the General Reserve Fund;
- (f) interest paid to the Issuer on the Transaction Account during the immediately preceding Calculation Period;
- (g) (upon the redemption in full of the Notes) any amount transferred from the Principal Ledger in respect of Residual Principal Allocation Amounts;
- (h) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Funds in accordance with Condition 7.10 (*Determinations and Reconciliation*); and
- (i) Principal Addition Amounts to be applied as Available Revenue Funds (following the application of General Reserve Drawings in accordance with item (c) above and Liquidity Reserve Drawings in accordance with item (d) above) to pay a PAA Deficit;

plus any other amounts which the Cash Manager may have credited to the Revenue Ledger during that Calculation Period pursuant to Paragraph 3.1 (*Credit entries in Revenue Ledger*) of Part 2 of Schedule 1 to the Cash Management Agreement; and *less* relevant amounts which the Cash Manager may have debited to the Revenue Ledger during the Calculation Period pursuant to Paragraph 3.2 (*Debit entries in Revenue Ledger*) of Part 2 of Schedule 1 to the Cash Management Agreement, which include the following:

- (i) any Borrower Repayment Amount of a revenue nature;
- (ii) any Third Party Amounts;
- (iii) any amount received from a Borrower at any time (including upon redemption of the relevant Mortgage Loan) for the express purpose of payment being made to a third party or the Legal Title Holder for the provisions of a service to that Borrower or the Legal Title Holder;
- (iv) any Tax Payment;
- (v) any Third Party Expenses; and
- (vi) amounts to remedy any overdraft in relation to the Collection Account or to pay any amounts due to the Collection Account Bank;

"Available Principal Funds" means, in relation to an Interest Payment Date, an amount equal to the aggregate of (without double counting) the following:

- (a) all Principal Receipts (including any Principal Collections paid by the Beneficial Title Seller into the Transaction Account pursuant to the Mortgage Sale Agreement but excluding, in relation to the first Calculation Period only, all Principal Receipts credited to the Pre-Funding Principal Ledger), or, in

relation to a Determination Period, any Calculated Principal Funds, in each case, excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Funds on that Interest Payment Date, received by the Issuer during the immediately preceding Calculation Period;

- (b) the amounts (if any) calculated on the Cash Manager Determination Date preceding that Interest Payment Date pursuant to the Pre-Enforcement Revenue Payments Priorities, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub Ledger and/or the Class B Principal Deficiency Sub Ledger and/or the Class C Principal Deficiency Sub Ledger and/or the Class D Principal Deficiency Sub Ledger and/or the Class Z Principal Deficiency Sub-Ledger is to be reduced on that Interest Payment Date;
- (c) any amounts deemed to be Available Principal Funds in accordance with item (r) of the Pre-Enforcement Revenue Payments Priorities;
- (d) (in respect of the First Interest Payment Date only) proceeds of the issue of the Notes other than the Pre-Funding Initial Amount (to the extent that any such amounts stand to the credit of the Principal Ledger as at the relevant Calculation Date) over the Purchase Price;
- (e) (upon the occurrence of an Optional Portfolio Purchase) all amounts standing to the credit of the General Reserve Fund (excluding any General Reserve Drawings and Liquidity Reserve Drawings) immediately prior to the occurrence of such Optional Portfolio Purchase;
- (f) in relation to the First Interest Payment Date only, all amounts standing to the credit of the Pre-Funding Principal Ledger as at the Cash Manager Determination Date immediately prior to the First Interest Payment Date that have not or will not be used to purchase Additional Mortgage Loans on the First Interest Payment Date (such date being an Additional Mortgage Loan Purchase Date); and
- (g) in relation to a Determination Period, any Reconciliation Amounts deemed to be Available Principal Funds in accordance with Condition 7.10 (*Determinations and Reconciliation*),

plus any amounts which the Cash Manager may have credited to the Principal Ledger during that Calculation Period pursuant to Paragraph 4.1 (*Credit entries in Principal Ledger*) of Part 2 of Schedule 1 to the Cash Management Agreement; and

less the aggregate of any amounts which the Cash Manager may have debited to the Principal Ledger during the related Calculation Period pursuant to Paragraph 4.2 (*Debit entries in Principal Ledger*) of Part 2 of Schedule 1 to the Cash Management Agreement;

"Calculation Date" means, in relation to an Interest Payment Date, the first calendar day in each month in each year (or, if such day is not a Business Day, the next Business Day), or, in the case of the first Calculation Date, 1 May 2021, and in relation to any Interest Payment Date, the **"related Calculation Date"** means, unless the context otherwise requires, the Calculation Date immediately preceding such Interest Payment Date;

"Calculation Period" means each monthly period ending on the last calendar day of each month in each year (or, in respect of the first Calculation Period, the period from (but excluding) the Cut-Off Date to and including the last calendar day of April 2021)

and, in relation to an Interest Payment Date, the "**related Calculation Period**" means, unless the context otherwise requires, the Calculation Period ending immediately prior to the related Calculation Date;

"**Cash Manager Determination Date**" means in relation to an Interest Payment Date, the date falling three Business Days prior to such Interest Payment Date;

Payments Priorities

Prior to the service of an Enforcement Notice by the Trustee, Available Revenue Funds shall be applied in the order of priority set out in the Pre-Enforcement Revenue Payments Priorities and Available Principal Funds shall be applied in the order of priority set out in the Pre-Enforcement Principal Payments Priorities. After an Enforcement Notice is delivered by the Trustee, Trust Proceeds shall (after deduction of all costs and expenses incurred by the Trustee in obtaining receipt or recovery of the Trust Proceeds) be held by the Trustee upon trust to be applied in the order of priority set out in the Post-Enforcement Payments Priorities.

Please see full details of the payments priorities set out in the section entitled "*Cashflows*".

General Credit Structure

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

(a) ***Credit Support:***

- *General Reserve Fund:* the General Reserve Fund, initially funded in an amount equal to £8,000,000 from the proceeds of issue of the Class Z VFN, and thereafter to be maintained at the General Reserve Fund Required Amount from Available Revenue Funds. The General Reserve Fund is represented by the credit balance of Liquidity Ledger and Credit Ledger.

The Credit Ledger: amounts standing to the credit of the Credit Ledger may be applied to reduce or eliminate any shortfall in Available Revenue Funds to pay items (a) to (h), (j), (k), (l), (m) and (n) of the Pre-Enforcement Revenue Payments Priorities.

The Liquidity Ledger: amounts standing to the credit of the Liquidity Ledger may be applied to reduce or eliminate any Revenue Deficit by paying amounts referred to in items (a) to (f) and (h) (subject to certain conditions) (after application of any General Reserve Drawings) of the Pre-Enforcement Revenue Payments Priorities.

- *Principal Addition Amount:* Available Principal Funds will be applied to make payment of any PAA Deficit.
- *Revenue Reallocation Amounts:* Available Revenue Funds may be applied as Available Principal Funds to the extent of, among other things, any Principal Losses on the Mortgage Loans.
- *Redemption of Notes:* following the redemption of the Notes, the Residual Principal Allocation Amount will be applied to the Pre-Enforcement Revenue Payments Priorities.

See the section entitled "*Credit Structure*".

(b) ***Liquidity Support:***

General Reserve Fund: the General Reserve Fund will initially be funded in an amount equal to £8,000,000 from the proceeds of issue of the Class Z VFN. Thereafter, the General Reserve Fund will be funded to the level of the General

Reserve Fund Required Amount using Available Revenue Funds. The General Reserve Fund is represented by the credit balance of Liquidity Ledger and Credit Ledger.

Amounts standing to the credit of the Credit Ledger will be applied to reduce or eliminate any shortfall in Available Revenue Funds to pay items (a) to (h), (j), (k), (l), (m) and (n) of the Pre-Enforcement Revenue Payments Priorities. The Credit Ledger will be funded in an amount equal to the Credit Ledger Required Amount, initially from the proceeds of issue of the Class Z VFN and thereafter using Available Revenue Funds.

Amounts standing to the credit of the Liquidity Ledger will be applied to reduce or eliminate any Revenue Deficit by paying amounts referred to in items (a) to (f) and (h) (subject to certain conditions) (after application of any General Reserve Drawings) of the Pre-Enforcement Revenue Payments Priorities. The Liquidity Ledger will be funded in an amount equal to the Liquidity Ledger Required Amount, initially from the proceeds of issue of the Class Z VFN and thereafter using Available Revenue Funds.

To the extent that any Revenue Deficit occurs, such shortfall shall be reduced or eliminated using amounts standing to the credit of:

- (i) first, the Credit Ledger;
- (ii) second, the Liquidity Ledger; and
- (iii) third, the Principal Ledger.

Principal Addition Amounts: Available Principal Funds will be applied to reduce or eliminate, among other things, any shortfall in Available Revenue Funds (after the application of any Liquidity Reserve Drawings and General Reserve Drawings) to pay any Interest Amount due and payable in respect of the Class A Notes and, when the Class B Notes are the Most Senior Class or the Class B Notes are not the most Senior Class but there is no debit balance on the Class B Principal Deficiency Sub-Ledger (as at the related Cash Manager Determination Date but prior to application of Available Revenue Funds on the relevant Interest Payment Date), the Class B Notes and, when the Class C Notes are the Most Senior Class, the Class C Notes and, when the Class D Notes are the Most Senior Class, the Class D Notes.

See the section entitled "*Credit Structure*".

(c) ***Interest Rate Swap Agreement***

Fixed Rate Hedging: availability of a fixed interest rate swap provided by the Interest Rate Swap Provider to hedge against the possible variance between the fixed rates of interest received on certain Mortgage Loans in the Mortgage Portfolio and the rates of interest payable on the Notes.

See the section entitled "*Credit Structure*".

**Bank Accounts and
Cash Management**

Collections of revenue and principal in respect of the Mortgage Loans in the Mortgage Portfolio are received by the Legal Title Holder into its Collection Account. The Servicer is obliged to transfer collections in respect of the Mortgage Loans in the Mortgage Portfolio to the Transaction Account on a daily basis. On each Interest Payment Date, the Cash Manager will withdraw monies from the Transaction Account to be applied in accordance with the relevant Payments Priorities.

"**Account Details**" means the details of each of the Accounts which are set out in Schedule 8 (*Account Details*) to the Incorporated Terms Memorandum.

"**Collection Account**" means the account to which the Borrowers pay amounts on the Mortgage Loans in the Mortgage Portfolio held by the Legal Title Holder at the Collection Account Bank.

"**Collection Account Bank**" means The Royal Bank of Scotland plc or such other bank at which the Legal Title Holder holds the Collection Account from time to time.

"**Transaction Account**" means the Sterling account so named specified in the Account Details or such other account or accounts as may, with the prior written consent of the Trustee, be designated by the Issuer as such account.

The Cash Manager shall instruct the Transaction Account Bank to make payments pursuant to the Cash Management Agreement.

**Summary of
Priority of
Payments**

Below is a summary of the relevant payment priorities. Full details of the payment priorities are set out in the section entitled "*Cashflows*".

Pre-Enforcement Payments Priorities:	Revenue	Pre-Enforcement Principal Payments Priorities:	Post-Enforcement Payments Priorities:
<p>(a) in or towards satisfaction <i>pro rata</i> and <i>pari passu</i> according to the respective amounts thereof of the Trustee Liabilities and the Trustee Fees;</p> <p>(b) in or towards satisfaction <i>pro rata</i> and <i>pari passu</i> according to the respective amounts thereof of:</p> <ul style="list-style-type: none"> (i) any Agents' Liabilities; (ii) the Agents' Fees; (iii) any Servicer Liabilities; (iv) the Servicing Fees; (v) any Legal Title Holder Liabilities; (vi) the Back-Up Servicer Facilitator Fees; (vii) any Back-Up Servicer Facilitator Liabilities; (viii) any Cash Manager Liabilities; (ix) the Cash Manager Fees; (x) the Back-Up Cash Manager Facilitator Fees; (xi) any Back-Up Cash Manager Facilitator Liabilities; 		<p>(a) on the First Interest Payment Date only, in redeeming the Notes (other than the Class X Notes) on a Fixed Percentage Basis;</p> <p>(b) on each Interest Payment Date following the First Interest Payment Date and, to the extent applicable, any Principal Addition Amounts to be applied to meet any PAA Deficit;</p> <p>(c) on each Interest Payment Date following the First Interest Payment Date and, to the extent applicable, any Principal Amount Outstanding due and payable in respect of the Class A Notes;</p> <p>(d) on each Interest Payment Date following the First Interest Payment Date and, to the extent applicable, any Principal Amount Outstanding due and payable in respect of the Class B Notes;</p> <p>(e) on each Interest Payment Date following the First Interest Payment Date and, to the extent applicable, any Principal Amount Outstanding due and</p>	<p>(a) <i>pro rata</i> and <i>pari passu</i>:</p> <ul style="list-style-type: none"> (i) to the Trustee, the Trustee Liabilities; (ii) to the Trustee, all amounts of Trustee Fees due on or prior to the date of payment; (iii) to any Receiver and any other Appointee, any out-of-pocket expenses, liabilities, losses, damages, proceedings, claims and demands then due and payable by the Issuer to any Receiver in accordance with the Security Deed or incurred by a Receiver together with interest payable provided in the Trust Deed; (iv) to any Receiver and any other Appointee, all remuneration due to the Receiver in accordance with the terms of his appointment on or

- (xii) the Transaction Account Bank Fees;
 - (xiii) any Transaction Account Bank Liabilities;
 - (xiv) the Swap Collateral Account Bank Fees;
 - (xv) any Swap Collateral Account Bank Liabilities;
 - (xvi) any Corporate Services Provider Liabilities; and
 - (xvii) the Corporate Services Provider Fees;
- (c) to the extent such amounts have not already been paid in accordance with paragraph 1 (*Payments from Revenue Ledger on any Business Day*) of Part 3 of Schedule 1 of the Cash Management Agreement, in or towards satisfaction of any Third Party Expenses, any Third Party Amounts and any amounts required to pay or discharge any liability of the Issuer to corporation tax (which cannot be met out of amounts retained previously by the Issuer as profit under item (d) below);
- (d) to credit an amount to the Issuer Profit Ledger up to an amount for the relevant accounting year of the Issuer equal to the Required Profit Amount for that accounting year;
- (e) in or towards payments of any amounts due but unpaid under the Interest Rate Swap Agreement (excluding any Interest Rate Swap Excluded Termination Amounts) including any termination payment due and payable by the Issuer to the extent it is not payable in respect of the Class C Notes;
- (f) on each Interest Payment Date following the First Interest Payment Date and, to the extent applicable, any Principal Amount Outstanding due and payable in respect of the Class D Notes;
- (g) on each Interest Payment Date following the Step-Up Date and, to the extent applicable, any Principal Amount Outstanding due and payable in respect of the Class X Notes;
- (h) on each Interest Payment Date following the First Interest Payment Date and, to the extent applicable, any Principal Amount Outstanding due and payable in respect of the Class Z VFN; and
- (i) (after redemption of the Notes in full) any Residual Principal Allocation Amount, such amount to be recorded as a credit entry in the Revenue Ledger.
- (b) *pro rata and pari passu*:
- (i) to the Transaction Account Bank, the Transaction Account Bank Fees and any Transaction Account Bank Liabilities;
 - (ii) to any Swap Collateral Account Bank, the Swap Collateral Account Bank Fees and any Swap Collateral Account Bank Liabilities;
 - (iii) to the Agents, the Agents' Fees due on or prior to the date of payment and any Agents' Liabilities;
 - (iv) to the Cash Manager, any Cash Manager Liabilities and the Cash Manager Fees;
 - (v) to the Back-Up Cash Manager Facilitator, any Back-Up Cash Manager Facilitator Liabilities and the Back-Up Cash Manager Facilitator Fees;
 - (vi) to the Corporate Services Provider, any Corporate Services Provider Liabilities and the Corporate Services Provider Fees;
 - (vii) to the Servicer, the Servicing Fees due on or prior to the date of payment and any Servicer Liabilities;
 - (viii) to the Legal Title Holder, any Legal
- prior to the date of payment;

- satisfied by the payment by the Issuer to the Interest Rate Swap Provider of any Replacement Swap Premium or amounts standing to the credit of any Swap Collateral Account (if applicable) but excluding, if applicable, any related Interest Rate Swap Excluded Termination Amount;
- (f) in or towards payments of amounts of interest due and payable in respect of the Class A Notes;
 - (g) (so long as the Class A Notes remain outstanding following such Interest Payment Date) to record a credit entry on the Class A Principal Deficiency Sub-Ledger in an amount equal to the Class A Revenue Reallocation Amount (if any) determined as at the Cash Manager Determination Date with respect to the immediately previous Calculation Period and to record a credit entry of such amount in the Principal Ledger;
 - (h) in or towards payments of amounts of interest due and payable in respect of the Class B Notes (including any Deferred Interest and Additional Interest thereon);
 - (i) prior to the redemption of the Class B Notes in full, or, if earlier, an Optional Portfolio Purchase, to credit the Liquidity Ledger in an amount necessary to bring the credit balance of the Liquidity Ledger up to the Liquidity Ledger Required Amount;
 - (j) (so long as the Class B Notes remain outstanding following such Interest Payment Date)

- | Title | Holder |
|-------|---|
| | Liabilities; and |
| (ix) | to the Back-Up Servicer Facilitator, the Back-Up Servicer Facilitator Fees and any Back-Up Servicer Facilitator Liabilities; |
| (c) | in or towards payments of any amounts due but unpaid under the Interest Rate Swap Agreement payable to the Interest Rate Swap Provider (excluding any Interest Rate Swap Excluded Termination Amounts) including any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to the Interest Rate Swap Provider of any Replacement Swap Premium or amounts standing to the credit of any Swap Collateral Account (if applicable) but excluding, if applicable, any related Interest Rate Swap Excluded Termination Amount; |
| (d) | all amounts of interest due in respect of the Class A Notes; |
| (e) | all amounts of principal due in respect of the Class A Notes; |
| (f) | all amounts of interest due in respect of the Class B Notes (including any Deferred Interest and Additional Interest thereon); |
| (g) | all amounts of principal due in respect of the Class B Notes; |
| (h) | all amounts of interest due in respect of the Class C |

- to record a credit entry on the Class B Principal Deficiency Sub-Ledger in an amount equal to the Class B Revenue Reallocation Amount (if any) determined as at the Cash Manager Determination Date with respect to the immediately previous Calculation Period and to record a credit entry of such amount in the Principal Ledger;
- (k) in or towards payments of amounts of interest due and payable in respect of the Class C Notes (including any Deferred Interest and Additional Interest thereon);
 - (l) (so long as the Class C Notes remain outstanding following such Interest Payment Date) to record a credit entry on the Class C Principal Deficiency Sub-Ledger in an amount equal to the Class C Revenue Reallocation Amount (if any) determined as at the Cash Manager Determination Date with respect to the immediately previous Calculation Period and to record a credit entry of such amount in the Principal Ledger;
 - (m) in or towards payments of amounts of interest due and payable in respect of the Class D Notes (including any Deferred Interest and Additional Interest thereon);
 - (n) (so long as the Class D Notes remain outstanding following such Interest Payment Date) to record a credit entry on the Class D Principal Deficiency Sub-Ledger in an amount equal to the Class D Revenue Reallocation Amount (if any) Notes (including any Deferred Interest and Additional Interest thereon);
- (i) all amounts of principal due in respect of the Class C Notes;
 - (j) all amounts of interest due in respect of the Class D Notes (including any Deferred Interest and Additional Interest thereon);
 - (k) all amounts of principal due in respect of the Class D Notes;
 - (l) all amounts of interest due in respect of the Class X Notes (including any Deferred Interest and Additional Interest thereon);
 - (m) all amounts of principal due in respect of the Class X Notes;
 - (n) all amounts of principal due in respect of the Class Z VFN;
 - (o) to credit an amount to the Issuer Profit Ledger up to an amount for the relevant accounting year of the Issuer equal to the Required Profit Amount for that accounting year;
 - (p) in payment to the Interest Rate Swap Provider of any Interest Rate Swap Excluded Termination Amount due but unpaid under the Interest Rate Swap Agreement; and
 - (q) to pay any remaining amounts as RC Payments to the holders of the Residual Certificates.

- determined as at the Cash Manager Determination Date with respect to the immediately previous Calculation Period and to record a credit entry of such amount in the Principal Ledger;
- (o) prior to the redemption of the Rated Notes in full or, if earlier, an Optional Portfolio Purchase, to credit the Credit Ledger in an amount necessary to bring the credit balance of the Credit Ledger up to the Credit Ledger Required Amount such that the credit balance of the General Reserve Fund equals the General Reserve Fund Required Amount;
 - (p) to record a credit entry on the Class Z Principal Deficiency Sub-Ledger in an amount equal to the Class Z Revenue Reallocation Amount (if any) determined as at the Cash Manager Determination Date with respect to the immediately previous Calculation Period and to record a credit entry of such amount in the Principal Ledger;
 - (q) in payment to the Senior Deferred Consideration;
 - (r) on any Interest Payment Date occurring after the Step-Up Date or on the Final Maturity Date an amount equal to the lesser of:
 - (i) all remaining amounts (if any); and
 - (ii) the amount required by the Issuer to pay in full all amounts payable under items (c) to (f) (inclusive) of the Pre-Enforcement Principal

Payments Priorities, less any Available Principal Funds (other than item (c) of the definition thereof) otherwise available to the Issuer;

to be applied as Available Principal Funds;

- (s) in or towards payments of amounts of interest due and payable in respect of the Class X Notes (including any Deferred Interest and Additional Interest thereon);
- (t) in or towards payments of amounts of principal to be paid in respect of the Class X Notes;
- (u) in payment to the Interest Rate Swap Provider of any Interest Rate Swap Excluded Termination Amounts due but unpaid under the Interest Rate Swap Agreement; and
- (v) any remaining amounts as RC Payments to the holders of the Residual Certificates.

TRIGGERS TABLES

Rating Triggers Table

Transaction Party	Required Ratings/Triggers	Possible effects of Trigger being breached include the following
Transaction Account Bank	<p>(i) in respect of S&P, a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A; and</p> <p>(ii) in respect of Moody's, a short-term deposit rating of at least P1 and a long-term deposit rating of at least A2,</p> <p>or, in each case, such other rating or ratings as would maintain the then current rating of the Rated Notes.</p>	<p>The Issuer shall, within 30 calendar days, use commercially reasonable endeavours to replace the Transaction Account Bank.</p>
Swap Collateral Account Bank	<p>(i) in respect of S&P, a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A; and</p> <p>(ii) in respect of Moody's, a short-term deposit rating of at least P1 and a long-term deposit rating of at least A2,</p> <p>or, in each case, such other rating or ratings as would maintain the then current rating of the Rated Notes.</p>	<p>The Issuer shall, within 30 calendar days, use commercially reasonable endeavours to replace the Swap Collateral Account Bank.</p>
Interest Rate Swap Provider	<p>Moody's: A long-term counterparty risk assessment from Moody's of A3(cr) or above (the "Moody's Qualifying Collateral Trigger Rating").</p>	<p>If the Interest Rate Swap Provider (or its successor or any relevant guarantor) does not have the Moody's Qualifying Collateral Trigger Rating and either (a) has not had a Moody's Qualifying Collateral Trigger Rating since the Closing Date or (b) at least 30 business days have elapsed since the last time the Interest Rate Swap Provider (or its successor or relevant guarantor) had a Moody's Qualifying Collateral Trigger Rating, the Interest Rate Swap Provider must, if required,</p>

post collateral and may either (i) transfer its rights and obligations under the Interest Rate Swap Agreement to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third party. A failure by the Interest Rate Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Interest Rate Swap Agreement.

Moody's: A long-term counterparty risk assessment from Moody's of Baal(cr) or above (the "**Moody's Qualifying Transfer Trigger Rating**").

If the Interest Rate Swap Provider (or its successor or any relevant guarantor) does not have the Moody's Qualifying Transfer Trigger Rating, the Interest Rate Swap Provider must, if required, post collateral, and at its own cost, use commercially reasonable efforts to, as soon as reasonably practicable, either (i) transfer its rights and obligations under the Interest Rate Swap Agreement to an appropriately rated replacement third party, or (ii) procure a guarantee from an appropriately rated third party. A failure by the Interest Rate Swap Provider to take such steps will, in certain circumstances, allow the Issuer to terminate the Interest Rate Swap Agreement.

S&P Required Ratings' 'Counterparty Risk Framework: Methodology And Assumptions', (published on 8 March 2019) permit four different options for selecting applicable frameworks containing collateral and transfer ratings triggers, and the contractual requirements that should apply on the occurrence of breach of a collateral or transfer ratings trigger by the Interest Rate Swap Provider (the "**S&P Replacement Option**", as defined and set out in the Interest Rate Swap Agreement). Subject to certain conditions specified in the Interest Rate Swap Agreement, the Interest Rate Swap Provider may designate a different S&P Replacement Option at its discretion and such change shall be effective immediately. The Interest Rate Swap Provider shall provide written notice of such change as soon as reasonably practicable following such change to the Issuer, the Trustee and S&P.

S&P Replacement Option 1 is expected to apply on the Closing Date.

Neither the Interest Rate Swap Provider (or its successor) nor any applicable guarantor from time to time in respect of the Interest Rate Swap Provider has an issuer credit rating or a resolution counterparty rating, below A- (if S&P Replacement Option 1 applies), "BBB" (if S&P Replacement Option 2 applies) or BBB (if S&P Replacement Option 3 applies) (each a "**Collateral S&P Rating Event**").

Neither the Interest Rate Swap Provider (or its successor) nor any applicable guarantor from time to time in respect of the Interest Rate Swap Provider has an issuer credit rating or resolution counterparty rating below the lowest rating specified in the column headed "Replacement Trigger" in the table below that corresponds to the then current rating of the Most Senior Class of Notes specified in the applicable column in the table below for the selected S&P Replacement Option applicable at that time (each a "**Replacement S&P Rating Event**").

Collateral S&P Rating Event

Where S&P Replacement Option 1, 2 or 3 applies:

The Interest Rate Swap Provider must provide collateral within 10 Business Days (to the extent required, depending on the value of the Interest Rate Swap) unless, at any time after it fails to have the relevant S&P collateral required rating, it (i) novates all its rights and obligations to an entity that is eligible to be a swap provider under the S&P ratings criteria (or whose obligations are irrevocably guaranteed by an entity with the S&P required ratings), (ii) obtains a guarantee from an entity with the S&P required ratings, or (iii) takes such other action (which may include taking no action) as is required to maintain, or restore, the rating of the most senior class of Notes to the level at which they were immediately prior to such event. If both replacement and collateral are applicable remedies, the Collateral S&P Rating Event should be no lower than the Replacement S&P Rating Event.

Replacement S&P Rating Event:

The Interest Rate Swap Provider must, at its own costs, use commercially reasonable efforts to, within 90 calendar days, either (at its discretion) (i) novate all of its rights and obligations to an entity that is eligible to be a swap provider under the S&P ratings criteria (or whose

obligations are irrevocably guaranteed by an entity with the S&P required ratings, (ii) obtain a guarantee from an entity with at least the S&P required ratings, or (iii) takes such other action (which may include taking no action) as is required to maintain, or restore, the rating of the most senior class of notes to the level at which they were immediately prior to such Replacement S&P Rating Event.

Whilst this process is on-going, the Interest Rate Swap Provider must also provide collateral within 10 Business Days (to the extent required, depending on the value of the Interest Rate Swap).

Replacement Trigger	S&P Replacement Option 1	S&P Replacement Option 2	S&P Replacement Option 3	S&P Replacement Option 4
AAA	AAA	AAA	AAA	AAA
AA+	AAA	AAA	AAA	AAA
AA	AAA	AAA	AAA	AAA
AA-	AAA	AAA	AAA	AAA
A+	AAA	AAA	AAA	AAA
A	AAA	AAA	AAA	AA
A-	AAA	AAA	AA+	AA-
BBB+	AAA	AA	AA-	A
BBB	AA	A+	A	BBB+
BBB-	A+	A-	BBB+	BBB-
Floor to supported rating	Counterparty rating + 3 notches	Counterparty rating +2 notches	Counterparty rating + 1 notch	Counterparty rating

Non-Rating Triggers Table

Nature of Trigger	Description of Trigger	Consequence of Trigger
Perfection Events	<p>The occurrence of any of the following (each a "Perfection Event"):</p> <ul style="list-style-type: none"> • perfection being required by (i) law, (ii) an order of court of competent jurisdiction, (iii) a Regulatory Authority which has jurisdiction over the Legal Title Holder, or (iv) any organisation of which the Legal Title Holder is a member or whose members comprise, but are not necessarily limited to mortgage lenders with whose instructions it is customary for the Legal Title Holder to comply; • delivery of an Enforcement Notice by the Trustee; • the date on which an Insolvency Event occurs with respect to the Legal Title Holder; or • the security under the Security Deed or any material part of the Security being in jeopardy and the Trustee (acting on the direction of an Extraordinary Resolution of the Most Senior Class) being required to take perfection action to reduce that jeopardy. 	<p>A number of events will occur, including Borrowers being notified of the sale to the Issuer (or a nominee of the Issuer) and legal title to the Mortgage Portfolio being transferred to the Issuer (or a nominee of the Issuer) by way of registration or recording in the Land Registry.</p>
Servicer Termination Events	<p>The occurrence of any of the following (subject to applicable grace periods for remedy and materiality thresholds) (each a "Servicer Termination Event"):</p> <ul style="list-style-type: none"> • if the Servicer breaches any covenant, obligation, representation or warranty under the Servicing Agreement, which breach is materially prejudicial to the interests of the Issuer, and the Servicer does not remedy that breach, if capable of remedy, within 20 Business Days (or, for a breach of any obligation to pay any amount due to the Issuer, within 	<p>Termination of appointment of the Servicer, provided that no termination shall take effect until a substitute servicer shall be appointed by the Issuer (with the assistance of the Back-Up Servicer Facilitator) who holds all licences, approvals, authorisations, and consents required in connection with the provision of the services.</p>

Nature of Trigger**Description of Trigger****Consequence of Trigger**

five Business Days) after the date of receipt by the Servicer of written notice from the Issuer (or, following the delivery of an Enforcement Notice, from the Trustee) requiring the Servicer's non-compliance to be remedied;

- the occurrence of an Insolvency Event in relation to the Servicer;
- if the Servicer ceases to carry on, or resolves to cease to carry on, the business of administering mortgage loans or ceases to carry on a substantial portion of such business;
- in the event, other than solely as a result of a General Change in Law, of any variation to, requirement or limitation imposed on, or withdrawal of any permission, or cancellation of required regulatory authorisations by the Servicer which adversely impact the Servicer's performance of its material obligations under the Servicing Agreement, or which puts the Issuer in breach of its obligations owed to a regulator by receiving the services under the Servicing Agreement;
- if the Servicer commits any act or omission in the performance of the services that constitutes fraud, wilful default or Gross Negligence or a criminal judgment is rendered against the Servicer;
- the occurrence of a Change of Control of the Servicer, which (A) results in the Issuer or any relevant party being in breach of any applicable law, or (B) has a material adverse effect on the Servicer's ability to perform its material obligations under the Servicing Agreement, provided that, if the Servicer has notified the Issuer in writing that any such

Nature of Trigger	Description of Trigger	Consequence of Trigger
Cash Manager Termination Events	<p>Change of Control has taken place, the Issuer must deliver a termination notice within 90 Business Days following receipt of such notice or otherwise will be deemed to have consented to the Change of Control;</p> <ul style="list-style-type: none"> • neither Gerry McHugh or Cindy Monk continues to work for the Servicer or any of its affiliates as an employee, director or otherwise or is no longer engaged in the provision by the Servicer of the services under the Servicing Agreement, and the Servicer has failed to suggest a suitable replacement for such individuals or other remedial measure to the reasonable satisfaction of the Issuer (acting in good faith) within two months from the relevant date of departure; • the Servicer ceases to use Phoebus as the basis of its loan administration system, and fails to implement a suitable replacement as necessary to enable it to meet its material obligations under the Servicing Agreement and which is reasonably satisfactory to the Issuer; or • if the Servicer fails to deliver a Report on three or more consecutive occasions on the relevant date due and such failure is not cured within two Business Days of such due date. <p>See further the section entitled "<i>Servicing of the Mortgage Portfolio</i>".</p> <p>The occurrence of any of the following (subject to applicable grace periods for remedy and materiality thresholds) (each a "Cash Manager Termination Event"):</p> <ul style="list-style-type: none"> • failure to make a payment; 	<p>Termination of appointment of Cash Manager, provided that no termination shall take effect until a substitute cash manager shall be appointed by the Issuer who holds all necessary licences, approvals, authorisations and consents.</p>

Nature of Trigger**Description of Trigger**

- breach of certain representations and warranties;
- non-compliance with certain covenants or obligations;
- an insolvency event in respect of the Cash Manager;
- invalidity of the Cash Manager's obligations;
- unlawfulness in respect of the Cash Manager; or
- to protect the Secured Creditors' interests after service of an Enforcement Notice.

See further the section entitled "*Cash Management*".

Consequence of Trigger

The Issuer, with the assistance of the Back-Up Cash Manager Facilitator, shall, within 60 days, use best efforts to appoint a back-up cash manager which meets the requirements for a substitute cash manager provided for by the Cash Management Agreement.

FEES

The following table sets out the on-going fees to be paid by the Issuer to the transaction parties.

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing fees to Servicer	<p>The Issuer shall pay to the Servicer for its Services the following fees:</p> <ul style="list-style-type: none"> • a management fee equal to the greater of: <ul style="list-style-type: none"> ○ £16,667 per calendar month; and ○ an amount of 0.20 per cent. per annum of the aggregate outstanding Current Balance of the Mortgage Loans as of the first day of the relevant Collection Period, calculated on the basis of the number of days elapsed in that Collection Period and a three hundred and sixty-five (365) day year; • an arrears management fee for each Collection Period equal to £40 for each Arrears Loan in the Mortgage Portfolio as of the last day of the Collection Period; and • a redemption fee in relation to each Collection Period equal to the product of the number of redemptions of Mortgage Loans in full during that Collection Period multiplied by: <ul style="list-style-type: none"> ○ £50 for any redemption resulting from a switch/re-mortgage to a new mortgage loan product of the Legal 	Ahead of all outstanding Notes	Payable monthly in arrear on each Interest Payment Date

Title Holder
constituting part of
the Mortgage
Portfolio; and
otherwise

- o £100,

or such other amount as the Issuer and the Servicer may agree from time to time in accordance with the Servicing Agreement.

Other fees and expenses of the Issuer	Estimated at £81,500 each year (exclusive of VAT)	Ahead of all outstanding Notes	Payable monthly in arrear on each Interest Payment Date
Expenses related to the admission to trading of the Rated Notes	Estimated at €10,440 (exclusive of applicable VAT)	Ahead of all outstanding Notes	On the Closing Date

As at the date of this Prospectus, the standard rate of UK VAT is 20 per cent.

REGULATORY DISCLOSURE

The Beneficial Title Seller will retain for the life of the transaction a material net economic interest of not less than 5 per cent. in the securitisation as required by Article 6(1) of the EU Securitisation Regulation and Article 6(1) of the UK Securitisation Regulation as interpreted and applied on the date hereof. As at the Closing Date, such interest will comprise an interest in the first loss tranche as required by Article 6(3)(d) of the EU Securitisation Regulation and Article 6(3)(d) of the UK Securitisation Regulation. Such retention requirement will be satisfied by the Beneficial Title Seller holding the Class Z VFN (the "**Retention Notes**"). Any change to the manner in which such interest is held will be notified to the Noteholders.

As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Closing Date, to the Investor Report, the EU SR Investor Report and any UK SR Investor Report provided to the Noteholders pursuant to the Cash Management Agreement and published by the Issuer (or any other third party as determined by the Issuer) on the website of EuroABS at www.euroabs.com.

The Beneficial Title Seller will undertake to each of the Joint Lead Managers, the Arrangers, the Issuer and the Trustee in the Subscription Agreement and the Mortgage Sale Agreement (as applicable) that, for so long as any Notes remain outstanding, it will:

- (a) subscribe for, hold and retain on an ongoing basis, a material net economic interest of not less than 5 per cent. (which such amount shall represent the downside risk and economic outlay) in the nominal value of the securitised exposures in accordance with Article 6(1) of the EU Securitisation Regulation (which does not take into account any corresponding national measures) until maturity of the Notes (the "**EU Minimum Required Interest**") and Article 6(1) of the UK Securitisation Regulation until maturity of the Notes (the "**UK Minimum Required Interest**");
- (b) at all relevant times comply with the requirements of Article 7(1)(e)(iii) of the EU Securitisation Regulation and Article 7(1)(e)(iii) of the UK Securitisation Regulation by confirming the risk retention of the Beneficial Title Seller as contemplated by Articles 6(1) and 6(3)(d) of the EU Securitisation Regulation and Articles 6(1) and 6(3)(d) of the UK Securitisation Regulation, respectively;
- (c) retain the EU Minimum Required Interest by holding an exposure in the first loss tranche in the securitisation in accordance with Article 6(3)(d) of the EU Securitisation Regulation and retain the UK Minimum Required Interest by holding an exposure in the first loss tranche in the securitisation in accordance with Article 6(3)(d) of the UK Securitisation Regulation, in each case represented by its holding of the Retention Notes;
- (d) not change the manner or form in which it retains the EU Minimum Required Interest, except as permitted under the EU Securitisation Regulation and not change the manner or form in which it retains the UK Minimum Required Interest, except as permitted under the UK Securitisation Regulation;
- (e) not dispose of, hedge, assign or transfer or otherwise mitigate (and shall procure that its affiliates shall not dispose of, hedge, assign or transfer or otherwise mitigate) its rights, benefits or obligations under the Retention Notes except as permitted under the EU Securitisation Regulation and the UK Securitisation Regulation;
- (f) not take any action which would reduce its exposure to the economic risk of the Retention Notes in such a way that it ceases to hold the EU Minimum Required Interest (except as

permitted under the EU Securitisation Regulation) or the UK Minimum Required Interest (except as permitted under the UK Securitisation Regulation); and

- (g) immediately notify the Issuer, the Arrangers, the Joint Lead Managers, the Trustee and the Cash Manager in writing if for any reason it fails to comply with the undertakings set out in paragraphs (a) to (f) above in any way.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in the Prospectus generally for the purposes of complying with Article 5 of the EU Securitisation Regulation and Article 5 of the UK Securitisation Regulation and none of the Issuer nor any Relevant Party makes any representation that the information described above or in the Prospectus is sufficient in all circumstances for such purposes.

For the purposes of Article 7(2) of the EU Securitisation Regulation and Article 7(2) of the UK Securitisation Regulation, the Issuer has been designated as the entity responsible for compliance with the requirements of Article 7 and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf.

For further information please refer to the risk factor entitled "*Risk Factors – Legal and Regulatory Risks – Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes*" and the section entitled "*The Mortgage Portfolio and the Mortgage Loans*".

The Beneficial Title Seller has verified that the Originator has represented and warranted that:

- it applied to the Mortgage Loans the same sound and well-defined criteria for credit-granting which they apply to non-securitised loans and the same clearly established processes for approving and, where relevant, amending, renewing and refinancing the Mortgage Loans have been and will be applied and it has effective systems in place to apply those criteria and processes in order to ensure that credit-granting is 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 loan agreement in accordance with Article 9(1) of the EU Securitisation Regulation and Article 9(1) of the UK Securitisation Regulation; and
- none of the Mortgage Loans is a securitisation position as defined in the EU Securitisation Regulation and the UK Securitisation Regulation.

DESCRIPTION OF THE BENEFICIAL TITLE SELLER

UK Mortgages Corporate Funding Designated Activity Company

The Beneficial Title Seller is a designated activity company incorporated under the laws of Ireland (registration number 567943), having its registered office at 5 George's Dock, IFSC, Dublin 1, Ireland. The Beneficial Title Seller is party to a profit participating loan note arrangement with UK Mortgages Limited ("UKML").

The Beneficial Title Seller was established on 10 September 2015 for the purposes of acquiring residential mortgage loans advanced to borrowers in the United Kingdom. It was not incorporated solely for the purpose of the transaction described in this Prospectus.

The Beneficial Title Seller has an authorised share capital of EUR1,000,000.

The Beneficial Title Seller has engaged in a number of transactions since the date of its formation in connection with the acquisition of the beneficial title to portfolios of residential mortgage loans secured on Property in England, Wales and Northern Ireland and associated activities, including in relation to the financing of such acquisition. It also holds notes that were issued in previous securitisation transactions in which it acted as the Beneficial Title Seller of beneficial title to the mortgage loans securitised in such transactions.

DESCRIPTION OF THE SERVICER

Pepper (UK) Limited

Pepper (UK) Limited (trading as Engage Credit) is a private limited company incorporated in England on 29 March 2008 (registered number 06548489). Among other services, Pepper (UK) Limited provides third party residential mortgage administration services to its clients on mortgage loans secured by residential real estate in the United Kingdom.

Pepper (UK) Limited is authorised and regulated by the FCA under registration number 484078. Pepper (UK) Limited holds relevant licences under the CCA and maintains applicable registrations under the Data Protection Act 2018.

The residential servicer ratings for Pepper (UK) Limited, as provided by S&P, are:

- (i) Primary: Above average with stable outlook; and
- (ii) Special: Above average with stable outlook.

The registered office of Pepper (UK) Limited is at Harman House, 1 George Street, Uxbridge, London UB8 1QQ.

The Pepper global group of companies has executed a share purchase agreement with Link Group Administration Limited ("**Link**"), pursuant to which Link would, subject to the satisfaction of typical pre-closing conditions and various regulatory approvals, acquire the entire issued share capital of Pepper (UK) Limited in the coming months.

DESCRIPTION OF THE ORIGINATOR AND THE LEGAL TITLE HOLDER

Keystone Property Finance Limited

Keystone Property Finance Limited is the Originator and the Legal Title Holder in relation to the transaction.

It is a private limited liability company incorporated under the laws of England and Wales, registered at Companies House as company number 06262873, and has its registered office at 17 Kings Hill Avenue, Kings Hill, West Malling, Kent ME19 4UA, United Kingdom.

Keystone Property Finance Limited is an intermediary-only, specialist buy-to-let lender owned by The Property Business Group.

As at 30 September 2020, total lending was £688.58 million of which £286.71 million constituted lending as Keystone Property Finance Limited.

**DESCRIPTION OF THE TRANSACTION ACCOUNT BANK, PRINCIPAL
PAYING AGENT, AGENT BANK AND CASH MANAGER**

Citibank N.A., London Branch

Citibank, N.A. is a national association formed through its Articles of Association, obtained its charter, 1461, on 17 July 1865 and governed by the laws of the United States and having its principal business office at 388 Greenwich Street, New York, NY 10013, USA and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB, with foreign company number FC001835 and branch number BR001018.

Citibank N.A. London Branch is authorised and regulated by the Office of the Comptroller of the Currency (USA) and authorised by the PRA. It is subject to regulation by the FCA and limited regulation by the PRA.

DESCRIPTION OF THE TRUSTEE

Citicorp Trustee Company Limited

Citicorp Trustee Company Limited ("CTCL") was incorporated on 24 December 1928 under the laws of England and Wales and has its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, with company number 235914.

CTCL is an indirect wholly-owned subsidiary of Citigroup Inc., a diversified global financial services holding company incorporated in Delaware.

CTCL is regulated by the UK's FCA.

DESCRIPTION OF THE INTEREST RATE SWAP PROVIDER

National Australia Bank Limited (ABN 12 004 044 937) ("**NAB**") is a public limited company incorporated in the Commonwealth of Australia and operates under Australian legislation including the Corporations Act 2001 of Australia. Its registered office is Level 1, 800 Bourke Street, Docklands, Victoria 3008, Australia.

NAB is the holding company for the NAB Group (comprising NAB and its controlled entities), as well as being the main operating company. As at 30 September 2020, the NAB Group had total assets of A\$866,565 million and total equity of A\$61,293 million.

The NAB Group is a financial services organisation with more than 34,000 people, operating through a network of more than 850 branches, serving approximately 9 million customers and with over 639,000 shareholders. The majority of the NAB Group's financial services businesses operate in Australia and New Zealand, with branches currently located in Asia, the United Kingdom (UK) and the United States (US). The principal activities of the NAB Group during the year ended 30 September 2020 were banking services, credit and access card facilities, leasing, housing and general finance, international banking, investment banking, wealth management services, funds management and custodian, trustee and nominee services.

Further information on NAB and the NAB Group, including its consolidated audited financial statements and accompanying notes thereto, may be accessed through www.nab.com.au/annualreports.

The short term senior unsecured and unguaranteed obligations of NAB are rated P-1 by Moody's, A-1+ by Standard & Poor's and F1 by Fitch and the long term senior unsecured and unguaranteed obligations of NAB are rated Aa3 by Moody's, AA- by Standard & Poor's and A+ by Fitch.

The information in the preceding five paragraphs is valid solely as at 11 November 2020 and has been provided solely for use in this Prospectus. Except for the preceding five paragraphs, NAB and the NAB Group accept no responsibility for this Prospectus.

THE ISSUER

Introduction

The Issuer was incorporated in England and Wales as a public company limited by shares under the Companies Act 2006 on 24 September 2020 with registered number 12901495. The registered office of the Issuer is at 1 Bartholomew Lane, London EC2N 2AX, United Kingdom (telephone number +44 (0)20 7398 6300). The Issuer's issued share capital comprises 50,000 ordinary shares of £1.00 each, of which one ordinary share is fully paid up and 49,999 ordinary shares are 25 per cent. paid up, all of which are beneficially owned by Holdings (see the section entitled "*Holdings*").

The Issuer has been established as a special purpose vehicle for the purpose of issuing asset-backed securities and will be mostly passive. The Issuer has no subsidiaries. Neither of the Beneficial Title Seller nor the Legal Title Holder own, directly or indirectly, any of the share capital of the Issuer or Holdings.

Since its incorporation, the Issuer has not engaged in any material activities other than those incidental to its registration as a public company under the Companies Act 2006, the authorisation and issue of the Notes, the matters contemplated in this Prospectus, the authorisation of the other Transaction Documents referred to in this Prospectus or in connection with the issue of the Notes and the Residual Certificates and other matters which are incidental or ancillary to those activities. The Issuer has no employees. As at the date of this Prospectus, no financial statements have been prepared by the Issuer.

The rights of Holdings as a shareholder of the Issuer are contained in the articles of association of the Issuer and the Issuer will be managed in accordance with the provisions of its articles of association and English law.

There is no intention to accumulate surplus cash in the Issuer except in the circumstances set out in the section entitled "*Security for the Issuer's Obligations*".

Directors and Secretary

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

Name	Business Address	Principal Activities/Business Occupation
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Intertrust Directors 1 Limited	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Corporate Director
Intertrust Directors 2 Limited	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Corporate Director

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

Name	Business Address	Principal Activities/Business Occupation
Wenda Margaretha Adriaanse	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director

Susan Abrahams	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Ian Hancock	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Daniel Jaffe	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director

All of the directors of the Issuer are residents of the United Kingdom, or companies incorporated in the United Kingdom.

The company secretary of the Issuer is:

Name	Business Address
Intertrust Corporate Services Limited	1 Bartholomew Lane, London EC2N 2AX, United Kingdom

In accordance with the Corporate Services Agreement, the Corporate Services Provider will provide directors and other corporate services for the Issuer in consideration for the payment of an annual fee to the Corporate Services Provider.

The Issuer's activities will principally comprise the issue of the Notes and the Residual Certificates, the entering into of all documents relating to such issue and the exercise of related rights and powers and other activities referred to in this Prospectus or reasonably incidental to those activities.

Capitalisation and Borrowings

The following table shows the unaudited capitalisation and borrowings of the Issuer as at 21 January 2021, adjusted for the issue of Notes and Residual Certificates:

	£
<i>Share Capital</i>	
Issued Share Capital	
50,000 issued ordinary shares of £1 each (one fully paid and 49,999 one quarter paid)	
	12,500.75

	£
<i>Borrowings</i>	
Class A Notes	332,600,000
Class B Notes	26,000,000
Class C Notes	18,000,000
Class D Notes	11,400,000
Class X Notes	8,400,000
Class Z VFN	21,500,000
	<u>417,900,000</u>

The accounting reference date of the Issuer is 30 June and the current financial period of the Issuer will end on 30 June 2021.

Issuer profit

Pursuant to the Pre-Enforcement Revenue Payments Priorities, Available Revenue Funds are to be applied on each Interest Payment Date in an amount equal to £5,000 per annum retained by the Issuer pursuant to the relevant Payments Priorities (the "**Required Profit Amount**") for retention by the Issuer and to be recognised in the accounts of the Issuer as profit for the relevant accounting year. Any Required Profit 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.

HOLDINGS

Introduction

Holdings was incorporated in England and Wales as a private limited company limited by shares under the Companies Act 2006 on 18 September 2020 with registered number 12890001. The registered office of Holdings is at 1 Bartholomew Lane, London, EC2N 2AX, United Kingdom (telephone number +44(0)2073986300). The issued share capital of Holdings comprises one ordinary share of £1.00. Intertrust Corporate Services Limited (the "**Share Trustee**") holds the entire beneficial interest in the issued share under a discretionary trust for discretionary purposes. Holdings holds the entire beneficial interest in the issued share capital of the Issuer.

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

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

Directors and Secretary

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

Name	Business Address	Principal Activities/Business Occupation
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Intertrust Directors 1 Limited	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Corporate Director
Intertrust Directors 2 Limited	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Corporate Director

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

Name	Business Address	Principal Activities/Business Occupation
Michelle O'Flaherty	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Susan Abrahams	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Helena Whitaker	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Ian Hancock	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director
Daniel Jaffe	1 Bartholomew Lane, London EC2N 2AX, United Kingdom	Director

All of the directors of Holdings are residents of the United Kingdom, or companies incorporated in the United Kingdom.

The company secretary of Holdings is:

Name	Business Address
Intertrust Corporate Services Limited	1 Bartholomew Lane, London EC2N 2AX, United Kingdom

In accordance with the Corporate Services Agreement, the Corporate Services Provider will provide directors and other corporate services for Holdings in consideration for the payment of an annual fee to the Corporate Services Provider.

The accounting reference date of Holdings is 30 June and the first statutory accounts of Holdings will be drawn up to 30 June 2021.

Holdings has no employees.

THE CORPORATE SERVICES PROVIDER, BACK-UP CASH MANAGER FACILITATOR AND BACK-UP SERVICER FACILITATOR

Intertrust Management Limited (registered number 03853947), having its principal address at 1 Bartholomew Lane, London EC2N 2AX, United Kingdom, will be appointed to provide corporate services to the Issuer and Holdings pursuant to the Corporate Services Agreement, Back-Up Cash Manager Facilitator pursuant to the Cash Management Agreement and Back-Up Servicer Facilitator pursuant to the Servicing Agreement.

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

The Corporate Services Provider will be entitled to terminate its appointment under the Corporate Services Agreement on one month's prior written notice to the Issuer and/or Holdings and the Trustee, provided that 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 Corporate Services Provider shall have the right to terminate its appointment under the Corporate Services Agreement immediately upon notice in writing to the Issuer and/or Holdings, copied to the Trustee, if the Issuer or Holdings commits a material breach of any of the terms or conditions of the Corporate Services Agreement and fails to remedy the same within 30 days (or such other period as shall be agreed between the parties) of being required to do so.

The Issuer and Holdings (with the prior written consent of the Trustee) or, following delivery of an Enforcement Notice, the Trustee can terminate the appointment of the Corporate Services Provider on one month's written notice, provided that 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 Issuer and Holdings (with the prior written consent of the Trustee) or, following delivery of an Enforcement Notice, the Trustee, shall have the right to terminate the appointment of the Corporate Services Agreement immediately upon notice in writing if the Corporate Services Provider commits a material breach of any of the terms or conditions of the Corporate Services Agreement and fails to remedy the same within 30 days (or such other period as shall be agreed between the parties) of being required so to do and/or certain insolvency-related events occur in relation to the Corporate Services Provider.

THE MORTGAGE PORTFOLIO AND THE MORTGAGE LOANS

Introduction

The following is a description of some characteristics of the Mortgage Loans and includes details of Mortgage Loan types, the underwriting process, lending criteria and selected statistical information.

As at the Portfolio Reference Date, the Completion Mortgage Portfolio had the characteristics shown below. See "*Characteristics of the Completion Mortgage Portfolio*".

The Mortgage Loans in the Completion Mortgage Portfolio were not selected to be transferred to the Issuer with the aim of rendering losses on the Mortgage Loans transferred to the Issuer, measured over the life of the transaction, or over a maximum of four years where the life of the transaction is longer than four years, higher than the losses over the same period on comparable assets held on the balance sheet of the Beneficial Title Seller.

The Originator applied the same sound and well-defined criteria for credit granting which they applied to non-securitised exposures. The same clearly established processes for approving and, where relevant, amending, renewing and refinancing credits were applied. The Originator has effective systems in place to apply those criteria and processes in order to ensure that credit-granting is based on a thorough assessment of the Borrower's creditworthiness, taking appropriate account of factors relevant to verifying the prospect of the Borrower meeting his obligations under the credit agreement.

On each Additional Mortgage Loan Purchase Date, the Issuer may purchase the beneficial title to Additional Mortgage Loans from the Beneficial Title Seller in accordance with the Mortgage Sale Agreement.

The Originator

The Mortgage Portfolio comprises mortgage loans originated by the Originator.

Origination is done via intermediaries (who are authorised to transact mortgage business with the appropriate FCA permissions) registered with the Originator. No individual intermediary has submitted more than 7 per cent. of the Originator's total originations.

Characteristics of the Mortgage Loans

Buy-to-Let Mortgage Loans

The Mortgage Loans in the Mortgage Portfolio are secured by buy to let properties charged as security for the repayment of the respective Mortgage Loans.

Mortgage Loans in the Completion Mortgage Portfolio

On the Closing Date, the Completion Mortgage Portfolio is expected to consist of Fixed Rate Mortgage Loans.

"**Fixed Rate Mortgage Loans**" are subject to a fixed rate of interest for a specified period of time, and upon expiry of the fixed rate period the interest rate shall be subject to a rate linked to LIBOR (prior to its discontinuation) or the base rate of the Bank of England.

Additional Mortgage Loans

Additional Mortgage Loans are also expected to consist of Fixed Rate Mortgage Loans.

Repayment Terms

The Mortgage Loans have different repayment methods, as described as follows:

- (a) *Repayment*: a Mortgage Loan in respect of which the Borrower makes monthly payments of both interest and principal so that, when the Mortgage Loan matures, the full amount of the

principal of the Mortgage Loan advanced to the Borrower (in addition to the interest) will have been repaid (a "**Repayment Mortgage Loan**"); and

- (b) *Interest Only*: a Mortgage Loan in respect of which the Borrower is only obliged to pay interest during the term of that Mortgage Loan (an "**Interest Only Mortgage Loan**") with the entire principal amount being payable only upon the relevant maturity date.

Early Repayment Charges

The Borrower may be required to pay an early repayment charge (an "**Early Repayment Charge**") if the loan agreement states that the Borrower is liable for Early Repayment Charges and the Originator has not waived or revised its policy with regard to the payment of Early Repayment Charges.

Generally, an Early Repayment Charge is applicable to Fixed Rate Mortgage Loans for so long as the interest rate is a fixed rate of interest. The Early Repayment Charge typically reduces each year.

Overpayments

Overpayments are allowed on all products, although an Early Repayment Charge may be payable (as described in "*Early Repayment Charges*" above). If a Borrower with an account that is not in arrears and has no outstanding fees or expenses pays £1,000 or more above the Monthly Payment, in accordance with the Mortgage Conditions, the Servicer will, unless previously instructed by the Borrower, contact the Borrower for confirmation to apply the overpayment to the capital balance of the Mortgage Loan. The overpayment will be credited to the account on receipt, but only applied towards capital balance once the Servicer is so instructed by the Borrower.

Further Advances

The Legal Title Holder or the Servicer (on behalf of the Legal Title Holder) is not permitted to accept a request for or implement a Further Advance.

Product Switches

As at the date of this Prospectus, the Legal Title Holder is not permitted to accept a request for or implement a Product Switch without the consent of the Beneficial Title Seller. If a Product Switch is implemented in respect of a Mortgage Loan, the Beneficial Title Seller will be required to repurchase the relevant Mortgage Loan and its Related Security from the Issuer or make a cash payment to the Issuer in relation to the relevant Mortgage Loan and its Related Security for an amount equal to the relevant Repurchase Price (see "*Assignment of the Mortgage Loans and Related Security – Product Switches*").

Lending Criteria

On (i) the Closing Date in relation to Mortgage Loans forming part of the Completion Mortgage Portfolio, and (ii) each Additional Mortgage Loan Purchase Date in relation to Additional Mortgage Loans sold to the Issuer on such Additional Mortgage Loan Purchase Date, the Beneficial Title Seller will represent that each relevant Mortgage Loan being sold to the Issuer was originated according to the lending criteria applicable at the time the Mortgage Loan was offered (the "**Lending Criteria**"), in all material respects, subject only to exceptions made on a case-by-case basis as would be acceptable to a Prudent Mortgage Lender. Policy and risk appetite varies in line with a number of internal and external factors: in particular, expectations of the housing market and wider economy, and the Legal Title Holder retains the right to revise their Lending Criteria from time to time.

This section of the Prospectus reflects the lending criteria applied for originations as of the date of the Prospectus.

Type of Property

Properties in England and Wales may be either freehold or leasehold. Flats and maisonettes must be leasehold.

In the case of leasehold properties, there must be an unexpired term of at least 50 years at the end of the mortgage term.

The following types of Property are usually considered acceptable:

1. houses in multiple occupation ("**HMOs**");
2. multi-unit properties;
3. flats above commercial premises;
4. new build flats;
5. new build houses;
6. ex-local authority or ex-housing association flats; and
7. ex-local authority or ex-housing association houses.

A single assured shorthold tenancy for a fixed term of between six and 36 months is acceptable. Corporate lets not exceeding five years with a maximum of 75 per cent. LTV are acceptable where the tenant is a major corporation.

All properties have been valued by a valuer approved by the Originator to the standards of a Prudent Mortgage Lender. The minimum valuation acceptable on a property is £75,000.

"**Property**" means, in relation to a Mortgage Loan and its related Mortgage, the property which is charged as security for the repayment of such Mortgage Loan.

Term of Mortgage Loan

Each Mortgage Loan has a term of between five and 30 years.

Details of applicant

Borrowers are either individuals resident in the United Kingdom or expatriates (being UK citizens working abroad) (Mortgages where the borrowers are individuals being "**Individual Mortgages**") or limited liability companies incorporated in the United Kingdom (Mortgages where the borrowers are such limited liability companies being "**Corporate Mortgages**").

Borrowers must, in the case of individuals, be at least 21 years old, except for secondary Borrowers in a joint application who must be at least 18 years old provided that the primary Borrower is at least 21 years old. The mortgage term must expire before the youngest applicant becomes 86 years old.

The maximum number of applicants on an application for an Individual Mortgage is four and the maximum number of directors on an application for a Corporate Mortgage is four.

In the case of Corporate Mortgages, all directors are required to sign a personal guarantee for 100 per cent. of the loan amount. Guarantors are not considered in applications for Individual Mortgages.

Each Borrower (or any one Borrower in a joint application) in respect of an Individual Mortgage who is a first time landlord must have a minimum annual income of £25,000. In the case of a Corporate Mortgage where the borrowers are trading companies, the Originator requires two years of accounts.

There is no minimum term of employment or self-employment.

All persons who are to be legal owners on completion must be named as Borrowers under the Mortgage.

Re-mortgages

Re-mortgages within six months of the date of the original purchase may be acceptable.

Loan-to-value ratio

According to the most recent Lending Criteria, the maximum LTV for:

1. HMOs and multi-unit properties is 75 per cent. for loan amounts up to a maximum of £750,000 and 70 per cent. for loan amounts up to a maximum of £1,000,000;
2. flats above a commercial premise is:
 - (a) where the flat is located less than three storeys above or adjacent to the commercial premises which is a pub, restaurant or food outlet, 65 per cent. for loan amounts up to a maximum of £1,000,000; or
 - (b) where the flat is located less than three storeys above or adjacent to commercial premises which is not a pub, restaurant or food outlet or is three storeys or more above or adjacent to commercial premises which is a pub, restaurant or food outlet, 75 per cent. for loan amounts up to a maximum of £750,000 and 70 per cent. for loan amounts up to a maximum of £1,000,000.
3. new build flats and houses is 75 per cent.;
4. ex-local authority and housing association flats is 70 per cent. (with deck access) or 75 per cent. (without deck access); and
5. ex-local authority and housing association houses is 75 per cent.

Rental Income Requirements

The minimum amount of rental cover is calculated on an interest-only basis. Where the Mortgage Loan is fixed for five or more years, rental cover is calculated at the product pay rate. Where the Mortgage Loan is fixed for less than five years, rental cover is calculated at the higher of 5.5 per cent. or the product pay rate. The rental cover rate is 125 per cent. for Borrowers who are basic rate taxpayers and companies and 145 per cent. for Borrowers who are higher rate tax payers. Where the Mortgage Loan is a Repayment Mortgage Loan, the rental income must also cover the mortgage repayments by a minimum of 100 per cent.

Credit history

The current policy is as follows:

Credit search:

A full credit or company credit search (as applicable) is carried out in respect of all new applicants. The Borrower must "Opt In" to enable any individuals with a defined financial association with them to be included in the search.

All applicants must meet the credit requirements detailed in the Legal Title Holder's Lending Criteria.

County Court judgments and Payment Defaults:

The Legal Title Holder's current Lending Criteria permit lending to Borrowers who have not had a County Court judgment (a "CCJ") or a Payment Default entered against them in the past 24 months.

For these purposes, "Payment Default" means a default in payment by the relevant Borrower that results in a credit having a status 'D' being recorded by Experian on the credit profile of that Borrower.

Valuation

The value of the Properties in connection with each Mortgage Loan has been determined at origination in accordance with the standards and practices of the RICS Valuation Standards (including those relating to competency and required documentation) by an individual valuer who is an employee or a contractor of a valuer firm engaged by the Originator and accredited to the Originator's valuers' panel, who is a fellow, member or associate member of the Royal Institution of Chartered Surveyors ("RICS") and whose compensation is not affected by the approval or non-approval of the Mortgage Loan. Each RICS valuation report includes three comparable properties providing evidence for the valuation of each Property.

The panel of valuers is maintained (including the appointment of valuer firms to the panel) by the credit department of the Originator with no involvement of sales or product staff. Likewise, sales and product staff are not involved in the selection of the valuer firm from the panel of valuers engaged to carry out the valuation of the Properties.

A full physical valuation is undertaken on all Mortgage Loans.

Changes to the underwriting policies and the Lending Criteria

The Legal Title Holder's underwriting policies and Lending Criteria were and are subject to change within the Legal Title Holder's discretion, subject to the review of the Beneficial Title Seller. Mortgage Loans were and are originated by way of exception to the Lending Criteria where the Legal Title Holder determined that the exception would have been acceptable to a Prudent Mortgage Lender. The Beneficial Title Seller also has input into the decision to originate any Mortgage Loans by way of exception to the Lending Criteria.

Insurance Policies

Insurance on the Property

Each Property is required to be insured with buildings insurance with the interest of the Legal Title Holder as a mortgage lender noted. The insurance may be purchased by the Borrower at the discretion of the Legal Title Holder (or the Servicer on their behalf).

Borrower-arranged buildings insurance

The Legal Title Holder requires that a Borrower maintains buildings insurance for the duration of the mortgage and that the Borrower will provide evidence of insurance if requested. The policy must meet the Legal Title Holder's minimum requirements.

Title and Search insurance

Local searches are undertaken on all new mortgages.

A title defects insurance policy may be obtained in respect of certain limited title defects (e.g. restrictive covenants, absence of rights of way) from all solicitors on new mortgages and re-mortgages and a search indemnity insurance policy may be obtained in respect of certain re-mortgages.

Arrears policy

The Servicer identifies a Mortgage Loan as being in arrears where an amount equal to or greater than a full month's contractual payment remains unpaid. The Borrower will receive a telephone call and an initial arrears letter from the Servicer.

The Servicer will upon establishing the Borrower's circumstances, offer options specifically tailored to return the account to order, where possible. These options may include concessionary payment and repayment plans. A field agent may also be engaged as part of the process. Where a satisfactory

arrangement cannot be reached or maintained, possession proceedings may be instigated to enable the Legal Title Holder (or the Servicer on its behalf) to enforce the security.

Interest Rate Setting for Mortgage Loans

The applicable rate of interest accruing under each Mortgage Loan is referred to as the "**Mortgage Rate**". The Completion Mortgage Portfolio consists of Fixed Rate Mortgage Loans (in respect of which the fixed rate period may or may not have expired as of the Closing Date). The Mortgage Portfolio following each Additional Mortgage Loan Purchase Date will also include Fixed Rate Mortgage Loans.

Fixed Rate Mortgage Loans revert to a rate linked to LIBOR (prior to its discontinuation) or the Bank of England's base rate at the end of the initial fixed rate period, which is typically two or five years.

Mortgage Payment Dates

All Borrowers are obliged to make monthly payments of interest or interest and principal as required by the conditions of the Mortgage Loans contained in the relevant Mortgage Conditions. Borrowers may select either the first day or the 15th day of each month as the monthly payment date. Payments must be made via bank card, standing order or bank transfer.

CHARACTERISTICS OF THE COMPLETION MORTGAGE PORTFOLIO

The statistical and other information contained in this section has been compiled by reference to the Completion Mortgage Portfolio of £315,958,931 as at the Portfolio Reference Date and is described further in the section entitled "*The Mortgage Portfolio and the Mortgage Loans – Introduction*". For the avoidance of doubt, this information excludes Mortgage Loans in the December Portfolio and the Additional Mortgage Loans which may be acquired by the Issuer on an Additional Mortgage Loan Purchase Date.

Except as otherwise indicated, these tables have been prepared using the outstanding principal balance as at the Portfolio Reference Date. Columns may not add up to the total due to rounding.

As at the Portfolio Reference Date, the Completion Mortgage Portfolio had the following characteristics:

1 Summary Characteristics

Portfolio Reference Date.....	30.11.2020
Total Current Balance (£).....	315,958,931
Total Original Balance (£).....	316,826,086
Sets of Borrowers.....	1,095
Number of Properties.....	1,456
Number of Mortgage Loan Accounts.....	1,456
Average Loan Balance (£).....	217,005
Maximum Loan Balance (£).....	1,020,049
Weighted Average Original Loan to Value (%).....	71.60%
Weighted Average Current Loan to Value (%).....	71.62%
Weighted Average Interest Rate (%).....	3.41%
Weighted Average Seasoning (Months).....	10.36
Weighted Average Remaining Term (Years).....	21.96
Fixed Interest Rate (%).....	100.00%
Interest Only (%).....	94.43%
Current Loans (%).....	99.97%
1 Month in Arrears (%).....	0.00%
2 Month in Arrears (%).....	0.00%
3+ Month in Arrears (%).....	0.00%
Re-mortgages.....	60.60%
Self-Employed.....	25.24%
Largest Geographic Concentration.....	42.13%
Bankruptcy / IVA (Primary / Secondary Borrower).....	0.00%
CCJ (6yrs) (Primary / Secondary Borrower).....	1.35%
First time landlord (Primary / Secondary Borrower).....	6.22%
Weighted average Revised Interest Rate Margin.....	4.97%

2 Current Principal Balance

<u>Current Principal Balance</u>	<u>Number of Loans</u>	<u>Total Current Balance (£)</u>	<u>Total Current Balance (%)</u>	<u>Weighted Average Current Interest Rate (%)</u>	<u>Average Loan Size (£)</u>	<u>Weighted Average Loan Age (Months)</u>	<u>Weighted Average Original Loan to Value (%)</u>	<u>Weighted Average Current Loan to Value (%)</u>
<= 50,000	6	286,554	0.09	3.19	47,759	15.26	50.87	47.66
>50,000 <= 100,000	345	26,532,401	8.40	3.45	76,906	11.44	71.73	71.60
>100,000 <= 150,000	279	34,822,881	11.02	3.40	124,813	10.48	72.53	72.42
>150,000 <= 200,000	218	38,226,527	12.10	3.41	175,351	10.07	71.88	71.84
>200,000 <= 250,000	178	40,340,466	12.77	3.44	226,632	10.71	72.49	72.52
>250,000 <= 300,000	134	36,678,054	11.61	3.36	273,717	9.46	71.08	71.07
>300,000 <= 350,000	76	24,501,835	7.75	3.48	322,393	9.93	74.11	74.20
>350,000 <= 400,000	45	16,706,396	5.29	3.46	371,253	10.41	71.56	71.67
>400,000 <= 450,000	49	20,847,001	6.60	3.43	425,449	10.66	72.49	72.65
>450,000 <= 500,000	27	12,853,825	4.07	3.39	476,068	9.60	71.69	71.94
>500,000 <= 550,000	24	12,515,773	3.96	3.44	521,491	8.71	71.50	71.67
>550,000 <= 600,000	21	11,916,565	3.77	3.37	567,455	11.65	69.64	69.76
>600,000 <= 650,000	15	9,230,132	2.92	3.40	615,342	10.05	70.68	70.80
>650,000 <= 700,000	10	6,657,261	2.11	3.22	665,726	8.69	66.40	66.56
>700,000 <= 750,000	10	7,279,649	2.30	3.39	727,965	9.82	70.85	71.18
>750,000 <= 800,000	8	6,156,202	1.95	3.57	769,525	13.55	69.87	70.06
>800,000 <= 900,000	3	2,648,079	0.84	3.19	882,693	8.58	69.68	69.86
>900,000	8	7,759,330	2.46	3.27	969,916	12.72	65.13	64.44
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62
Min Current Balance (£)	43,548							
Max Current Balance (£)	1,020,049							
Average Current Balance (£)	217,005							

3 Original Balance

Original Balance	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Current Interest Rate (%)	Average Loan Size (£)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Current Loan to Value (%)
<= 50,000	1	49,644	0.02	2.99	49,644	2.87	40.65	40.45
>50,000 <= 100,000	347	26,481,098	8.38	3.45	76,314	11.48	71.78	71.64
>100,000 <= 150,000	277	34,415,325	10.89	3.41	124,243	10.42	72.50	72.49
>150,000 <= 200,000	223	38,922,296	12.32	3.41	174,539	10.15	71.76	71.62
>200,000 <= 250,000	175	39,622,355	12.54	3.44	226,413	10.64	72.62	72.72
>250,000 <= 300,000	134	36,537,501	11.56	3.37	272,668	9.52	71.32	71.36
>300,000 <= 350,000	78	25,016,240	7.92	3.47	320,721	9.92	73.45	73.46
>350,000 <= 400,000	46	17,050,654	5.40	3.46	370,666	10.50	71.66	71.62
>400,000 <= 450,000	48	20,398,557	6.46	3.42	424,970	10.52	72.61	72.81
>450,000 <= 500,000	28	13,302,269	4.21	3.40	475,081	9.84	71.53	71.73
>500,000 <= 550,000	24	12,515,773	3.96	3.44	521,491	8.71	71.50	71.67
>550,000 <= 600,000	22	12,517,818	3.96	3.37	568,992	12.06	69.48	69.63
>600,000 <= 650,000	14	8,628,879	2.73	3.40	616,349	9.35	70.98	71.07
>650,000 <= 700,000	11	7,359,587	2.33	3.29	669,053	9.52	67.36	67.68
>700,000 <= 750,000	9	6,577,323	2.08	3.33	730,814	9.01	70.25	70.43
>750,000 <= 800,000	8	6,156,202	1.95	3.57	769,525	13.55	69.87	70.06
>800,000 <= 900,000	3	2,648,079	0.84	3.19	882,693	8.58	69.68	69.86
>900,000	8	7,759,330	2.46	3.27	969,916	12.72	65.13	64.44
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62
Min Original Balance (£)	50,000							
Max Original Balance (£)	1,020,000							
Average Original Balance (£)	217,600							

4 Original LTV

Original LTV	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Current Interest Rate (%)	Average Loan Size (£)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Current Loan to Value (%)
>10% <= 20%	1	204,009	0.06	3.19	204,009	6.27	16.32	16.36
>20% <= 30%	5	487,403	0.15	3.29	97,481	13.25	24.74	23.76
>30% <= 40%	16	2,176,374	0.69	3.17	136,023	9.91	36.19	35.78
>40% <= 50%	29	5,082,441	1.61	3.22	175,257	11.68	45.56	45.29
>50% <= 60%	73	17,141,958	5.43	3.15	234,821	10.07	55.77	55.40
>60% <= 70%	315	77,440,982	24.51	3.19	245,844	10.32	65.52	65.51
>70% <= 75%	154	40,859,875	12.93	3.49	265,324	11.69	72.39	72.31
>75% <= 80%	736	151,091,627	47.82	3.49	205,288	10.06	76.49	76.59
>80% <= 85%	127	21,474,263	6.80	3.78	169,089	10.07	81.57	81.74
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62
Min Original LTV (%)	16.32							
Max Original LTV (%)	81.60							
Average Original LTV (%)	71.83							

5 Current LTV

<u>Current LTV</u>	<u>Number of Loans</u>	<u>Total Current Balance (£)</u>	<u>Total Current Balance (%)</u>	<u>Weighted Average Current Interest Rate (%)</u>	<u>Average Loan Size (£)</u>	<u>Weighted Average Loan Age (Months)</u>	<u>Weighted Average Original Loan to Value (%)</u>	<u>Weighted Average Current Loan to Value (%)</u>
>10% <= 20%	1	204,009	0.06	3.19	204,009	6.27	16.32	16.36
>20% <= 30%	5	487,403	0.15	3.29	97,481	13.25	24.74	23.76
>30% <= 40%	18	2,319,420	0.73	3.17	128,857	10.08	36.51	35.98
>40% <= 50%	33	5,638,498	1.78	3.23	170,864	12.15	46.62	45.79
>50% <= 60%	74	16,811,206	5.32	3.16	227,178	10.21	56.30	55.60
>60% <= 70%	316	79,457,496	25.15	3.19	251,448	10.30	65.71	65.60
>70% <= 75%	141	36,559,699	11.57	3.51	259,289	12.30	72.30	72.31
>75% <= 80%	743	153,194,432	48.49	3.49	206,184	9.96	76.45	76.63
>80% <= 85%	125	21,286,769	6.74	3.77	170,294	9.85	81.55	81.78
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62
Min Current LTV (%)	16.36							
Max Current LTV (%)	82.46							
Average Current LTV (%)	71.78							

6 Months in Arrears

Months in Arrears	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Current Interest Rate (%)	Average Loan Size (£)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Current Loan to Value (%)
<= 0	1455	315,864,253	99.97	3.41	217,089	10.36	71.59	71.61
>0 <= 1	1	94,678	0.03	4.15	94,678	19.40	79.64	79.04
>1 <= 2	0	0	0.00	0.00	0	0.00	0.00	0.00
>2 <= 3	0	0	0.00	0.00	0	0.00	0.00	0.00
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62

7 Region

Region	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Current Interest Rate (%)	Average Loan Size (£)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Current Loan to Value (%)
East Anglia	127	24,565,341	7.77	3.51	193,428	11.57	73.04	73.15
East Midlands	95	12,652,849	4.00	3.45	133,188	9.98	71.57	71.42
London	346	133,124,816	42.13	3.38	384,754	10.25	69.98	70.09
North East	32	3,224,554	1.02	3.47	100,767	11.02	73.94	73.97
North West	234	33,169,956	10.50	3.44	141,752	9.21	74.35	74.27
South East	207	46,344,804	14.67	3.39	223,888	9.43	71.79	71.63
South West	154	28,529,376	9.03	3.42	185,256	11.92	71.27	71.33
Wales	28	2,797,595	0.89	3.39	99,914	7.04	74.82	74.85
West Midlands	125	18,493,830	5.85	3.42	147,951	11.24	73.49	73.38
Yorkshire & Humberside	108	13,055,809	4.13	3.49	120,887	11.80	74.48	74.49
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62

8 Origination Year

<u>Origination year</u>	<u>Number of Loans</u>	<u>Total Current Balance (£)</u>	<u>Total Current Balance (%)</u>	<u>Weighted Average Current Interest Rate (%)</u>	<u>Average Loan Size (£)</u>	<u>Weighted Average Loan Age (Months)</u>	<u>Weighted Average Original Loan to Value (%)</u>	<u>Weighted Average Current Loan to Value (%)</u>
2018	18	4,139,658	1.31	3.64	229,981	23.66	67.20	66.89
2019	656	136,914,547	43.33	3.51	208,711	15.86	71.39	71.31
2020	782	174,904,726	55.36	3.33	223,663	5.74	71.86	71.97
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62

9 Original Term (Years)

Original Term (years)	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Current Interest Rate (%)	Average Loan Size (£)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Current Loan to Value (%)
>4 <= 5	3	704,095	0.22	3.64	234,698	5.71	72.04	72.22
>5 <= 6	1	87,001	0.03	3.34	87,001	1.37	21.48	21.56
>6 <= 7	1	151,662	0.05	3.45	151,662	15.27	38.80	33.06
>7 <= 8	1	156,818	0.05	3.29	156,818	10.23	76.50	76.70
>8 <= 9	2	718,163	0.23	3.53	359,082	17.48	53.20	53.36
>9 <= 10	45	10,847,545	3.43	3.42	241,057	11.08	68.60	68.54
>10 <= 11	3	613,047	0.19	3.22	204,349	3.99	62.00	62.16
>11 <= 12	21	3,200,888	1.01	3.25	152,423	10.90	63.91	63.68
>12 <= 13	6	1,857,886	0.59	3.42	309,648	15.57	65.54	65.80
>13 <= 14	11	2,824,161	0.89	3.31	256,742	9.91	65.74	65.06
>14 <= 15	71	14,442,030	4.57	3.38	203,409	11.78	70.43	70.28
>15 <= 16	17	4,615,225	1.46	3.24	271,484	8.05	62.07	62.10
>16 <= 17	15	3,202,373	1.01	3.57	213,492	12.69	71.24	70.93
>17 <= 18	13	3,753,136	1.19	3.31	288,703	8.63	64.55	64.60
>18 <= 19	9	2,236,099	0.71	3.36	248,455	8.92	70.37	70.56
>19 <= 20	227	51,136,910	16.18	3.44	225,273	10.97	71.62	71.72
>20 <= 21	13	3,295,555	1.04	3.47	253,504	5.80	73.62	73.71
>21 <= 22	10	1,630,499	0.52	3.38	163,050	9.31	72.48	72.68
>22 <= 23	14	3,063,520	0.97	3.34	218,823	8.33	71.17	71.27
>23 <= 24	7	1,104,181	0.35	3.45	157,740	10.80	69.04	69.24
>24 <= 25	809	176,420,763	55.84	3.41	218,073	10.30	72.54	72.55
>25 <= 26	5	572,275	0.18	3.56	114,455	6.34	76.33	76.19
>26 <= 27	3	257,217	0.08	3.33	85,739	9.83	76.50	76.69
>27 <= 28	6	1,023,172	0.32	3.40	170,529	10.75	75.20	75.24
>28 <= 29	2	379,500	0.12	3.15	189,750	8.92	62.61	62.28
>29 <= 30	141	27,665,210	8.76	3.41	196,207	9.74	72.61	72.73
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62
Min Original Term (years)	5.00							
Max Original Term (years)	30.00							
Weighted Average Original Term (years)	22.83							

10 Seasoning (Months)

Seasoning (months)	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Current Interest Rate (%)	Average Loan Size (£)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Current Loan to Value (%)
<= 1	68	15,771,156	4.99	3.50	231,929	0.46	71.82	71.92
>1 <= 2	82	16,661,055	5.27	3.48	203,184	1.55	71.30	71.50
>2 <= 3	96	21,313,057	6.75	3.31	222,011	2.47	70.90	71.07
>3 <= 4	36	9,444,829	2.99	3.36	262,356	3.45	70.94	71.10
>4 <= 5	48	9,019,275	2.85	3.32	187,902	4.50	74.48	74.63
>5 <= 6	45	8,331,647	2.64	3.32	185,148	5.51	73.53	73.73
>6 <= 7	69	17,434,964	5.52	3.25	252,681	6.45	67.85	68.00
>7 <= 8	77	18,791,949	5.95	3.26	244,051	7.57	73.39	73.55
>8 <= 9	89	20,572,223	6.51	3.26	231,149	8.55	73.02	73.16
>9 <= 10	110	24,309,590	7.69	3.31	220,996	9.47	72.91	72.96
>10 <= 11	62	13,254,982	4.20	3.32	213,790	10.48	71.40	71.03
>11 <= 12	83	18,583,518	5.88	3.42	223,898	11.55	74.55	74.43
>12 <= 13	101	21,612,807	6.84	3.35	213,988	12.42	71.22	71.14
>13 <= 14	74	15,965,028	5.05	3.46	215,744	13.54	69.39	69.24
>14 <= 15	47	11,915,985	3.77	3.43	253,532	14.57	69.67	69.77
>15 <= 16	52	10,737,882	3.40	3.54	206,498	15.56	70.97	70.56
>16 <= 17	51	7,708,979	2.44	3.61	151,156	16.51	70.08	70.01
>17 <= 18	58	11,244,118	3.56	3.57	193,864	17.47	72.22	72.32
>18 <= 19	36	6,690,495	2.12	3.51	185,847	18.51	68.50	68.58
>19 <= 20	35	5,208,039	1.65	3.63	148,801	19.62	69.75	68.81
>20 <= 21	46	9,903,086	3.13	3.63	215,284	20.45	70.86	70.87
>21 <= 22	44	9,881,411	3.13	3.66	224,578	21.49	72.20	72.36
>22 <= 23	29	7,463,199	2.36	3.74	257,352	22.39	75.10	75.29
>23 <= 24	14	3,369,503	1.07	3.64	240,679	23.55	68.13	67.87
>24 <= 25	4	770,155	0.24	3.64	192,539	24.15	63.11	62.62
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62
Min Seasoning (months)	0.00							

Max Seasoning (months)	24.23
Weighted Average Seasoning (months)	10.36

11 Remaining Term (Years)

Remaining Term (years)	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Current Interest Rate (%)	Average Loan Size (£)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Current Loan to Value (%)
>4 <= 5	3	704,095	0.22	3.64	234,698	5.71	72.04	72.22
>5 <= 6	2	238,663	0.08	3.41	119,331	10.20	32.49	28.87
>6 <= 7	0	0	0.00	0.00	0	0.00	0.00	0.00
>7 <= 8	3	1,054,543	0.33	3.63	351,514	20.78	66.63	66.83
>8 <= 9	22	3,987,198	1.26	3.60	181,236	16.58	70.23	69.76
>9 <= 10	23	6,680,785	2.11	3.28	290,469	6.93	66.47	66.63
>10 <= 11	15	2,122,878	0.67	3.42	141,525	14.63	62.99	62.65
>11 <= 12	12	3,185,476	1.01	3.22	265,456	10.30	64.04	64.20
>12 <= 13	9	1,475,659	0.47	3.27	163,962	16.33	60.58	59.47
>13 <= 14	39	9,070,432	2.87	3.48	232,575	14.01	70.78	70.42
>14 <= 15	44	8,464,920	2.68	3.24	192,385	8.31	69.25	69.35
>15 <= 16	18	4,789,364	1.52	3.35	266,076	10.20	64.55	64.37
>16 <= 17	10	1,993,521	0.63	3.48	199,352	7.38	67.92	67.88
>17 <= 18	12	3,831,086	1.21	3.33	319,257	8.25	67.02	67.12
>18 <= 19	115	25,324,079	8.01	3.50	220,209	16.08	70.62	70.68
>19 <= 20	122	28,098,008	8.89	3.39	230,312	6.18	72.44	72.58
>20 <= 21	15	3,332,473	1.05	3.45	222,165	6.70	73.23	73.38
>21 <= 22	10	1,898,605	0.60	3.40	189,860	9.47	71.52	71.66
>22 <= 23	14	2,898,145	0.92	3.35	207,010	9.13	69.38	69.33
>23 <= 24	316	67,949,712	21.51	3.53	215,031	16.47	71.51	71.48
>24 <= 25	495	108,961,914	34.49	3.34	220,125	6.39	73.19	73.25
>25 <= 26	6	674,580	0.21	3.50	112,430	7.35	76.36	76.26
>26 <= 27	6	761,875	0.24	3.33	126,979	13.85	75.00	75.21
>27 <= 28	4	810,206	0.26	3.65	202,552	13.70	76.27	76.21
>28 <= 29	50	8,770,251	2.78	3.47	175,405	16.19	70.16	70.26
>29 <= 30	91	18,880,463	5.98	3.37	207,478	6.43	73.47	73.58
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62
Min Remaining Term (years)	4.24							
Max Remaining Term (years)	29.99							
Weighted Average Remaining Term (years)	21.96							

12 Current Interest Rate

Current Interest Rate	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Current Interest Rate (%)	Average Loan Size (£)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Current Loan to Value (%)
<=3.0%	190	45,473,697	14.39	2.99	239,335	7.62	62.33	62.38
>3.0% <= 3.5%	725	157,939,291	49.99	3.30	217,847	9.59	71.18	71.15
>3.5% <= 4.0%	502	105,394,010	33.36	3.71	209,948	12.80	75.78	75.84
>4.0% <= 4.5%	39	7,151,932	2.26	4.12	183,383	8.92	78.21	78.32
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62
Min Current Interest Rate (%)	2.89							
Max Current Interest Rate (%)	4.15							
Average Current Interest Rate (%)	3.42							

13 Current Interest Rate Margin

Current Interest Rate Margin	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Current Interest Rate (%)	Average Loan Size (£)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Current Loan to Value (%)
<=3.0%	190	45,473,697	14.39	2.99	239,335	7.62	62.33	62.38
>3.0% <= 3.5%	725	157,939,291	49.99	3.30	217,847	9.59	71.18	71.15
>3.5% <= 4.0%	502	105,394,010	33.36	3.71	209,948	12.80	75.78	75.84
>4.0% <= 4.5%	39	7,151,932	2.26	4.12	183,383	8.92	78.21	78.32
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62
Min Current Interest Rate Margin (%)	2.89							
Max Current Interest Rate Margin (%)	4.15							
Average Current Interest Rate Margin (%)	3.42							

14 Interest Rate Reversion Year

<u>Interest Rate Reversion Year</u>	<u>Number of Loans</u>	<u>Total Current Balance (£)</u>	<u>Total Current Balance (%)</u>	<u>Weighted Average Current Interest Rate (%)</u>	<u>Average Loan Size (£)</u>	<u>Weighted Average Loan Age (Months)</u>	<u>Weighted Average Original Loan to Value (%)</u>	<u>Weighted Average Current Loan to Value (%)</u>
2020	1	68,854	0.02	3.35	68,854	24.13	76.50	76.71
2021	142	20,031,478	6.34	3.23	141,067	17.00	70.75	70.76
2022	154	23,350,308	7.39	3.30	151,625	8.20	72.26	72.28
2023	5	1,095,298	0.35	3.70	219,060	24.09	67.08	66.77
2024	430	99,304,979	31.43	3.58	230,942	16.48	71.01	70.93
2025	724	172,108,014	54.47	3.35	237,718	6.26	71.97	72.05
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62

15 Employment Status (Primary Borrower)

<u>Employment Status (Primary Borrower)</u>	<u>Number of Loans</u>	<u>Total Current Balance (£)</u>	<u>Total Current Balance (%)</u>	<u>Weighted Average Current Interest Rate (%)</u>	<u>Average Loan Size (£)</u>	<u>Weighted Average Loan Age (Months)</u>	<u>Weighted Average Original Loan to Value (%)</u>	<u>Weighted Average Current Loan to Value (%)</u>
Employed	278	57,575,066	18.22	3.42	207,105	10.17	70.48	70.33
Self employed	289	79,740,411	25.24	3.44	275,918	11.16	70.54	70.59
Pensioner	34	7,072,398	2.24	3.50	208,012	17.06	65.53	65.45
Unemployed	6	1,928,720	0.61	3.36	321,453	17.49	65.10	65.60
No employment, borrower is legal entity	839	165,756,812	52.46	3.40	197,565	9.65	72.98	73.04
Other	10	3,885,524	1.23	3.23	388,552	11.47	65.14	65.31
	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62

16 Property Type

<u>Property Type</u>	<u>Number of Loans</u>	<u>Total Current Balance (£)</u>	<u>Total Current Balance (%)</u>	<u>Weighted Average Current Interest Rate (%)</u>	<u>Average Loan Size (£)</u>	<u>Weighted Average Loan Age (Months)</u>	<u>Weighted Average Original Loan to Value (%)</u>	<u>Weighted Average Current Loan to Value (%)</u>
House, detached or semi-detached	315	82,574,526	26.13	3.41	262,141	10.08	71.18	71.11
Terraced house	545	108,438,877	34.32	3.51	198,970	11.29	72.40	72.43
Flat / Apartment	563	118,317,510	37.45	3.33	210,155	9.78	71.24	71.31
Bungalow	33	6,628,017	2.10	3.34	200,849	9.19	69.91	70.09
	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62

17 Loan Purpose

Loan Purpose	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Current Interest Rate (%)	Average Loan Size (£)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Current Loan to Value (%)
Purchase	651	124,502,799	39.40	3.39	191,249	10.22	73.46	73.34
Re-mortgage	134	32,126,680	10.17	3.35	239,751	9.82	66.93	66.93
Debt consolidation	671	159,329,452	50.43	3.44	237,451	10.59	71.08	71.21
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62

18 First Time Buyer (Primary & Secondary Borrower)

First Time Landlord (Primary & Secondary Borrower)	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Current Interest Rate (%)	Average Loan Size (£)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Current Loan to Value (%)
No	1359	296,312,326	93.78	3.41	218,037	10.31	71.62	71.68
Yes	97	19,646,605	6.22	3.40	202,542	11.19	71.27	70.65
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62

19 New or Existing Property

New Property	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Current Interest Rate (%)	Average Loan Size (£)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Current Loan to Value (%)
Yes	187	41,322,892	13.08	3.30	220,978	9.68	72.71	72.73
No	1269	274,636,038	86.92	3.43	216,419	10.47	71.43	71.45
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62

20 Prior Bankruptcy or IVA (Primary & Secondary Borrower)

Prior Bankruptcy or IVA (Primary & Secondary Borrower)	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Current Interest Rate (%)	Average Loan Size (£)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Current Loan to Value (%)
No	1456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62
Yes	0	0	0.00					
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62

21 Number of CCJs (within the last 6 years from completion date for Primary & Secondary Borrower)

Number of CCJs (within the last six years from completion date for Primary & Secondary Borrower)	Number of Loans	Total Current Balance (£)	Total Current Balance (%)	Weighted Average Current Interest Rate (%)	Average Loan Size (£)	Weighted Average Loan Age (Months)	Weighted Average Original Loan to Value (%)	Weighted Average Current Loan to Value (%)
0	1432	311,692,705	98.65	3.41	217,663	10.36	71.59	71.61
1	23	4,136,931	1.31	3.33	179,867	11.05	72.31	72.45
2	1	129,296	0.04	2.99	129,296	7.73	66.30	66.46
Total	1,456	315,958,931	100.00	3.41	217,005	10.36	71.60	71.62

HISTORICAL PERFORMANCE OF THE MORTGAGE PORTFOLIO

The following table shows historical performance characteristics relevant to the Mortgage Loans. The historical arrears experience is shown on a monthly basis and covers all Mortgage Loans within the Mortgage Portfolio as at the Portfolio Reference Date.

Months in arrears

Month	>=1M <2M (%)*	>=1M <2M (#)**
Nov-18	0.00%	0
Dec-18	0.00%	0
Jan-19	0.00%	0
Feb-19	0.00%	0
Mar-19	0.00%	0
Apr-19	0.00%	0
May-19	0.00%	0
Jun-19	0.00%	0
Jul-19	0.00%	0
Aug-19	0.00%	0
Sep-19	0.00%	0
Oct-19	0.00%	0
Nov-19	0.00%	0
Dec-19	0.00%	0
Jan-20	0.00%	0
Feb-20	0.00%	0
Mar-20	0.22%	2
Apr-20	0.16%	1
May-20	0.15%	1
Jun-20	0.15%	1
Jul-20	0.00%	0
Aug-20	0.00%	0
Sep-20	0.00%	0
Oct-20	0.00%	0
Nov-20	0.00%	0

* weighted by current balance, loans >=1M <2M in arrears defined as loans with (arrears balance / contractual payment) >= 1 and <2 at reporting date

** count of loans >=1M <2M in arrears

ASSIGNMENT OF THE MORTGAGE LOANS AND RELATED SECURITY

Sale of Mortgage Loans and their Related Security on the Closing Date

Under the asset purchase agreement entered into between the Originator and the Beneficial Title Seller prior to the Closing Date (the "**Asset Purchase Agreement**"), the Originator originally sold to the Beneficial Title Seller the beneficial interest in each Mortgage Loan and its Related Security.

The Beneficial Title Seller will, on the Closing Date, sell and transfer to the Issuer by way of assignment its beneficial interest in each Mortgage Loan and its Related Security in the Completion Mortgage Portfolio pursuant to the terms of the Mortgage Sale Agreement to be entered into between the Legal Title Holder, the Beneficial Title Seller, the Trustee and the Issuer. In addition, the Originator in its capacity as initial Legal Title Holder will undertake to hold the legal title held by it to each Mortgage Loan and its Related Security on the Closing Date on bare trust for the Issuer.

Sale of Additional Mortgage Loans and their Related Security following the Closing Date

On each Additional Mortgage Loan Purchase Date, the Beneficial Title Seller shall sell to the Issuer further Mortgage Loans, to the extent that the relevant conditions to purchase in the Mortgage Sale Agreement are satisfied (such Mortgage Loans being "**Additional Mortgage Loans**").

The Issuer shall, provided certain conditions are met, purchase Additional Mortgage Loans using amounts standing to the credit of the Pre-Funding Principal Ledger. The Pre-Funding Principal Ledger shall include the Pre-Funding Initial Amount credited to it on the Closing Date and all Principal Receipts received by the Issuer in the first Calculation Period.

The Legal Title Holder shall, no later than one Business Day prior to each Additional Mortgage Loan Purchase Date, deliver an Additional Mortgage Loan Sale Notice to the Issuer and the Beneficial Title Seller (copying the Servicer, the Cash Manager, the Warehouse Borrower and the Interest Rate Swap Provider) specifying which Additional Mortgage Loans are to be sold to the Issuer from the Beneficial Title Seller on such Additional Mortgage Loan Purchase Date. The last date on which the Legal Title Holder may deliver an Additional Mortgage Loan Sale Notice is two Business Days before the Test Cut-Off Date.

The consideration, in respect of each Additional Mortgage Loan, shall be the Current Principal Balance of the Additional Mortgage Loan as at the relevant Additional Mortgage Loans Cut-Off Date (the "**Additional Mortgage Loan Purchase Price**"), in payment to the Beneficial Title Seller in respect of the sale and purchase of the Additional Mortgage Loans, in accordance with the Mortgage Sale Agreement. The Additional Mortgage Loan Purchase Price shall be paid to or as instructed by the Beneficial Title Seller by the Issuer on the relevant Additional Mortgage Loan Purchase Date.

The Principal Collections and Revenue Collections received in respect of each Additional Mortgage Loan between the relevant Additional Mortgage Loan Cut-Off Date and the relevant Additional Mortgage Loan Purchase Date shall be for the account of the Issuer.

Any amounts standing to the credit of the Pre-Funding Principal Ledger as at the First Interest Payment Date that have not been used to purchase Additional Mortgage Loans on an Additional Mortgage Loan Purchase Date shall be applied as Available Principal Funds in accordance with the relevant Payments Priorities on the First Interest Payment Date.

Conditions to purchase Additional Mortgage Loans

Each purchase of Additional Mortgage Loans by the Issuer will be subject to (amongst other things):

- (a) the provision, by each of the Issuer and the Beneficial Title Seller, of solvency certificates dated within 30 days of the date of such purchase, signed by an authorised officer of the relevant company;

- (b) no Enforcement Notice having been served;
- (c) the novation of interest rate swap transactions by the Warehouse Borrower to the Issuer in accordance with the Interest Rate Swap Novation Agreement, and the acceptance by the Issuer of such novation, within 30 days of the relevant Additional Mortgage Loan Purchase Date; and
- (d) the Current Test Mortgage Portfolio or, as applicable, the Final Mortgage Portfolio satisfying the following mortgage portfolio tests (each a "**Mortgage Portfolio Test**") as at the date on which it is required to be tested:
 - (i) the weighted average current LTV of the Mortgage Loans shall not exceed 73 per cent.;
 - (ii) the weighted average original LTV of the Mortgage Loans shall not exceed 73 per cent.;
 - (iii) the weighted average interest rate of the Mortgage Loans is greater than or equal to 3.3 per cent.;
 - (iv) the aggregate Current Principal Balance of Mortgage Loans where the Property related to such Mortgage Loan is located in Greater London is less than or equal to 46 per cent. of the Current Principal Balance of the Mortgage Portfolio;
 - (v) the aggregate Current Principal Balance of Mortgage Loans in respect of which the Debt Service Coverage Ratio is less than 100 per cent. is less than or equal to 0.75 per cent. of the Current Principal Balance of the Mortgage Portfolio;
 - (vi) the aggregate Current Principal Balance of Mortgage Loans in respect of which the Debt Service Coverage Ratio is equal to or greater than 100 per cent. and less than 120 per cent. is less than or equal to 3.0 per cent. of the Current Principal Balance of the Mortgage Portfolio.
 - (vii) the aggregate Current Principal Balance of Mortgage Loans in respect of which the Debt Service Coverage Ratio is equal to or greater than 135 per cent. is greater than or equal to 89.0 per cent. of the Current Principal Balance of the Mortgage Portfolio.
 - (viii) the aggregate Current Principal Balance of Mortgage Loans in respect of which the Borrower has re-mortgaged the relevant Property is less than or equal to 63.5 per cent. of the Current Principal Balance of the Mortgage Portfolio;
 - (ix) the aggregate Current Principal Balance of Mortgage Loans with an element of Debt Consolidation is less than or equal to 53.5 per cent. of the Current Principal Balance of the Mortgage Portfolio;
 - (x) the aggregate Current Principal Balance of Mortgage Loans in respect of which a county court judgment has been entered or awarded against the relevant Borrower more than two years prior to the Additional Mortgage Loan Cut-Off Date or the Portfolio Test Date (as applicable) is less than or equal to 1.50 per cent. of the Current Principal Balance of the Mortgage Portfolio;
 - (xi) the aggregate Current Principal Balance of Mortgage Loans in respect of which a county court judgment has been entered or awarded against the relevant Borrower more than six years prior to the Additional Mortgage Loan Cut-Off Date or the Portfolio Test Date (as applicable) is more than or equal to 25 per cent. of the Current Principal Balance of Mortgage Loans in respect of which a county court judgment has been entered or awarded against a Borrower;
 - (xii) the aggregate Current Principal Balance of Mortgage Loans in respect of which the Property is a house in multiple occupation or a multi-unit development is less than or equal to 26 per cent. of the Current Principal Balance of the Mortgage Portfolio;

- (xiii) the aggregate Current Principal Balance of Mortgage Loans in respect of which the Property is a new build is less than or equal to 15 per cent. of the Current Principal Balance of the Mortgage Portfolio; and
- (xiv) the aggregate Current Principal Balance of Mortgage Loans advanced to the 10 largest Borrowers does not exceed 8.50 per cent. of the Current Principal Balance of the Mortgage Portfolio.

The Legal Title Holder shall confirm in each Additional Mortgage Loan Sale Notice that the Mortgage Portfolio Tests would be satisfied on the date of the relevant Additional Mortgage Loan Cut-Off Date if the purchase by the Issuer of the relevant Additional Mortgage Loans pursuant to such Additional Mortgage Loan Sale Notice was to occur on the relevant Additional Mortgage Loan Purchase Date. For the avoidance of doubt, no Additional Mortgage Loans shall be sold to the Issuer if such confirmation is not provided by the Legal Title Holder.

"Additional Mortgage Loan Cut-Off Date" means with respect to the purchase of Additional Mortgage Loans, the date specified as such in the Additional Mortgage Loan Sale Notice.

"Additional Mortgage Loan Purchase Date" means any Business Day prior to the Test Cut-Off Date and specified as such date in an Additional Mortgage Loan Sale Notice.

"Additional Mortgage Loan Sale Notice" means, in respect of each Additional Mortgage Loan Purchase Date on which Additional Mortgage Loans are to be sold to the Issuer on such Additional Mortgage Loan Purchase Date, the notice by the Legal Title Holder to Issuer and the Beneficial Title Seller (copying the Servicer, the Cash Manager, the Warehouse Borrower and the Interest Rate Swap Provider) substantially in the form set out in Schedule 8 (*Additional Mortgage Loan Sale Notice*) of the Mortgage Sale Agreement, which shall include a data tape in respect of the relevant Additional Mortgage Loans.

"Current Test Mortgage Portfolio" means, in respect of the Mortgage Portfolio Tests to be tested by the Legal Title Holder for the purposes of delivering an Additional Mortgage Loan Sale Notice in respect of an Additional Mortgage Loan Purchase Date, (x) the Mortgage Portfolio on such test date (as evidenced in the most recently delivered Monthly Report by the Servicer and, in respect of Additional Mortgage Loans purchased by the Issuer since and not referred to in such Monthly Report, as evidenced in the relevant Additional Mortgage Loan Sale Notice), and (y) the Additional Mortgage Loans proposed to be purchased by the Issuer on such Additional Mortgage Loan Purchase Date.

"Debt Consolidation" means remortgaged Mortgage Loans in respect of which the proceeds of such Mortgage Loan were not exclusively used to prepay the previous Mortgage Loan.

"Debt Service Coverage Ratio" means the ratio of (a) gross annual rental income of the relevant Property divided by (b) the Monthly Payment multiplied by twelve.

Cash Manager testing of Mortgage Portfolio Tests

The Cash Manager shall, on the Portfolio Test Date, test the Final Mortgage Portfolio to confirm compliance with the Mortgage Portfolio Tests following the acquisition by the Issuer of the Additional Mortgage Loans.

"Final Mortgage Portfolio" means in respect of the Mortgage Portfolio Tests to be tested by the Cash Manager, the Mortgage Portfolio on such test date.

"Portfolio Test Date" means the Cash Manager Determination Date in relation to the First Interest Payment Date.

"Test Cut-Off Date" means the 11th Business Day of May 2021.

Repurchase of or Cash Payment for Disqualified Mortgage Loans by the Beneficial Title Seller

The Beneficial Title Seller shall be required to repurchase or make a cash payment in relation to:

- (a) any Additional Mortgage Loan in respect of which the first Monthly Payment due was not paid by the relevant Borrower within one month of the due date; and
- (b) if the Cash Manager determines on the Portfolio Test Date that the Final Mortgage Portfolio does not satisfy the Mortgage Portfolio Tests as at the Test Cut-Off Date, the Mortgage Loans selected by the Legal Title Holder (according the criteria below) that would, if repurchased (or in respect of which cash payments are made) by the Beneficial Title Seller, result in the Mortgage Portfolio Tests being satisfied as at the Test Cut-Off Date;

(the Mortgage Loans specified in paragraphs (a) and (b) each being a "**Disqualified Mortgage Loan**").

Following receipt of the First Monthly Payments Report from the Servicer, the Cash Manager shall confirm if the first Monthly Payment due in respect of any Additional Mortgage Loan was not paid by the relevant Borrower within one month of the relevant due date (such confirmation will be based on the First Monthly Payments Report only). The Legal Title Holder shall, as soon as reasonably practicable thereafter, deliver a notice to the Issuer (copying the Beneficial Title Seller, the Servicer, the Cash Manager, the Warehouse Borrower and the Interest Rate Swap Provider) confirming if the Beneficial Title Seller is required to repurchase (or make a cash payment in relation to) any Additional Mortgage Loans pursuant to paragraph (a) above.

The Cash Manager shall deliver a notice to the Issuer, Legal Title Holder and the Servicer (with a copy to the Beneficial Title Seller and/or their advisors (subject to the Beneficial Title Seller providing the relevant notice details to the Cash Manager)) if, on the Portfolio Test Date, it is determined that the Final Mortgage Portfolio does not satisfy the Mortgage Portfolio Tests as at the Test Cut-off Date and the Beneficial Title Seller is required to repurchase (or make a cash payment in relation to) any Mortgage Loans pursuant to paragraph (b) above. The Legal Title Holder shall select which Mortgage Loans shall be Disqualified Mortgage Loans by determining which Mortgage Loans would, if the Beneficial Title Seller repurchased (or made a cash payment in relation to) such Mortgage Loans, result in the lowest aggregate Current Principal Balance of Mortgage Loans being repurchased (or in respect of which cash payments are made) by the Beneficial Title Seller required in order for the Final Mortgage Portfolio (excluding such proposed Disqualified Mortgage Loans) to satisfy the Mortgage Portfolio Tests as at the Test Cut-Off Date. The Legal Title Holder shall subsequently request the Cash Manager to (and the Cash Manager shall within two Business Days of such request) re-run the Mortgage Portfolio Tests in respect of the Final Mortgage Portfolio (excluding the Disqualified Mortgage Loans which are proposed to be repurchased (or in respect of which cash payments are proposed to be made) by the Beneficial Title Seller. Upon receiving confirmation from the Cash Manager that the Final Mortgage Portfolio (excluding the Disqualified Mortgage Loans which are proposed to be repurchased (or in respect of which cash payments are proposed to be made) by the Beneficial Title Seller) would satisfy the Mortgage Portfolio Tests, the Legal Title Holder shall deliver a notice to the Issuer (copying the Beneficial Title Seller, the Servicer, the Cash Manager, the Warehouse Borrower and the Interest Rate Swap Provider) pursuant to the Mortgage Sale Agreement, detailing which Disqualified Mortgage Loans the Beneficial Title Seller shall repurchase or in respect of which the Beneficial Title Seller shall make a cash payment.

Upon the occurrence of such events, the Issuer shall serve an Additional Mortgage Loan Repurchase Notice on the Beneficial Title Seller requiring the Beneficial Title Seller to repurchase or make a cash payment in relation to each relevant Disqualified Mortgage Loans at the Repurchase Price on a Disqualified Mortgage Loan Sale Date. A Disqualified Mortgage Loan Sale Date must occur on or before the Monthly Payment Date following receipt by the Beneficial Title Seller of the relevant Additional Mortgage Loan Repurchase Notice.

"Additional Mortgage Loan Repurchase Notice" means the loan repurchase notice by the Issuer to the Beneficial Title Seller (copying the Legal Title Holder, the Servicer, the Cash Manager and the Warehouse Borrower) substantially in, the form set out in Schedule 9 (*Additional Mortgage Loan Repurchase Notice*) of the Mortgage Sale Agreement.

"Disqualified Mortgage Loan Sale Date" means the date on which the Beneficial Title Seller repurchases (or makes a cash payment in relation to) any Disqualified Mortgage Loan.

"Disqualified Mortgage Loan Test Date" means the date which is 35 days after the date on which the first Monthly Payment is due in respect of the Latest Additional Mortgage Loan or if such date is not a Business Day, the next Business Day.

"First Monthly Payments Report" means the report to be prepared by the Servicer and delivered to the Issuer and the Cash Manager (with a copy to the Beneficial Title Seller, the Legal Title Holder and the Trustee), which shall include sufficient information regarding those Additional Mortgage Loans to enable the Cash Manager to determine if, in respect of any Additional Mortgage Loan, the first Monthly Payment was not paid by the relevant Borrower within one month of the relevant due date, as set out in Schedule 3 (*Reports*) of the Servicing Agreement, or as otherwise agreed between the Servicer and the Issuer (the Cash Manager shall be notified of any changes to the form of such report).

"Latest Additional Mortgage Loan" means the Additional Mortgage Loan(s) whose first Monthly Payment date occurs later than such date of all other Additional Mortgage Loans.

Transfer of legal title under the Mortgage Sale Agreement

The sale to the Issuer of the Mortgage Loans and the Related Security under the Mortgage Sale Agreement will take effect in equity and transfer beneficial title only. As a result, legal title to the Mortgage Loans and their Related Security will remain with the Legal Title Holder until such time as certain additional steps have been taken including the giving of notices of the assignment to the Borrowers.

Under the Mortgage Sale Agreement, neither the Beneficial Title Seller nor the Issuer will require the execution and completion of any transfers in favour of the Issuer or the registration of any transfers or service of notice on Borrowers in order to effect the transfer of legal title to the Mortgage Loans and their Related Security, except in the limited circumstances described below.

Perfection Events

Legal title will not be transferred by the Legal Title Holder to the Issuer until the occurrence of a Perfection Event which is continuing. Under the Mortgage Sale Agreement, the Originator will transfer the legal title held by it to each Mortgage Loan and its Related Security to the Issuer or a person designated by the Issuer (the **"Replacement Legal Title Holder"**) by no later than the 20th Business Day after the earliest to occur of any Perfection Event (such date, the **"Legal Title Transfer Date"**).

On and from the Legal Title Transfer Date, the Replacement Legal Title Holder shall be the Legal Title Holder and shall hold legal title to the Mortgage Loans and their Related Security on bare trust for the Issuer.

Within twenty (20) Business Days following perfection of the assignments, as applicable, or transfers following a Perfection Event, the Legal Title Holder will use reasonable endeavours to do all of the acts, matters or things as the Issuer or Trustee requires the Legal Title Holder to do in order to give effect to such assignments and transfers, including providing a bulk transfer of Direct Debit Mandates and, in the case of all Borrowers who do not make payment by using Direct Debiting Scheme, ensuring that all Borrowers will be instructed to make all payments under the Mortgage Loans directly to any such bank account as the Issuer or Trustee requires in order to give effect to the terms of such assignments, as applicable, or transfers including without limitation completing all registration formalities.

The Issuer shall, as soon as reasonably practicable following receipt of notification to it, or its agents, of completion of the registration of the transfer of all of the relevant Mortgages and other acts required to perfect the transfer of the relevant Mortgage Loans and their Related Security, give notice thereof to the Legal Title Holder.

"Direct Debit Mandate" means a mandate from a Borrower to the Legal Title Holder authorising payments to be made by the relevant Borrower to the Legal Title Holder by way of the Direct Debiting Scheme.

"Direct Debiting Scheme" means the system for the manual or automated debiting of bank accounts by direct debit operated in accordance with the principal rules of certain members of the Association for Payment Clearing Services.

Other Provisions of the Mortgage Sale Agreement

In addition to providing for the sale, transfer and assignment of the Mortgage Portfolio, the Mortgage Sale Agreement also sets out or provides for the following:

- (a) Beneficial Title Seller Warranties and the Asset Warranties;
- (b) the provisions governing the repurchase of, or payments (including indemnity payments) to be made to the Issuer in respect of, the relevant Mortgage Loan and Related Security in case of a breach of a warranty which has not been remedied within applicable grace periods;
- (c) the undertaking of the Beneficial Title Seller to retain a material net economic interest of not less than 5 per cent. in the securitisation in accordance with Article 6 of the EU Securitisation Regulation and Article 6 of the UK Securitisation Regulation;
- (d) the undertaking of the Issuer to comply with the relevant requirements set out in Article 7 of the EU Securitisation Regulation and Article 7 of the UK Securitisation Regulation; and
- (e) the circumstances for the transfer of legal title to the Mortgage Loans and their Related Security to the Issuer as described above.

Consideration

The consideration payable by the Issuer to the Beneficial Title Seller in respect of the sale of the Mortgage Loans and Related Security shall be:

- (a) (i) in respect of the Completion Mortgage Portfolio and the Servicer Float, £337,237,509 in cash consideration (such amount being an amount equal to the aggregate Current Principal Balance of the Mortgage Loans as at the Cut-Off Date) and (ii) in respect of each Additional Mortgage Loan, the Additional Mortgage Loan Purchase Price; plus
- (b) Deferred Consideration.

All amounts received on or prior to the Cut-Off Date or Additional Mortgage Loan Cut-Off Date, as applicable, by the Beneficial Title Seller shall be for its account. All amounts received from the Cut-Off Date or the Additional Mortgage Loan Cut-Off Date, as applicable, shall be for the Issuer's account.

"Deferred Consideration" means an amount equal to (i) the Senior Deferred Consideration and (ii) the RC Payments, the right to such RC Payments being represented by the Residual Certificates to be issued by the Issuer and delivered to or at the direction of the Beneficial Title Seller on the Closing Date.

"Senior Deferred Consideration" means that portion of the Deferred Consideration which the Beneficial Title Seller has agreed to pay to the Legal Title Holder, as notified to the Cash Manager by the Beneficial Title Seller.

Asset Warranties and Breach of Asset Warranties

The Mortgage Sale Agreement contains the Asset Warranties given in relation to the Mortgage Loans and their Related Security by the Beneficial Title Seller. No searches, enquiries or independent investigations have been or will be made by the Issuer or the Trustee, each of whom is relying upon the Asset Warranties.

The following are the Asset Warranties (or extracts or summaries of certain warranties) given in favour of the Issuer by the Beneficial Title Seller under the Mortgage Sale Agreement (i) on the Closing Date, in relation to the Mortgage Loans and the Related Security sold to the Issuer on the Closing Date, and (ii) on each Additional Mortgage Loan Purchase Date in relation to the Additional Mortgage Loans sold to the Issuer on such Additional Mortgage Loan Purchase Date:

- (a) The particulars of each Mortgage Loan and its related Mortgage set out in the data tape relating to the Mortgage Portfolio as at the Portfolio Reference Date provided by the Beneficial Title Seller to the Issuer on 25 January 2021 or, in respect of any Additional Mortgage Loans, the data tape in respect of such Additional Mortgage Loans provided with the relevant Additional Mortgage Loan Sale Notice, are complete, true and accurate in all material respects on the Portfolio Reference Date or, in respect of an Additional Mortgage Loan, the Additional Mortgage Loan Cut-Off Date in respect of when such Additional Mortgage Loan was sold to the Issuer.
- (b) Prior to the making of each Mortgage Loan, each Mortgage Loan was originated by the Originator on its own account and in the ordinary course of its unregulated buy-to-let secured lending business in accordance with the Originator's then current lending criteria (the "**Lending Criteria**") and all preconditions to the making of the Mortgage Loan were satisfied in all material respects, subject only to such exceptions and waivers as would be acceptable to a Prudent Mortgage Lender.
- (c) Unless a Borrower is a corporate borrower and the requirements of paragraph (d) are satisfied, each Borrower is a natural person who, in respect of the first applicant was at least 21 years of age at the date such Borrower submitted the relevant mortgage application, and in respect of any subsequent applicants, was at least 18 years of age at the date such Borrower submitted the relevant mortgage application.
- (d) Prior to making a Mortgage Loan in respect of which the Borrower is a corporate borrower:
 - (i) such Borrower is a private company incorporated with limited liability in England and Wales and Scotland;
 - (ii) the Legal Title Holder has not received written notice of any steps having been taken for the liquidation or winding-up of, or the making of an administration 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) prior to making the initial advance to such Borrower, the Legal Title Holder instructed solicitors to conduct a search at Companies House in relation to such Borrower which revealed that no notices of appointment of a liquidator, administrator, administrative receiver or receiver had been filed and that no resolution had been passed to wind up the Borrower;
 - (iv) in relation to such Borrower, the solicitor acting for the Legal Title Holder satisfied himself or herself that (a) a meeting of the board of directors of the Borrower had resolved to approve the Mortgage Loan and the related Mortgage 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;

- (v) prior to making the initial advance to such Borrower, the Legal Title Holder, 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
 - (vi) the particulars of the relevant Mortgage were registered with Companies House within 21 days of the date of the grant of the Mortgage.
- (e) The amount of each Mortgage included in each Mortgage Loan has been fully advanced, released and disbursed to or to the order of the relevant Borrower and no Mortgage Loan contains an obligation on the part of the Legal Title Holder to make any further advance or pay or repay any amount (including, without limitation, in relation to cashback payments, interest, fees, charges and refunds) to any Borrower.
 - (f) In respect of Mortgages Loans in the Mortgage Portfolio originated prior to 15 December 2020 and sold to the Issuer on the Closing Date only, at least one monthly payment due in respect of each Mortgage Loan has been paid by the relevant Borrower.
 - (g) So far as the Beneficial Title Seller is aware, no Borrower is in breach of any obligation under a Mortgage Loan which would materially adversely affect such Mortgage Loan, except that (i) a failure by a Borrower to pay a Monthly Payment and (ii) any breach that is being handled by such ordinary course enforcement actions as would be taken by a Prudent Mortgage Lender, shall not be considered a breach of an obligation under the relevant Mortgage Loan for the purpose of this Asset Warranty.
 - (h) Each Mortgage Loan and its Related Security constitutes legal, valid, binding and enforceable obligations of the Borrower except that enforceability may be limited by (i) bankruptcy or insolvency of the Borrower and (ii) the court's discretion in relation to the granting or enforcement of an order or decree for possession or in relation to equitable or other discretionary remedies and no warranty is given (without prejudice to the general warranty as to the enforceability of the Mortgage Loan and Related Security itself) that any early repayment charges or default or administration fees or charges are legal, valid, binding or enforceable or that any individual terms of Mortgage Loans or Mortgages which are in substantially the same terms as the Standard Documentation are legal, valid, binding or enforceable.
 - (i) The rate of interest under each Mortgage Loan is charged in accordance with the Standard Documentation, subject to the terms of any offer letter, payment concession or forbearance arrangement in relation thereto.
 - (j) No Mortgage Loan is:
 - (i) a credit agreement which constitutes a "regulated mortgage contract" as defined in in article 61 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) ("**RAO**");
 - (ii) a "regulated credit agreement" (as defined in section 8 of the CCA and article 60B of the RAO) and no agreement for a Mortgage Loan is wholly or partly regulated by the CCA or treated as such;
 - (iii) a "consumer buy-to-let mortgage contract" as defined for the purposes of the Mortgage Credit Directive Order 2015; or

- (iv) a "consumer credit back book mortgage contract" as defined for the purposes of the Mortgage Credit Directive Order 2015.
- (k) All formal approvals, consents and other steps necessary to permit a legal or equitable or beneficial transfer or declaration of trust or other disposal as and in the manner contemplated by the Mortgage Sale Agreement, of the Mortgage Loans and their related Mortgages and other Related Security to be sold under the Mortgage Sale Agreement have been obtained or taken and there is no requirement in order for the transfer or trust to be effective to obtain the consent of the Borrower before, on or after any equitable transfer or before any legal transfer or declaration of trust of the Mortgage Loans and their related Mortgages and other Related Security and such transfer, trust or disposal shall not give rise to any claim by the Borrower against the Issuer or any of its successors in title or assigns.
- (l) Subject in certain appropriate cases to the completion of an application for registration or recording at the Land Registry, each Mortgage is a valid and subsisting first ranking charge by way of legal mortgage in relation to the liabilities, Mortgage Loans, advances (including any Further Advances), interest, costs and expenses secured by such Related Security and is not subject to any prior ranking charge.
- (m) In relation to each Mortgage Loan, the Borrower has good and marketable title to the Property (subject to, where applicable, registration of the title at the Land Registry and, in such cases, so far as the Beneficial Title Seller is aware, there is nothing to prevent that registration or recording being effected) free from any Security Interest (except the Mortgage and any subsequent ranking mortgage) which would materially adversely affect such title and, without limiting the foregoing, in the case of a leasehold Property:
 - (i) the lease cannot be forfeited on the bankruptcy of the tenant; and
 - (ii) any requisite consent of the landlord to, or notice to the landlord of, the creation of the Related Security has been obtained or given.
- (n) The Legal Title Holder has not agreed to waive any of its rights against any valuer, solicitor, licensed conveyancer or other professional who has provided information, carried out work or given advice in connection with any Mortgage Loan or Related Security.
- (o) Prior to the granting of each Mortgage, the Legal Title Holder received a Valuation Report on the relevant Property (or such other form of report as would be acceptable to a Prudent Mortgage Lender), the contents of which were such as would be in all material respects acceptable to a Prudent Mortgage Lender.
- (p) At the time of making the Mortgage Loan the relevant Property was insured under a buildings insurance policy satisfying the applicable requirements set out in the Lending Criteria and the Mortgage Conditions.
- (q) Each Mortgage Loan is secured by a Mortgage on a buy-to-let residential real property in England or Wales.
- (r) The Legal Title Holder (or the Servicer on its behalf) has not received notice of any litigation, claim, complaint or dispute (in each case, subsisting, pending or threatened) in relation to any Borrower, Property, Mortgage Loan or Related Security which (if adversely determined) a Prudent Mortgage Lender would consider likely to have a material adverse impact on the recoverability of sums payable under that Mortgage Loan.
- (s) Each Mortgage Loan and its related Mortgage and other Related Security has been made on substantially the terms set out in the Standard Documentation without any material variation

thereto and nothing has been done subsequently to add to, lessen, modify or otherwise vary the express provisions of such Mortgage Loan any of the same in any respect, subject to:

- (i) any product-specific amendments or additions to the terms and conditions of any Mortgage Loans including without limitation variations of interest rates, payment profiles and maturity dates;
 - (ii) any modification or variation made pursuant to the Originator's usual administration practices; and
 - (iii) any variation made following regular legal and regulatory compliance review.
- (t) Prior to the completion of each Mortgage Loan:
- (i) all investigations, searches and other actions and enquiries which a Prudent Mortgage Lender normally requires its solicitors or licensed conveyancers to carry out when lending to an individual (or, where one or more of the Borrowers in respect of the Mortgage Loan is not an individual, to the relevant type of Borrower) on the security of property in England and Wales were carried out for and on behalf of the Legal Title Holder by a licensed conveyancer or solicitor; and
 - (ii) the Legal Title Holder obtained from a solicitor or licensed conveyancer a report on title or a Certificate of Title addressed to the Legal Title Holder in relation to the relevant Property, the contents of which did not disclose any matter which would (if applicable, after further investigation) have caused a Prudent Mortgage Lender to decline to proceed with that prospective Mortgage Loan on the proposed terms; or to the extent that it did disclose any such matter, the relevant Mortgage includes legal, valid and binding insurance cover under a mortgage title defects insurance policy which is enforceable in accordance with its terms in respect of all losses which could arise to the creditor under the relevant Mortgage Loan by virtue of such matter.
- (u) Each Mortgage Loan is a Fixed Rate Mortgage Loan or a floating rate loan with the interest rate referable to the Bank of England base rate or LIBOR.
- (v) Each Mortgage Loan is a Repayment Mortgage Loan or an Interest Only Mortgage Loan.
- (w) Except where lodged with the Land Registry, the Title Deeds and the Loan Files in respect of the Mortgage Loans are held by the Legal Title Holder, or held to its order, save for those Title Deeds and Loan Files held or being dealt with by the Legal Title Holder's advisers or agents.
- (x) Immediately prior to the transfer of the Mortgage Loans pursuant to the Mortgage Sale Agreement, the Beneficial Title Seller was the absolute beneficial owner of the Mortgage Loans, their related Mortgages and their Related Security free and clear of all equities and Security Interests or other adverse right or interest, including but not limited to any lien or right of set-off, rescission, defence or counterclaim, subject to the Mortgage Sale Agreement and the Borrowers' equity of redemption in relation to that Mortgage.
- (y) Where the Borrower's title to a Property is leasehold, the term of the lease does not end earlier than 40 years following the end of the term of the Mortgage Loan with respect to such Property.
- (z) The Legal Title Holder has not knowingly waived or acquiesced in any breach of any of its rights in respect of a Mortgage Loan or its Related Security, other than waivers and acquiescence such as a Prudent Mortgage Lender might make on a case-by-case basis.
- (aa) No Security Interest or other adverse right or interest (including, without limitation, any lien, right of set-off, rescission, defence or right of counterclaim) has been created, arisen or subsists

between the Legal Title Holder and any Borrower which would entitle the Borrower to reduce the amount payable or repayable under a Mortgage Loan.

- (bb) No Borrower is an employee of the Legal Title Holder.
- (cc) All Mortgage Loans were at the time of origination, and are, denominated in Sterling.
- (dd) All steps necessary to perfect the Legal Title Holder's title to the Mortgage Loans and the Related Security were duly taken at the appropriate time or are in the process of being taken within the appropriate time limits with all due diligence and, neither the Legal Title Holder nor the Beneficial Title Seller is aware of any circumstance which means that it is likely not to be done by such appropriate time.
- (ee) Keystone Property Finance Limited is (subject to the Borrower's equity of redemption and, in appropriate cases, completion of an application for registration or recording at the Land Registry) the legal title holder in respect of the Mortgage Loans.
- (ff) The origination, documentation and administration of each Mortgage Loan or any variation of such agreement fully complies, where relevant, with all the applicable laws and regulations.
- (gg) The Mortgage Loans do not include Self-Certified Mortgage Loans.
- (hh) At origination of each Mortgage Loan, variable direct debit instructions in favour of the Legal Title Holder were completed in respect thereof and such completed variable direct debit instructions were held by or on behalf of the Legal Title Holder.
- (ii) To the best of the knowledge, information and belief of the Beneficial Title Seller, there is no instance of fraud or fraudulent misrepresentation in respect of a Mortgage Loan or a Borrower which would result in any monies owed by any of the Borrowers not being or being unlikely to be repaid in full under the terms of any of the Mortgage Loans.

Where the Beneficial Title Seller has made a cash payment in relation to a Mortgage Loan in an amount equal to the Repurchase Price of the relevant Mortgage Loan due to a breach of Asset Warranty or has agreed to indemnify the Issuer against all Liabilities relating to the breach of Asset Warranty up to an amount equal to the Repurchase Price of the relevant Mortgage Loan, the Beneficial Title Seller shall not be required to repurchase (or make any further cash payment in respect of) the relevant Mortgage Loan due to a breach of any other Asset Warranty in respect of such Mortgage Loan.

"Borrower" means, in relation to a Mortgage Loan, the person or persons named as such in the relevant Mortgage Loan, Mortgage or Mortgage Conditions and to whom such Mortgage Loan is advanced together with any person or persons from time to time (including where applicable as guarantor or otherwise as surety) assuming the obligations of any borrower to repay such Mortgage Loan or any part of.

"Certificate of Title" means a solicitor's or licensed conveyancer's report or certificate of title obtained by or on behalf of the Originator in respect of each Property substantially in the form of the pro forma set out in the Standard Documentation.

"Current Balance" means:

- (a) in relation to a Mortgage Loan, on any date, the aggregate balance of that Mortgage Loan at such date (but avoiding double counting) including:
 - (i) the original amount advanced to the relevant Borrower and any further amount advanced on or before the given date to the relevant Borrower secured or intended to be secured by the related Mortgage;

- (ii) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been properly capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent and added to the amounts secured or intended to be secured by the related Mortgage; and
- (iii) any other amount (including, for the avoidance of doubt, accrued interest and arrears of interest) which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent but which is secured or intended to be secured by the related Mortgage,

in each case, as at the end of the Business Day immediately preceding that given date less any repayment or payment of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any retentions made but not released; and

- (b) in relation to the Mortgage Portfolio and on any day, the aggregate of the Current Balances in respect of the Mortgage Loans contained in that Mortgage Portfolio.

"Current Principal Balance" means, in relation to a Mortgage Loan, on any date, the aggregate balance of that Mortgage Loan at such date (but avoiding double counting) including:

- (a) the original amount advanced to the relevant Borrower and any further amount advanced on or before the given date to the relevant Borrower secured by the related Mortgage and Related Security; and
- (b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been properly and lawfully capitalised in accordance with the relevant Mortgage Conditions, or with the relevant Borrower's consent and added to the amounts secured or intended to be secured by the related Mortgage and Related Security,

as at the end of the Business Day immediately preceding that given date less any repayment or payment of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any retentions made but not released.

"December Portfolio" means a portfolio of Mortgage Loans originated on or prior to 31 December 2020.

"Fixed Rate Mortgage Loan" means a Mortgage Loan or any sub-account(s) of such Mortgage Loan subject to a fixed rate of interest for a specified period of time, and upon expiry of the fixed rate period the interest rate shall be subject to a rate linked to LIBOR (prior its discontinuation) or the base rate of the Bank of England.

"Further Advance" means, in relation to a Mortgage Loan, any advance of further money to the relevant Borrower (including any commitment to fund any further amount which has not yet been advanced or any further amount advanced but not yet drawn) following the making of the initial advance, which is made on the same product type as the original Mortgage Loan and secured by the same Mortgage as the initial advance, but does not include the amount of any retention advanced to the relevant Borrower as part of the initial advance after completion of the Mortgage.

"LIBOR" means London Interbank Offered Rate.

"Loan Files" means the file or files relating to each Mortgage Loan (including files kept in microfiche format or similar electronic data retrieval system or the substance of which is transcribed and held on an electronic data retrieval system) containing *inter alia* correspondence between the Borrower and the Legal Title Holder including mortgage documentation applicable to the Mortgage Loan, each letter of offer for that Mortgage Loan, the Valuation Report (if applicable) and, to that extent available, the solicitor's or licensed conveyancer's certificate of title.

"**LTV**" means the ratio, expressed as a percentage, which the amount of a Mortgage Loan at a specific date bears to the lower of the valuation of the relevant Property at origination of the Mortgage Loan and the sale price of such Property.

"**Monthly Payment**" means the amount which the relevant Mortgage Conditions require a Borrower to pay on each monthly payment date in respect of that Borrower's Mortgage Loan.

"**Moody's**" means Moody's Investors Service Limited.

"**Mortgage Offer**" means the offer letter sent to the relevant Borrower setting out details of the specific terms of the mortgage loan including, but not limited to, the interest rate term, repayment terms and product type.

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

- (a) agreed with a Borrower to control or manage arrears on the Mortgage Loan;
- (b) in the maturity date of the Mortgage Loan;
- (c) imposed by statute;
- (d) in the rate of interest payable (a) as a result of any variation in Compounded Daily SONIA or other benchmark rate which such Mortgage Loan is linked to or (b) where the terms of the Mortgage Loan change the rate of interest payable by a Borrower on termination of a period of a fixed rate of interest or an interest discount for a fixed period of time; or
- (e) in the frequency with which the interest payable in respect of the Mortgage Loan is charged.

"**Prudent Mortgage Lender**" means a reasonably prudent residential buy-to-let mortgage lender lending to borrowers in England and Wales who generally satisfies the lending criteria of traditional sources of residential mortgage capital.

"**Regulatory Authority**" means the Financial Conduct Authority ("**FCA**") or the Prudential Regulation Authority ("**PRA**"), as applicable, or any replacement thereto.

"**Repayment Mortgage Loan**" means a Mortgage Loan where the Borrower makes monthly payments of both interest and principal so that, when the Mortgage Loan matures, the full amount of the principal of the Mortgage Loan will have been repaid.

"**Security Interest**" means any mortgage, sub-mortgage, charge, sub security, pledge, lien (other than a lien arising in the ordinary course of business or by operation of law) or assignment by way of security or other encumbrance or security interest howsoever created or arising.

"**Self-Certified Mortgage Loan**" means a mortgage loan marketed and underwritten on the premise that the applicants and/or intermediaries representing them were made aware prior to the Originator's underwriting assessment commencing that the information provided by the loan applicant might not be verified by the lender.

"**Standard Documentation**" means the documentation listed in Annexure 1 (*Standard Documentation*) to the Mortgage Sale Agreement which have been used by the Originator from time to time in connection with its activities as lender and on which each Mortgage Loan and its Related Security comprised in the Mortgage Portfolio has been granted or is outstanding.

"**Step-Up Date**" means the first Optional Redemption Date.

"**Title Deeds**" means, in relation to each Mortgage Loan and its Related Security and the Property relating thereto, all conveyancing deeds and documents which relate to the title to the Property and the security for the Mortgage Loan (other than in respect of matters which are evidenced electronically by

the Land Registry) and all searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage.

"Valuation Report" means the valuation report or reports for mortgage purposes obtained by the Legal Title Holder (or the Servicer on its behalf) from a valuer in respect of each Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a Prudent Mortgage Lender and which has been approved by the relevant officers of the Legal Title Holder (or the Servicer on its behalf).

Repurchase or Indemnity for Breach of Asset Warranties

Subject to the option of the Beneficial Title Seller set out below, if it is determined that a Mortgage Loan sold to the Issuer on the Closing Date had breached any of the Asset Warranties as at the Closing Date or an Additional Mortgage Loan sold to the Issuer on an Additional Mortgage Loan Purchase Date had breached any of the Asset Warranties as at such Additional Mortgage Loan Purchase Date, the Issuer shall promptly serve a notice on the Beneficial Title Seller (the **"Issuer's Initial Notice"**). Where (i) such breach is not capable of remedy, (ii) the Beneficial Title Seller does not serve a counter-notice on or before the 45th Business Day after the date of the Issuer's Initial Notice, or (iii) such breach has not been remedied by the Beneficial Title Seller within 60 days of serving a counter-notice on the Issuer (following receipt by the Beneficial Title Seller of an initial notice of breach from the Issuer) under the Mortgage Sale Agreement, then the Issuer shall serve a notice on the Beneficial Title Seller (the **"Mortgage Loan Repurchase Notice"**) requiring the Beneficial Title Seller to repurchase (or make a cash payment in relation to) such Mortgage Loan at the Repurchase Price on or before the Monthly Payment Date following receipt by the Beneficial Title Seller of such Mortgage Loan Repurchase Notice.

Upon receipt of a Mortgage Loan Repurchase Notice in respect of a breach of any of the Asset Warranties, the Beneficial Title Seller may opt instead of effecting a repurchase of (or making a cash payment in relation to) the Mortgage Loan, to indemnify and keep indemnified the Issuer against all Liabilities relating to the breach of Asset Warranty provided that such election is made no later than the date on which the Beneficial Title Seller would otherwise have become required to repurchase (or make a cash payment in relation to) the Mortgage Loan and further provided that the amount payable by the Beneficial Title Seller pursuant to such indemnity in aggregate in respect of any Mortgage Loan (including where there have been multiple breaches over time) shall not exceed the amount that would have been payable by the Beneficial Title Seller if it had repurchased (or made a cash payment in relation to) such Mortgage Loan at the Repurchase Price calculated as at the Monthly Payment Date following receipt by the Beneficial Title Seller of the most recent Mortgage Loan Repurchase Notice was delivered in respect of such Mortgage Loan.

Where the Beneficial Title Seller has made a cash payment in an amount equal to the Repurchase Price in relation to a Mortgage Loan due to a breach of Asset Warranty, the Beneficial Title Seller shall not be required to repurchase (or make any further cash payment in respect of) the relevant Mortgage Loan due to a breach of any other Asset Warranty in respect of such Mortgage Loan. However, where the Beneficial Title Seller has elected to indemnify and keep indemnified the Issuer due to a breach of Asset Warranty in respect of a Mortgage Loan, it will be required to either repurchase (or make a cash payment in relation to) or agree to a further indemnity in the event of a subsequent breach of another Asset Warranty in respect of such Mortgage Loan.

Product Switches

As at the date of this Prospectus, the Legal Title Holder is not permitted to accept requests from Borrowers for, or permit or implement, Product Switches, without the consent of the Beneficial Title Seller, in respect of a Mortgage Loan.

Product Switches

If a Product Switch is implemented in respect of a Mortgage Loan, the Legal Title Holder will be required to give notice to the Issuer, the Trustee and the Beneficial Title Seller pursuant to the Mortgage Sale Agreement, such notice to be given on a monthly basis on the last Business Day of each calendar month detailing all Mortgage Loans in respect of which a Product Switch was implemented in the past month since the most recent notice (if any). The Issuer shall as soon as reasonably practicable thereafter serve a notice on the Beneficial Title Seller (a "**Product Switch Repurchase Notice**") requiring the Beneficial Title Seller to, at its option, either (i) repurchase the relevant Mortgage Loan and its Related Security at the Repurchase Price or (ii) make a cash payment to the Issuer's Transaction Account equal to the Repurchase Price but shall not repurchase the relevant Mortgage Loan and its Related Security, in each case on or before the Monthly Payment Date following receipt by the Beneficial Title Seller of such Product Switch Repurchase Notice.

"**Monthly Payment Date**" means the 15th Business Day of each calendar month.

Further Advances

The Legal Title Holder or the Servicer (on behalf of the Legal Title Holder) is not permitted to accept a request for or implement a Further Advance in respect of a Mortgage Loan.

Servicer Float

In addition to the Mortgage Portfolio, the Issuer shall also purchase the beneficial interest to an amount equal to £30,000 standing to the credit of the Collection Account (the "**Servicer Float**") on the Closing Date from the Beneficial Title Seller pursuant to the Mortgage Sale Agreement. The amount of the Servicer Float shall be maintained at £30,000 using Principal Collections and, if required, Revenue Collections and the Servicer shall be entitled to exclude from any transfer of collections to the Issuer the amount required to maintain the Servicer Float at such level.

Third Party Interest

As a consequence of neither the Issuer nor the Trustee obtaining legal title to the Mortgages and not registering or recording their respective interest at the Land Registry a *bona fide* purchaser from the Legal Title Holder (or until such registration or recording of the title of the Legal Title Holder is complete, a *bona fide* purchaser from any previous owner of the Mortgage Loans) for value of any of such Mortgage Loans without notice of any of the interests of the Legal Title Holder (where registration or recording of the title of the Legal Title Holder to any Mortgages is incomplete), the Issuer or the Trustee might obtain a good title free of any such interest. Further, the rights of the Legal Title Holder, the Issuer and the Trustee may be or become subject to equities (for example, rights of set off as between the relevant Borrowers or insurance companies and the Legal Title Holder (or any previous owner of the Mortgage Loans)). However, the risk of third party claims obtaining priority to the interests of the Issuer or the Trustee would be likely to be limited to circumstances arising from a breach by the Legal Title Holder (or any previous owner of the Mortgage Loans) of its contractual obligations or fraud, negligence or mistake on the part of the Legal Title Holder (or any previous owner of the Mortgage Loans) or the Issuer or their respective personnel or agents.

Limited recourse

The Issuer may not have any direct rights (under general law or in contract) against any solicitors or valuers who, when acting for the Legal Title Holder in relation to the origination of any Mortgage Loan, may have been negligent or fraudulent. However, and notwithstanding the absence of any such direct rights, the Legal Title Holder has, to the extent assignable, assigned its causes and rights of actions against third parties in respect of the Mortgage Loans to the Beneficial Title Seller, who in turn has assigned such causes and rights of actions to the Issuer pursuant to the Mortgage Sale Agreement.

Governing Law

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

INFORMATION RELATING TO THE REGULATION OF MORTGAGES IN THE UK

Regulation of buy-to-let mortgages

Buy-to-let mortgage loans can fall under several different regulatory regimes. They can be:

- unregulated;
- regulated by the Consumer Credit Act 1974 (the "CCA") as a regulated credit agreement – as defined by article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the "RAO") (a "**Regulated Credit Agreement**");
- regulated by the FSMA as a regulated mortgage contract - as defined by article 61 RAO) (a "**Regulated Mortgage Contract**"); or
- regulated as a consumer buy-to-let mortgage contract under the consumer buy-to-let regime – as defined by the Mortgage Credit Directive Order 2015 (a "**Consumer Buy-to-Let Loan**").

The Mortgage Portfolio comprises Mortgage Loans that the Beneficial Title Seller believes are unregulated buy-to-let mortgages, the Beneficial Title Seller has given warranties in the Mortgage Sale Agreement that no agreement for any Mortgage Loan is in whole or in part a Regulated Mortgage Contract, a consumer buy-to-let mortgage or a Regulated Credit Agreement ("**Regulated Agreements**"). If any of the Mortgage Loans are in fact Regulated Agreements, then breach of the relevant regulations could give rise to a number of consequences (as applicable), including but not limited to: unenforceability of the Mortgage Loans, interest payable under the Mortgage Loans being irrecoverable for certain periods of time, or borrowers being entitled to claim damages for losses suffered and being entitled to set off the amount of their claims against the amount owing by the borrower under the Mortgage Loans, all of which may adversely affect the ability of the Issuer to make payments in full on the Notes when due.

Unregulated buy-to-let mortgage loans

Many buy-to-let mortgage loans will be unregulated because they do not meet the criteria for a Regulated Credit Agreement, Regulated Mortgage Contract or Consumer Buy-to-Let Loan. There are, however, still some regulated activities that apply to unregulated buy-to-let mortgage loans. The relevant activities in respect of the Mortgage Loans being debt administration and debt collection. The Servicer and Issuer will be excluded as lender from the regulated activities of debt administration and debt collection in respect of any unregulated loan.

FCA guidance on mortgages and coronavirus

On 20 March 2020 the FCA published new guidance for, *inter alia*, mortgage lenders and administrators entitled '*Mortgages and coronavirus: our guidance for firms*', in connection with the ongoing outbreak of COVID-19 in the UK. This guidance was updated on 4 June 2020, on 16 June 2020 and again on 17 November 2020, such update coming into effect on 20 November 2020 (the "**FCA Payment Deferral Guidance**"). Amongst other things, this guidance provides that mortgage lenders are required, where an eligible borrower is experiencing or reasonably expects to experience payment difficulties as a result of circumstances relating to COVID-19, and wishes to receive a payment deferral, to grant a borrower a payment deferral for three monthly payments, unless the mortgage lender agrees with the borrower a different option that the lender reasonably considers to be in the best interests of the borrower. A request for a full or partial payment deferral for three monthly payments may be made by a borrower at any time until 31 March 2021. The FCA Payment Deferral Guidance provides that: (i) borrowers who have not yet had a payment deferral will be eligible for payment deferrals of 6 months in total; (ii) those borrowers who currently have a payment deferral will be eligible to top up to 6 months in total; (iii) those borrowers who have previously had payment

deferrals of less than 6 months will be able to top up, as long as total deferrals do not exceed 6 months. This includes those borrowers receiving tailored support and those who are behind on payments; and (iv) borrowers who have already had 6 months of payment deferrals will not be eligible for a further payment deferral. Lenders should provide tailored support to those borrowers who are in financial difficulty and not eligible for a payment deferral under the FCA Payment Deferral Guidance appropriate to their circumstances. This may include the option to defer further payments. Borrowers will have until 31 March 2021 to apply for an initial or a further payment deferral. After that date, they will be able to extend existing deferrals to 31 July 2021, provided these extensions cover consecutive payments, and subject to the maximum 6 months allowed. The FCA advise that borrowers who have not yet taken a deferral, and who think they need the full 6 months should apply in good time before their February 2021 payment is due.

Interest will continue to accrue on the sum temporarily unpaid as the result of a payment deferral, however no additional fee or charge may be levied. Any missed payments arising under such payment deferrals will not constitute arrears and will not be reported as such to Covered Bondholders (except in relation to loans that were in arrears when the payment deferral was granted, for which the arrears accrued before the start of the payment deferral period will continue to be reported as arrears, but the missed payments during the payment deferral period will not be treated as an increase in arrears).

In addition, the FCA's guidance provides that firms should not commence or continue repossession proceedings against borrowers before 31 January 2021, irrespective of the stage that repossession proceedings have reached and of any step taken in pursuit of repossession. Where a possession order has already been obtained, the FCA state that firms should refrain from enforcing it. The only exception to delaying proceedings is where a borrower has specifically requested that the repossession proceedings continue.

On 16 September 2020, additional guidance for firms entitled: *'Mortgages and coronavirus: additional guidance for firms'* came into force (the "**Tailored Support Guidance**") to supplement the FCA Payment Deferral Guidance. The Tailored Support Guidance was updated on 17 November 2020, such update coming into effect on 20 November 2020. The Tailored Support Guidance applies to firms dealing with borrowers facing payment difficulties due to circumstances related to coronavirus who are not receiving payment deferrals under the FCA Payment Deferral Guidance, including where they are not or are no longer eligible for payment deferral. The Tailored Support Guidance is designed to enable firms to continue to deliver short and long-term support to borrowers affected by the evolving coronavirus pandemic and the Government's response to it. It is intended to support firms to treat borrowers affected by coronavirus fairly and to help borrowers to bridge the crisis to get back to a more stable financial position. If the borrower indicates that they continue or reasonably expect to continue, to face payment difficulties after receiving payment deferrals under the FCA Payment Deferral Guidance, then the Tailored Support Guidance applies and unless the borrower objects, the lender may capitalise the deferred amounts.

The Tailored Support Guidance provides that at the end of the payment deferral period, no payment shortfall for the purposes of MCOB 13 will arise, where the accrued amounts are repaid (this includes where sums are capitalised) before the next payment is due. In all other cases, lenders should regard those accrued amounts as a payment shortfall under MCOB 13 once the next payment falls due. The FCA expects lenders to be flexible and employ a full range of short and long-term forbearance options to support their borrowers and minimise avoidable financial distress and anxiety experienced by customers in financial difficulty as a result of coronavirus. This may include short term arrangements under which the lender permits the customer to make no or reduced payments for a specified period. However it should be noted that where after the end of a payment deferral period under the FCA Payment Deferral Guidance, a lender agrees to the customer making no or reduced payments for a further period (without changing the sums due under the contract) this will cause a payment shortfall that will be subject to MCOB 13.

The Tailored Support Guidance further provides in respect of deferral shortfalls (amount added to the shortfall because of any payment deferrals) that unless the borrower is unreasonably refusing to engage with the lender in relation to addressing the shortfall, a lender should not repossess the property without the borrower's consent solely because of a deferral shortfall. Further, in considering whether and when steps to repossess the property should be taken and whether all other reasonable attempts to resolve the position have failed, lenders should take into account that the shortfall arose by agreement with the lender and in exceptional circumstances and the borrower was not expected to address the shortfall during the payment deferral period and so may have had less time to address it.

The FCA makes clear in the FCA Payment Deferral Guidance and the Tailored Support Guidance that it expects lenders of both owner-occupied and buy-to-let mortgage loans to act in a manner consistent with the guidance.

Unfair Relationships

Under the Consumer Credit Act 1974, 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 and regulated home purchase plans under the FSMA. If the court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order, among other things, requiring the 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 conduct of the creditor (or anyone acting on behalf of the creditor) before and after making the 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 Unfair Terms in Consumer Contracts Regulations 1994 and 1999 (the "UTCCR"). The courts may, but are not obliged to, look solely to the CCA for guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the Financial Services Authority and, as of 1 April 2013, the FCA on that principle and by the Office of Fair Trading on the unfair relationship test, may also be relevant. Under the CCA, once the debtor alleges that an "unfair relationship" exists, the burden of proof is on the creditor to prove the contrary.

Plevin v Paragon [2014] UKSC 61, a Supreme Court judgment, has clarified that compliance with the relevant regulatory rules by the creditor (or a person acting on behalf of the creditor) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules.

If a court determines that there was an unfair relationship between the creditor and the Borrowers in respect of the Mortgage Loans and orders that financial redress be made in respect of such Mortgage Loans, such redress may adversely affect the ultimate amount received by the Issuer in respect of the relevant Mortgage Loans and the realisable value of the Mortgage Portfolio and/or the Issuer's ability to make payment in full on the Notes when due.

Repossessions policy

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

The protocol in the Repossession Act 2010 may have adverse effects in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Mortgage Loans may result in delayed or lower recoveries and a lower repayment rate on the Notes.

Investors should note, as at the date of this Prospectus, the FCA's COVID-19 guidance to firms entitled "*Mortgages and Coronavirus: Tailored Support Guidance*" which came into force on 20 November 2020 in response to the COVID-19 outbreak in the UK states that firms should not absent exceptional circumstances (such as a customer requesting that the proceedings continue) enforce repossession and should not seek, or enforce, a warrant for possession or a warrant of restitution against customers before 31 January 2021. Firms may commence or re-commence and continue repossession proceedings, up to and including obtaining a possession order, as long as they act in accordance with the guidance, the Mortgage Conduct of Business 13: Arrears and possessions and applicable pre-action protocols. This applies irrespective of the stage that repossession proceedings have reached and to any step taken in pursuit of repossession. Where a possession order has already been obtained, firms should refrain from enforcing it. The FCA makes clear in the guidance that it expects lenders of both owner-occupied and buy-to-let mortgage loans to act in a manner consistent with these requirements.

The Renting Homes (Wales) Act 2016

The Renting Home (Wales) Act (the "**Renting Homes Act**") received royal assent on 18 January 2016 but has not yet been brought 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 into force, however some tenancies will not be converted with retrospective effect (including those which have Rent Act 1997 protection 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.

Assured Shorthold Tenancy (AST)

Depending on the level of ground rent payable at any one time it is possible that a long leasehold in England and Wales may also be an Assured Tenancy ("**AT**") or Assured Shorthold Tenancy ("**AST**") under the Housing Act 1988 ("**HA 1988**"). If it is, this could have the consequences set out below.

- a) A tenancy or lease will be an AT if granted after 15 January 1989 and:
- b) the tenant or, as the case may be, each of the joint tenants is an individual;
- c) the tenant or, as the case may be, at least one of the joint tenants occupies the dwelling-house as their only or principal home; and
- d) if granted before 1 April 1990:
- e) the property had a rateable value at 31 March 1990 lower than £1,500 in Greater London or £750 elsewhere; and
- f) the rent payable for the time being is greater than 2/3rds of the rateable value at 31 March 1990;
- g) if granted on or after 1 April 1990 the rent payable for the time being is between £251 and £100,000 inclusive (or between £1,001 and £100,000 inclusive in Greater London).

There is no maximum term for an AT and therefore any lease can constitute an AT if it satisfies the relevant criteria.

Since 28 February 1997 all ATs will automatically be ASTs (unless the landlord serves notice to the contrary) which gives landlords the right to recover the property at the end of the term of the tenancy. The HA 1988 also entitles a landlord to obtain an order for possession and terminate an AT/AST during its fixed term on proving one of the grounds for possession specified in section 7(6) of the HA 1988. The ground for possession of most concern in relation to long leaseholds is Ground 8 – namely that if the rent is payable yearly (as most ground rents are), at least three months' rent is more than three months in arrears both at the date of service of the landlord's notice and the date of the hearing.

Most leases in England and Wales give the landlord a right to forfeit the lease if rent is unpaid for a certain period of time but the courts normally have power to grant relief, cancelling the forfeiture as long as the arrears are paid off. There are also statutory protections in place to protect long leaseholders from unjustified forfeiture action. However, an action for possession under Ground 8 is not the same as a forfeiture action and the court's power to grant relief does not apply to Ground 8. In order to obtain possession, the landlord will have to follow the notice procedure in section 8 of the HA 1988 and, if the tenant does not leave on expiry of the notice, apply for a court order. However, as ground 8 is a mandatory ground, the court will have no discretion and will be obliged to grant the order if the relevant conditions are satisfied. There is government consultation underway to review residential leasehold law in England and Wales generally and it is anticipated that this issue will be addressed as part of any resulting reforms.

Currently, however, there is a risk that where:

- a) a long lease is also an AT/AST due to the level of the ground rent;
- b) the tenant is in arrears of ground rent for more than 3 months;
- c) the landlord chooses to use the HA 1988 route to seek possession under Ground 8; and
- d) the tenant does not manage to reduce the arrears to below 3 months' ground rent by the date of the court hearing,

the long lease will come to an end and the landlord will be able to re-enter the relevant property.

Consumer Rights Act 2015

The Consumer Rights Act 2015 (the "CRA") applies to contracts entered into between traders and consumers in respect of contracts made on or after 1 October 2015.

The main provisions of the CRA came into force on 1 October 2015. The CRA significantly reforms and consolidates consumer law in the UK. The CRA involves the creation of a single regime out of the Unfair Contract Terms Act 1977 (which essentially deals with attempts to limit liability for breach of contract) and the Unfair Terms in Consumer Contracts Regulations 1999 ("UTCCR") for contracts entered into on or after 1 October 2015. The CRA is only applicable to contracts that (a) were entered into on or after 1 October 2015; or (b) were, since 1 October 2015, subject to a material variation such that they are treated as new contracts falling within the scope of the CRA. The CRA is also applicable on or after 1 October 2015, to notices of variation, such as variation of interest rate under contracts. All of the Mortgage Loans were originated on or after 1 October 2015.

Under Part 2 of the CRA an unfair term of a consumer contract (a contract between a trader and a consumer) is not binding on a consumer (an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession). Additionally, an unfair notice is not binding on a consumer, although a consumer may rely on the term or notice if the consumer chooses to do so. A term will be unfair where, contrary to the requirement of good faith, it causes significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer. In

determining whether a term is fair it is necessary to: (i) take into account the nature of the subject matter of the contract; (ii) refer to all the circumstances existing when the term was agreed; and (iii) refer to all of the other terms of the contract or any other contract on which it depends.

Schedule 2 of the CRA contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 lists "a term which has the object or effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract" although paragraph 22 of Schedule 2 provides that this does not include a term by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or the amount of other charges for financial services without notice where there is a valid reason if the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately.

A term of a consumer contract which is not on the "grey list" may nevertheless be regarded unfair.

Where a term of a consumer contract is "unfair" it will not bind the consumer. However, the remainder of the contract, will, so far as practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings have explicitly raised the issue of fairness.

Regulatory Developments

In July 2019, the FCA and the Competition and Markets Authority (the "CMA") entered into a memorandum of understanding in relation to consumer protection (the "MoU") which replaced the original memorandum of understanding entered into between the FCA and the CMA on 12 January 2016. The MoU states that the FCA will consider fairness within the meaning of the CRA, of standard terms, and within the meaning of the CRA of negotiated terms, in financial services contracts entered into by authorised firms or appointed representatives and within the meaning of the Consumer Protection from Unfair Trading Regulations 2008 (the "CPUTR"), of commercial practices in financial services and claims management services of an authorised firm or appointed representative. In the MoU "authorised" includes having an interim permission and a "relevant permission" includes an interim permission.

The FCA's consideration of fairness under the CRA 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;
- other credit related regulated activities; and
- claims management services.

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 have been removed.

The broad and general wording of the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair.

On 19 December 2018, the FCA published finalised guidance: "*Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015*" (FG 18/7), 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 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 Regulation 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".

In general, there is little reported case law on the CRA and the interpretation of each is open to some doubt. The broad and general wording of the CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term is found to be unfair for the purpose of the CRA, this may reduce the amounts available to meet the payments due in respect of the Notes. No assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Beneficial Title Seller, the Issuer and/or the Servicer and their respective businesses and operations. There can be no assurance that any such changes (including changes in regulators' responsibilities) will not affect the Mortgage Loans.

Consumer Protection from Unfair Trading Regulations 2008

On 11 May 2005, the European Parliament and Council adopted a directive on unfair business-to-consumer commercial practices (the "**Unfair Practices Directive**"). 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 was implemented into United Kingdom law through the Consumer Protection from Unfair Trading Regulations 2008 ("**CPUTR**"), which came into effect on 26 May 2008. The CPUTR prohibit certain practices which are deemed "unfair" within the terms of the

CPUTR. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but is a criminal offence punishable by a fine and/or imprisonment. 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 do not provide consumers with a private act of redress. Instead, consumers must rely on existing private law remedies based on the law of misrepresentation and duress. The Consumer Protection (Amendment) Regulations 2014 (SI No.2014/870) was laid before Parliament on 1 April 2014 and came into force on 1 October 2014. These amendments to the CPUTR give consumers a right to redress for misleading or aggressive commercial practices (as defined in the CPUTR), including a right to unwind agreements.

The Unfair Practices Directive provided for a transitional period until 12 June 2013 for the application of full harmonisation in the fields to which it applies. In March 2013, the European Commission published a report on the application of the Unfair Practices Directive, which indicated (among other things) that there is no case for further harmonisation in the fields of financial services and immovable property. No assurance can be given that the implementation of the Unfair Practices Directive into law in the UK and any further harmonisation will not have a material adverse effect on the Mortgage Loans or the manner in which they are serviced and accordingly on the ability of the Issuer to make payments to Noteholders.

Financial Ombudsman Service

Under FSMA, 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 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 money award to a complaining borrower, it is not possible to predict whether any future decision of the Ombudsman may have an adverse effect on the Mortgage Loans, the Issuer, the Servicer and their respective businesses and operations and such decision may affect the ability of the Issuer to make payments to Noteholders.

SERVICING OF THE MORTGAGE PORTFOLIO

The Servicer

The Servicer will be appointed by the Issuer and, after the service of an Enforcement Notice, the Trustee under the terms of the Servicing Agreement as their agent to service the Mortgage Loans.

The Servicer represents that it holds all regulatory authorisations, approvals, licences, consents and permissions which are necessary for it to perform its obligations under the Servicing Agreement.

The Servicer is required to administer the Mortgage Portfolio as the agent of the Issuer and, after an Event of Default, the Trustee under and in accordance with the terms of the Servicing Agreement. The duties of the Servicer include, *inter alia*:

- (a) taking all reasonable steps, in accordance with the usual procedures undertaken by a Prudent Mortgage Servicer, to collect in the name of the Legal Title Holder by direct debit into the Collection Account where a Borrower permits such collection and complying with all requirements from time to time of the Direct Debiting Scheme and recover all sums due to the Issuer including, without limitation, the institution of proceedings and/or the enforcement of any Mortgage Loan sold by the Beneficial Title Seller comprised in the Mortgage Portfolio or its Related Security; and
- (b) keeping, maintaining and separately identifying in adequate form records in relation to the Mortgage Loans and their Related Security as would be kept by a Prudent Mortgage Servicer including (i) those reflecting all monies received or paid by the Servicer in respect of the Mortgage Loans and Related Security or otherwise on behalf of the Legal Title Holder into or out of the Collection Account; (ii) the Direct Debit Float Amount and Expense Float Amount; (iii) all Title Deeds; (iv) all Mortgage Documents; (v) any information stored electronically in respect of the Mortgage Loans and Related Security; and (vi) any other Records as are required by the Service Specification or which relate to the Services as are necessary to enforce each Loan and where relevant, the Related Security;
- (c) preparing and delivering the Daily Reports, Interim Servicer Report, First Monthly Payments Report, Monthly Reports, Monthly Principal & Interest Reports, BOE Loan Level Reports, EU SR Loan Level Reports and UK SR Loan Level Reports (together the "**Reports**") to the Issuer, the Beneficial Title Seller, the Legal Title Holder, the Cash Manager and the Trustee (as applicable) in accordance with the Servicing Agreement;
- (d) notifying relevant Borrowers of any change in their Monthly Payments;
- (e) determining the amount of Principal Losses on the Mortgage Portfolio as at each Calculation Date;
- (f) implementing a complaints procedure for Borrowers in accordance with the requirements from time to time published by the FCA;
- (g) taking all reasonable steps to ensure safe custody of all title deeds and loan files in respect of the Mortgage Loans and their Related Security which are in its possession;
- (h) providing a redemption statement upon the request of a relevant Borrower or the Borrower's solicitor, licensed conveyancer or qualified conveyancer or otherwise at the discretion of the Servicer;
- (i) notifying relevant Borrowers of any other matter or thing which the applicable Mortgage Conditions require them to be notified of in the manner and at the time required by the relevant Mortgage Conditions;

- (j) providing, pursuant to the and subject to the terms of the Servicing Agreement, such information to the Cash Manager in relation to the Mortgage Portfolio as may be necessary for the Cash Manager to perform its services, and to use reasonable endeavours to assist the Cash Manager in making any determinations in relation to the Mortgage Portfolio pursuant to the Cash Management Agreement;
- (k) notifying the Issuer of the amount (if any) that any Borrower notifies the Servicer in writing has been set off against their mortgage payments pursuant to the Mortgage Conditions;
- (l) at the request of the Issuer, co-operating with and providing information regarding the Mortgage Portfolio to the Issuer's auditors; and
- (m) providing the Issuer with such other ad hoc reports and information regarding the Mortgage Portfolio in an agreed format that may be required, without imposing an additional administrative, resource or financial burden on the Servicer.

The Servicer is entitled to, with the prior written consent of the Issuer, sub-contract or delegate the performance of any of its powers and obligations under the Servicing Agreement subject to certain conditions. However, the Servicer will be responsible for the performance of the sub-contractors, and will not be relieved of any of its liabilities or obligations under the Servicing Agreement.

The Servicer will receive a fee for its services under the Servicing Agreement payable on each Interest Payment Date. Such fee is payable in accordance with the relevant Payments Priorities.

Subject to the general exclusions of liability of the Servicer as set out in the Servicing Agreement, the aggregate liability of the Servicer arising out of or in connection with the Transaction Documents, whether arising in contract, tort (including negligence) or otherwise shall be limited in the aggregate to £2,000,000 (two million pounds Sterling).

"Daily Report" means any report that is deliverable daily by the Servicer to the Legal Title Holder and (following the delivery of an Enforcement Notice) the Trustee as set out in Schedule 3 (*Reports*) to or elsewhere in the Servicing Agreement, or as otherwise agreed from time to time between the Servicer and the Issuer.

"Interim Servicer Report" means the report to be prepared by the Servicer and delivered to the Issuer and the Cash Manager (with a copy to the Beneficial Title Seller, the Legal Title Holder and the Trustee), which shall detail the Additional Mortgage Loans purchased by the Issuer on or after the first Calculation Date on an Additional Mortgage Loan Purchase Date, and further shall include sufficient information regarding those Additional Mortgage Loans to enable to Cash Manager to test the Final Mortgage Portfolio against the Mortgage Portfolio Tests, as set out in Schedule 3 (*Reports*) to the Servicing Agreement, or as otherwise agreed from time to time between the Servicer and the Issuer (the Cash Manager shall be notified of any changes to the form of such report).

"Monthly Principal & Interest Report" means the monthly principal & interest report that is deliverable monthly by the Servicer to the Issuer, the Cash Manager and the Beneficial Title Seller as set out in Schedule 3 (*Reports*) to the Servicing Agreement, or as otherwise agreed from time to time between the Servicer and the Issuer.

"Monthly Report" means the servicer report and any report (other than the Monthly Principal & Interest Report) that is deliverable monthly by the Servicer to the Issuer, the Cash Manager and the Beneficial Title Seller as set out in Schedule 3 (*Reports*) to the Servicing Agreement, or as otherwise agreed from time to time between the Servicer and the Issuer.

"Prudent Mortgage Servicer" means a reasonably prudent residential mortgage servicer who is servicing residential buy-to-let mortgage loans and their collateral security in respect of residential property in England and Wales and which have in all material respects the same or similar

characteristics to the Mortgage Portfolio and are originated, administered and held to maturity to lending standards, lending criteria and procedures as ought to have been applied in relation to the Mortgage Portfolio or, if the relevant context relates to a specific Mortgage Loan, as ought to have been applied in relation to such Mortgage Loan.

Termination and Resignation of the Servicer

The occurrence of any of the following (subject to applicable grace periods for remedy and materiality thresholds) will constitute a "**Servicer Termination Event**":

- (a) if the Servicer breaches any covenant, obligation, representation or warranty under the Servicing Agreement, which breach is materially prejudicial to the interests of the Issuer, and the Servicer does not remedy that breach, if capable of remedy, within 20 Business Days (or, for a breach of any obligation to pay any amount due to the Issuer, within five Business Days) after the date of receipt by the Servicer of written notice from the Issuer (or, following the delivery of an Enforcement Notice, from the Trustee) requiring the Servicer's non-compliance to be remedied;
- (b) the occurrence of an Insolvency Event in relation to the Servicer;
- (c) if the Servicer ceases to carry on, or resolves to cease to carry on, the business of administering mortgage loans or ceases to carry on a substantial portion of such business;
- (d) in the event, other than solely as a result of a General Change in Law, of any variation to, requirement or limitation imposed on, or withdrawal of any permission, or cancellation of required regulatory authorisations by the Servicer which adversely impact the Servicer's performance of its material obligations under the Servicing Agreement, or which puts the Issuer in breach of its obligations owed to a regulator by receiving the services under the Servicing Agreement;
- (e) if the Servicer commits any act or omission in the performance of the services that constitutes fraud, wilful default or Gross Negligence or a criminal judgment is rendered against the Servicer;
- (f) the occurrence of a Change of Control of the Servicer, which (A) results in the Issuer or any relevant party being in breach of any applicable law, or (B) has a material adverse effect on the Servicer's ability to perform its material obligations under the Servicing Agreement, provided that, if the Servicer has notified the Issuer in writing that any such Change of Control has taken place, the Issuer must deliver a termination notice within 90 Business Days following receipt of such notice or otherwise will be deemed to have consented to the Change of Control;
- (g) neither Gerry McHugh or Cindy Monk continues to work for the Servicer or any of its affiliates as an employee, director or otherwise or is no longer engaged in the provision by the Servicer of the services under the Servicing Agreement, and the Servicer has failed to suggest a suitable replacement for such individuals or other remedial measure to the reasonable satisfaction of the Issuer (acting in good faith) within two months from the relevant date of departure;
- (h) the Servicer ceases to use Phoebus as the basis of its loan administration system, and fails to implement a suitable replacement as necessary to enable it to meet its material obligations under the Servicing Agreement and which is reasonably satisfactory to the Issuer; or
- (i) if the Servicer fails to deliver a Report on three or more consecutive occasions on the relevant date due and such failure is not cured within two Business Days of such due date.

"**Change of Control**" means a change of control within the meaning of the FCA Handbook, provided that (in the case of the Servicer) no Change of Control shall be deemed to occur from:

- (a) the direct or indirect acquisition of control of Pepper (UK) Limited by Link Administration Holdings Limited or any of its affiliates;
- (b) any internal reorganisation which does not result in a change to the ultimate beneficial ownership or control of Pepper (UK) Limited; or
- (c) the listing or trading of the shares of Pepper (UK) Limited or any of its affiliates on a recognised securities exchange.

"**General Change in Law**" means any change in applicable law which is specific to a group of the Servicer's customers (of which the Issuer is one) or the services (which are the same or substantially similar to the Services) they receive.

"**Gross Negligence**" means any act, omission or other conduct of a party (for the purposes of this definition, the "**Defaulting Party**") which falls below the level of care and skill that could reasonably be expected of such party, in circumstances where that act, conduct or omission (as applicable) also shows a voluntary, deliberate and/or manifestly careless or reckless disregard by the Defaulting Party of the interests of another Party (for the purposes of this definition, the "**Non-Defaulting Party**") and could reasonably be expected to cause significant prejudice to the interests of the Non-Defaulting Party.

Subject to the fulfilment of a number of conditions, the Servicer may voluntarily resign by giving not less than 12 months' written notice to the Issuer, the Legal Title Holder and the Trustee (with a copy to the Beneficial Title Seller and the Back-Up Servicer Facilitator) (or such shorter time as may be agreed between the Servicer, the Issuer and the Trustee) provided that a substitute servicer who holds all licences, approvals, authorisations, and consents required in connection with the provision of the services has been appointed and enters into a servicing agreement on substantially the same terms as those set out in Servicing Agreement.

The Servicer may also terminate its appointment upon written notice to the Issuer, the Legal Title Holder and the Trustee upon the occurrence of any of the following events at once or at any time thereafter:

- (a) if the Issuer or the Legal Title Holder breaches any material obligation under the Servicing Agreement and such party (the "**Relevant Title Holder**") does not remedy that breach, if capable of remedy, within 20 Business Days (or, for a breach of any obligation to pay servicer fees or other amounts due and payable by it to the Servicer under the Servicing Agreement, within 10 Business Days) after the date of receipt by the Issuer and the Legal Title Holder of written notice from the Servicer;
- (b) the occurrence of an Insolvency Event in respect of the Issuer; or
- (c) if the Issuer or the Legal Title Holder commits any act or omission in the performance its obligations under the Servicing Agreement that constitutes fraud, wilful default or Gross Negligence or a criminal judgment is rendered against either; or
- (d) if, other than solely as a result of a General Change in Law, the Relevant Title Holder fails to hold any regulatory licence, permission or authorisation necessary, in the case of the Legal Title Holder to originate, hold and administer the Mortgage Loans and their Related Security, in the case of the Issuer, to hold the beneficial interest in the Mortgage Loans and their Related Security, and in the case of early Relevant Title Holder to otherwise perform its obligations hereunder.

Any such termination shall take effect on the later of (i) the date specified in the relevant termination notice; and (ii) the earlier of: (a) the expiry of 180 days from the date of the termination notice has

been given to the Issuer, the Legal Title Holder and the Trustee by the Servicer in accordance with the Servicing Agreement; and (b) the appointment by the Issuer of a substitute servicer.

Following the occurrence of a Servicer Termination Event, the Issuer (prior to the delivery of an Enforcement Notice) or (after delivery of an Enforcement Notice) the Trustee may at once or at any time thereafter deliver written notice to the Servicer on becoming aware of the relevant Servicer Termination Event to terminate the Servicer's appointment with effect from the date specified in the notice, provided that the Servicer's appointment shall not be terminated until a successor servicer (the "**Successor Servicer**") has been appointed.

Upon and following the termination of the appointment of the Servicer as servicer under the Servicing Agreement, the Issuer and the Back-Up Servicer Facilitator, if requested to do so by the Issuer, shall use its reasonable endeavours to procure the appointment by the Issuer of a Successor Servicer on substantially the same terms as those set out in Servicing Agreement.

The Issuer or (following the delivery of an Enforcement Notice) the Trustee on becoming aware of the resignation of the Servicer or the occurrence of a Servicer Termination Event shall give notice in writing to the Back-Up Servicer Facilitator of the occurrence of such resignation or Servicer Termination Event and request the Back-Up Servicer Facilitator to identify and select a Successor Servicer. Upon being so notified, the Back-Up Servicer Facilitator shall use reasonable endeavours to identify and select a Successor Servicer which satisfies the conditions set out in the Servicing Agreement within 30 calendar days of the occurrence of the resignation or applicable Servicer Termination Event and provide details of its selection (the "**Proposed Successor**") to the Issuer and the Trustee. Promptly upon being notified of the identity of the Proposed Successor the Issuer shall appoint the Proposed Successor as Successor Servicer on substantially the same terms as the Servicing Agreement.

The Trustee is not obliged to act as servicer in any circumstances.

Governing Law

The Servicing Agreement and any non-contractual obligations arising out of or in connection with the Servicing Agreement shall be governed by English law.

The registered office of the Servicer is located at Harman House, 1 George Street, Uxbridge, UB8 1QQ, United Kingdom.

CASH MANAGEMENT

On the Closing Date, the Issuer will appoint Citibank, N.A., London Branch as the cash manager (the "**Cash Manager**") to provide cash management services to the Issuer pursuant to a cash management agreement (the "**Cash Management Agreement**").

Cash Management Services

The primary obligation of the Cash Manager is to effect the transfer of monies between the relevant parties and accounts. The Cash Manager's duties will include, but are not limited to:

- (a) determining no later than the Cash Manager Determination Date the amount of the Available Revenue Funds and the amount of the Available Principal Funds and the amounts to be paid in respect of each item in the Pre-Enforcement Principal Payments Priorities and the Pre-Enforcement Revenue Payments Priorities (the "**Pre-Enforcement Payments Priorities**") on the next following Interest Payment Date;
- (b) applying Available Revenue Funds and Available Principal Funds in accordance with the order of payments set forth in the relevant Payments Priorities on each Interest Payment Date;
- (c) (on the occurrence of an Optional Portfolio Purchase) applying Available Revenue Funds and Available Principal Funds on the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date occurred in accordance with the order of payments set forth in the relevant Payments Priorities on that Interest Payment Date (provided that no amount shall be applied in respect of any Principal Addition Amounts);
- (d) maintaining the Principal Ledger, the Revenue Ledger, the Pre-Funding Principal Ledger, the Credit Ledger, the Liquidity Ledger, the Issuer Profit Ledger and the Principal Deficiency Ledger;
- (e) instructing the Issuer to make a drawing under the Class Z VFN as required;
- (f) make any determinations and calculations in respect of the Reconciliation Amount, if necessary;
- (g) testing the Mortgage Portfolio Tests against Final Mortgage Portfolio on the Portfolio Test Date; and
- (h) preparing the Investor Report, the EU SR Investor Report and (save to the extent that the Issuer is permitted by the FCA to provide only an EU SR Investor Report) the UK SR Investor Report and assisting in preparing the EU SR Inside Information and Significant Event Report and the UK SR Inside Information and Significant Event Report (as applicable).

Securitisation Regulation Reporting

The Cash Manager will prepare on a monthly basis the Investor Report, the EU SR Investor Report and (save to the extent that the Issuer is permitted by the FCA to provide only an EU SR Investor Report) the UK SR Investor Report.

The Cash Manager shall make available the Investor Report, the EU SR Investor Report and any UK SR Investor Report to the Issuer or any other third party as determined by the Issuer in accordance with the terms of the Cash Management Agreement. The defined terms used in the Investor Report, the EU SR Investor Report and any UK SR Investor Report shall, by reference, incorporate the defined terms set out generally in the Prospectus and more specifically in the Incorporated Terms Memorandum. The Investor Report, the EU SR Investor Report and any UK SR Investor Report will be published by the Issuer or any such third party as determined by the Issuer on the website of EuroABS at www.euroabs.com.

The Cash Manager, on behalf of the Issuer, will also assist in the preparation of the EU SR Inside Information and Significant Event Report and (save to the extent that the Issuer is permitted by the FCA to provide only an EU SR Inside Information and Significant Event Report) the UK SR Inside Information and Significant Event Report and make available such information to the Issuer or any other third party as determined by the Issuer in accordance with the terms of the Cash Management Agreement.

The Investor Report will also be published by the Cash Manager (on behalf of the Issuer) on www.sf.citidirect.com. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. Without prejudice to its obligations under the Cash Management Agreement, the Cash Manager has no liability or responsibility for any breaches under the EU Securitisation Regulation or the UK Securitisation Regulation, the responsibility for which lies solely with the Issuer, and the Beneficial Title Seller.

Collection Account

The Collection Account is held by the Legal Title Holder at the Collection Account Bank, to which Principal Receipts received from Borrowers ("**Principal Collections**") and Revenue Receipts received from Borrowers ("**Revenue Collections**") are directed.

The Collection Account is held with the Collection Account Bank, which will receive monies in respect of the Mortgage Loans. The Servicer will be obliged to transfer to the Transaction Account the aggregate amounts received in the Collection Account on each day in respect of the Mortgage Loans within one Business Day of receipt of such amounts into the Collection Account. The Servicer shall not be required to transfer any amount that would result in the amount standing to the credit of the Collection Account to which the Issuer is beneficially entitled under the Collection Account Declaration of Trust falling below the Expense Float Amount and the Direct Debit Float Amount (the "**Servicer Float**"). The Servicer Float shall be released to the Issuer on termination of the Servicing Agreement.

In addition, Borrower Repayment Amounts and certain other amounts will be paid out of the Collection Account to the relevant recipient on any Business Day.

The Legal Title Holder will declare a trust over the funds in the Collection Account pursuant to the Collection Account Declaration of Trust in favour of, among others, the Issuer.

"**Direct Debit Float Amount**" means £20,000 or such other float amount as specified by the bank provider.

"**Expense Float Amount**" means £10,000 or such other amount as may be agreed from time to time by the Issuer and the Servicer.

Transaction Account

Pursuant to the Transaction Account Agreement, the Issuer will maintain the Transaction Account. The Issuer may, with the prior written consent of the Trustee, open additional or replacement bank accounts on terms as agreed between the parties from time to time.

Interest shall accrue on the daily credit balance of the Transaction Account at the rate applied by the Transaction Account Bank from time to time and shall be credited to the Transaction Account.

Eligible Investments

Following the First Interest Payment Date, the Cash Manager may at the direction of the Issuer on any Business Day prior to the delivery of an Enforcement Notice on which the same are not otherwise required for making any payment due by the Issuer under the terms of the Transaction Documents, instruct the Transaction Account Bank to withdraw (or keep withdrawn) funds from the Transaction Account for the purpose only of investing those funds in Eligible Investments specified by the Issuer.

The Cash Manager shall direct all income, principal, proceeds of sale, redemption, realisation or disposal or any other amounts received in respect of any Eligible Investments are returned prior to the next succeeding Calculation Date and credited to the Transaction Account. The Issuer shall not invest any of its funds in Eligible Investments prior to the First Interest Payment Date.

For this purpose, "**Eligible Investments**" means:

- (a) Sterling gilt-edged securities;
- (b) money market funds which have the characteristics of 'Short-Term Money Market Funds' as set out in the Committee of the European Securities Regulator's Guidelines on a Common Definition of European Money Market Funds (CESR/10-049), dated 19 May 2010 (as further delineated by ESMA's Review of the CESR Guidelines on a Common Definition of European Money Market Funds, dated 22 August 2014, and as amended, supplemented or replaced from time to time) ("**Money Market Funds**");
- (c) Sterling demand or time deposits and certificates of deposit; and
- (d) short-term debt obligations (including commercial paper),

where:

- (i) the rate of interest earned on such investments is likely to exceed the rate of interest paid on the Transaction Account;
- (ii) the investments have a maturity date of 90 days or less and mature on or before the Interest Payment Date immediately succeeding the date on which the investments are made; and
- (iii) the investments are:

(A)

- (I) where invested for a period of 60 days or less, Sterling denominated securities, bank accounts or other obligations of or rights against entities (other than in respect of any asset-backed securities, credit linked notes, swaps, other derivative instruments or synthetic securities): (i) whose long-term unsecured and unguaranteed debt is rated at least "A2" by Moody's; and (ii) whose short-term unsecured and unguaranteed debt is rated at least "P-1" by Moody's and "A-1" by S&P; or
- (II) Sterling denominated securities or other obligations of or rights against entities (other than in respect of any asset-backed securities, credit linked notes, swaps, other derivative instruments or synthetic securities) issued by Money Market Funds where such securities, obligations or rights are assigned a rating of "Aaa-mf" by Moody's and "AAAm" by S&P; or

(B)

- (I) where invested for a period of more than 60 days, in such other Sterling denominated securities, bank accounts or other obligations (other than in respect of any asset-backed securities, credit linked notes, swaps, other derivative instruments or synthetic securities), as would not adversely affect the then current ratings of the Most Senior Class of Rated Notes, provided that any monies are invested in an entity: (i) whose long-term unsecured and unguaranteed debt is rated at least "A2" by Moody's and "AA-" by S&P; and (ii) whose short-term unsecured and unguaranteed debt is rated at least "P-1" by Moody's and "A-1+" by S&P; or

- (II) in such other Sterling denominated securities or other obligations (other than in respect of any asset-backed securities, credit linked notes, swaps, other derivative instruments or synthetic securities), as would not adversely affect the then current ratings of the Most Senior Class of Rated Notes, issued by Money Market Funds where such securities or obligations are assigned a rating of "Aaa-mf" by Moody's and "AAAm" by S&P,

provided that, in all cases, such investments (i) will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto, and (ii) such investments fall within the definition of "financial asset" as defined in the Tax Regulations.

Ledgers

The Cash Manager shall maintain the following ledgers in respect of amounts standing to the credit of the Transaction Account:

- (a) the "**Principal Ledger**". Amounts credited to this ledger during a Calculation Period (such as Principal Receipts (other than in respect of the first Calculation Period where such amounts will be credited to the Pre-Funding Principal Ledger) and Revenue Reallocation Amounts) will be available, *inter alia*, on the following Interest Payment Date for application in accordance with the Pre-Enforcement Principal Payments Priorities;
- (b) the "**Revenue Ledger**". Amounts credited to this ledger during a Calculation Period (such as Revenue Receipts, Principal Addition Amounts and (following redemption of the Notes) Residual Principal Allocation Amounts) will be available on the following Interest Payment Date for application in accordance with the Pre-Enforcement Revenue Payments Priorities;
- (c) the "**Issuer Profit Ledger**". Amounts credited to this ledger on Interest Payment Dates will be applied in the satisfaction of the Issuer's UK corporate tax obligations and for payment to the shareholders of the Issuer by way of dividend;
- (d) the "**Liquidity Ledger**". Amounts standing to the credit of this ledger may be credited to the Revenue Ledger for application on an Interest Payment Date towards the payment of the amounts referred to in items (a), (b), (c), (d), (e), (f) and (h) of the Pre-Enforcement Revenue Payments Priorities;
- (e) the "**Credit Ledger**". Amounts standing to the credit of this ledger may be credited to the Revenue Ledger for application on an Interest Payment Date towards the payment of the amounts referred to in items (a), (b), (c), (d), (e), (f), (g), (h), (j), (k), (l), (m) and (n) of the Pre-Enforcement Revenue Payments Priorities; and
- (f) the "**Pre-Funding Principal Ledger**". Amounts standing to the credit of this ledger (being (i) Principal Receipts received during the first Calculation Period and credited to this ledger and (ii) the Pre-Funding Initial Amount credited to this ledger on the Closing Date) will be available (i) to purchase Additional Mortgage Loans on an Additional Mortgage Loan Purchase Date and (ii) to the extent that there are insufficient amounts standing to the credit of the Principal Ledger during the first Calculation Period for payment of amounts that are required to be made from it other than in relation to the purchase of Additional Mortgage Loans, to fund such payments, and amounts not used for these purposes will be available on the First Interest Payment Date for application as Available Principal Funds in accordance with the relevant Payments Priorities.

A further ledger, the Principal Deficiency Ledger, will be maintained by the Cash Manager. That ledger does not relate to amounts standing to the credit of the Transaction Account but rather records (i) amounts of Principal Loss and Principal Addition Amounts (which are debited to the Principal

Deficiency Ledger) and (ii) amounts transferred from the Revenue Ledger to the Principal Ledger comprising a Revenue Reallocation Amount (which are credited to the Principal Deficiency Ledger).

Ratings of the Transaction Account Bank

If at any time the Transaction Account Bank ceases to be a depository institution with the Account Bank Required Ratings, the Transaction Account Bank shall, within 10 calendar days of becoming aware of such circumstance, give notice of such event to the Issuer (who will give notice to the Noteholders) and the Trustee. The Transaction Account Bank shall use commercially reasonable efforts to assist the Issuer in identifying a replacement transaction account bank which is an Eligible Institution but if it is unable to identify such a replacement within such time period specified below, the Transaction Account Bank shall have no liability or further obligation to any person.

The Issuer shall, within 30 calendar days from the date on which the Transaction Account Bank has ceased to be an Eligible Institution, use all reasonable endeavours to replace the Transaction Account Bank with an entity which is an Eligible Institution and, as a result, procure that the Transaction Account Bank transfers the amounts standing to the credit of the Transaction Account to that entity and procure that such entity establishes arrangements substantially similar to those contained in the Transaction Account Agreement. The Transaction Account Bank shall provide the Issuer with any assistance reasonably requested of it in order to effect such a transfer of banking arrangements. A failure on the part of the Issuer to procure such a transfer, having used all reasonable endeavours to do so, shall not constitute an Event of Default under Condition 12.1.2 (*Breach of other obligations*).

"**Account Bank Required Ratings**" means, in respect of the Transaction Account Bank, (i) in respect of S&P, a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A; and (ii) in respect of Moody's, a short-term deposit rating of at least P1 and a long-term deposit rating of at least A2, or in each case such other rating or ratings as would maintain the then current rating of the Rated Notes.

"**Eligible Institution**" means, in respect of the Transaction Account Bank, any financial institution (a) which is a bank for the purposes of Section 991 of the ITA 2007 and (b) with the Account Bank Required Rating.

Back-Up Cash Manager Facilitator

Under the Cash Management Agreement, after delivery of a notice delivered following a Cash Manager Termination Event in accordance with the terms of the Cash Management Agreement ("**Cash Manager Termination Notice**"), the Issuer shall with the assistance of the Back-Up Cash Manager Facilitator, use best endeavours to procure that an entity may be appointed as substitute cash manager pursuant to the Cash Management Agreement on or before the date specified in the Cash Manager Termination Notice.

Remuneration of Cash Manager

The Cash Manager will be paid at a rate as agreed between the Cash Manager and the Issuer from time to time.

Resignation of Cash Manager

The Cash Manager may resign only on giving not less than 90 days' notice in writing to the Trustee and the Issuer (with a copy to the Transaction Account Bank) provided that (i) a successor cash manager has been appointed and a new cash management agreement is entered into on substantially the same terms as the Cash Management Agreement or on such terms as are satisfactory to the Trustee and the Issuer and (ii) the Rating Agencies have been notified in writing of such resignation and appointment and have indicated that such appointment would not result in the downgrade of the Rated Notes (provided that no such indication shall be required from any Rating Agency where such Rating Agency confirms it does not provide such indications).

Termination of Appointment of Cash Manager

The Issuer may, with the written consent of the Trustee, or following the delivery of an Enforcement Notice the Trustee may itself upon written notice to the Cash Manager with a copy to the Transaction Account Bank, the Issuer and the Trustee (as applicable), terminate the Cash Manager's rights and obligations immediately if any of the following events occur:

- (a) default is made by the Cash Manager in ensuring the payment on the due date of any payment required to be made under the Cash Management Agreement and such default continues unremedied for a period of three Business Days;
- (b) any representation or warranty made by the Cash Manager under the Cash Management Agreement or in any certificate, report or other notice delivered pursuant hereto shall prove to be false, misleading, incomplete or untrue, in any case in any material respect as of the date on which such representation or warranty is made or deemed to be made provided that, where such representation or warranty is remediable, it has not been remedied within 10 calendar days of the breach;
- (c) other than as set out in paragraph (a) above, any breach of any covenant, term, agreement or condition herein by the Cash Manager shall continue unremedied for a period of (in the case of a monetary breach) three Business Days or (in the case of a non-monetary breach) 30 calendar days after written notice of such breach has been given to the Cash Manager;
- (d) any Insolvency Event occurs, and is continuing, in relation to the Cash Manager;
- (e) any material provision in the Cash Management Agreement shall cease, for any reason, to be in full force and effect, or the Cash Manager shall so assert in writing or shall otherwise seek to terminate or disaffirm its material obligations;
- (f) it is or will become unlawful for the Cash Manager to perform any of its obligations under the Cash Management Agreement; or
- (g) at any time after the service of an Enforcement Notice, the Trustee determines that termination of the Cash Manager's appointment under the Cash Management Agreement is prudent to protect the interests of the Secured Creditors.

Upon termination of the appointment of the Cash Manager, the Issuer and the Back-Up Cash Manager Facilitator will use its best endeavours to procure that a substitute cash manager is appointed (and notice of such appointment is given to the Rating Agencies). Any such substitute cash manager will be required to enter into an agreement on substantially the same terms as the Cash Management Agreement or on such terms as are satisfactory to the Trustee and the Issuer.

If the appointment of the Cash Manager is terminated or the Cash Manager resigns, the Cash Manager must deliver its records and books of account relating to the Issuer to the substitute cash manager or at the direction of the Issuer. The Cash Management Agreement will terminate automatically on the date on which the Trustee notifies the Issuer and the Secured Creditors that it is satisfied that all the Secured Amounts and/or all other monies and other liabilities due or owing by the Issuer have been paid or discharged in full (the "**Final Discharge Date**").

Governing Law

The Cash Management Agreement and any non-contractual obligations arising out of or in relation to the Cash Management Agreement will be governed by English law.

Interest Rate Swap Agreement

For a description of the Interest Rate Swap Agreement, see "*Credit Structure*".

CREDIT STRUCTURE

The Notes are obligations of the Issuer only. The Notes are not obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. In particular, the Notes are not obligations of, or the responsibility of, or guaranteed by, any of the Relevant Parties. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Relevant Parties or by any other person other than the Issuer.

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

1 Liquidity Support for the Notes provided by Available Revenue Funds

It is anticipated that, during the life of the Notes, the interest payable by Borrowers on the Mortgage Loans will, assuming that all of the Mortgage Loans are fully performing, be sufficient so that the Available Revenue Funds will be sufficient to pay the amounts payable under items (a) to (u) (inclusive) of the Pre-Enforcement Revenue Payments Priorities. The actual amount of any excess payable to the Residual Certificateholders under item (v) of the Pre-Enforcement Revenue Payments Priorities will vary during the life of the Notes. Two of the key factors determining such variation are the interest rates applicable to the Mortgage Loans in the Mortgage Portfolio relative to the interest rates on the Notes (as to which, see the section "*Interest Rate Risk for the Notes*") and the performance of the Mortgage Portfolio.

Available Revenue Funds will be applied (after making payments ranking higher in the Pre-Enforcement Revenue Payments Priorities) on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Payments Priorities, towards reducing any Principal Deficiency Ledger entries which may arise from (i) Principal Losses on the Mortgage Portfolio and (ii) from the application of Available Principal Funds as Principal Addition Amounts to reduce or eliminate any PAA Deficit after the making of any General Reserve Drawing or Liquidity Reserve Drawing.

To the extent that the amount of Available Revenue Funds on each Interest Payment Date following the Step-Up Date or the Final Maturity Date exceeds the aggregate of the payments required to be met under items (a) to (q) (inclusive) of the Pre-Enforcement Revenue Payments Priorities, an amount equal to the lesser of (i) all remaining amounts (if any); and (ii) the amount required by the Issuer to pay in full all amounts payable under items (b) to (f) (inclusive) of the Pre-Enforcement Principal Payments Priorities, less any Available Principal Funds (other than item (c) of the definition thereof) otherwise available to the Issuer, is available as Enhanced Amortisation Amounts to be applied as Available Principal Funds in accordance with the Pre-Enforcement Principal Payments Priorities.

2 Liquidity support provided by use of General Reserve Fund and Available Principal Funds

On the Cash Manager Determination Date, the Cash Manager will, to the extent such information is available to it, determine whether Available Revenue Funds (excluding Liquidity Reserve Drawings, General Reserve Drawings and Principal Addition Amounts) are sufficient to pay or provide for payment of items (a) to (h), (j), (k), (l), (m) and (n) (in each case, inclusive) of the Pre-Enforcement Revenue Payments Priorities.

To the extent that such Available Revenue Funds (excluding Liquidity Reserve Drawings, General Reserve Drawings and Principal Addition Amounts) are insufficient for this purpose, the Cash Manager shall, on behalf of the Issuer on the relevant Interest Payment Date, take the following actions: (i) debit the Credit Ledger by the lower of the amount of such shortfall and the credit balance of the Credit Ledger and (ii) credit the Revenue Ledger in an amount to reduce or eliminate such shortfall.

If, following application of Available Revenue Funds (including General Reserve Drawings but excluding Liquidity Reserve Drawings and Principal Addition Amounts), the Cash Manager determines that such Available Revenue Funds (including General Reserve Drawings but excluding Liquidity Reserve Drawings and Principal Addition Amounts) are insufficient to satisfy items (a) to (f) and (h) of the Pre-Enforcement Revenue Payments Priorities, the Cash Manager shall, on behalf of the Issuer on the relevant Interest Payment Date, take the following actions: (i) debit the Liquidity Ledger by the lower of the amount of such shortfall and the credit balance of the Liquidity Ledger; and (ii) credit the Revenue Ledger in an amount to reduce or eliminate such shortfall.

If, following application of Available Revenue Funds (including Liquidity Reserve Drawings and General Reserve Drawings but excluding Principal Addition Amounts), the Cash Manager determines that such Available Revenue Funds (including Liquidity Reserve Drawings and General Reserve Drawings but excluding Principal Addition Amounts) are insufficient to pay (A) if the Class A Notes are the Most Senior Class, items (a) to (f) of the Pre-Enforcement Revenue Payments Priorities, (B) if the Class B Notes are the Most Senior Class or the Class B Notes are not the Most Senior Class but there is no debit balance on the Class B Principal Deficiency Sub-Ledger (as at the related Cash Manager Determination Date but prior to application of Available Revenue Funds on the relevant Interest Payment Date), items (a) to (e) (or (a) to (f) as applicable) and (h) of the Pre-Enforcement Revenue Payments Priorities, (C) if the Class C Notes are the Most Senior Class, items (a) to (e) and (k) of the Pre-Enforcement Revenue Payments Priorities and (D) if the Class D Notes are the Most Senior Class, items (a) to (e) and (m) of the Pre-Enforcement Revenue Payments Priorities, the Cash Manager shall, on behalf of the Issuer on the relevant Interest Payment Date, take the following actions: (i) debit the Principal Ledger by the lower of the amount of such shortfall and the credit balance of the Principal Ledger; and (ii) credit the Revenue Ledger in an amount to reduce or eliminate such shortfall.

"Available Redemption Funds" means, in relation to an Interest Payment Date, the amount calculated as at the related Calculation Date equal to the amount by which (a) exceeds (b) where:

- (a) is the aggregate of the Available Principal Funds for that Calculation Period; and
- (b) is the sum of Principal Addition Amounts to be recorded as a credit entry on the Revenue Ledger on such Interest Payment Date;

"Credit Ledger Required Amount" means an amount by which the General Reserve Fund Required Amount exceeds the Liquidity Ledger Required Amount;

"General Reserve Drawing" means a drawing from the General Reserve Fund, which, for an Interest Payment Date, shall be (where the same is to be applied to meet a Revenue Deficit in respect of such Interest Payment Date) the lower of (i) the amount standing to the credit of the Credit Ledger for that Interest Payment Date and (ii) the amount required to eliminate such Revenue Deficit for that Interest Payment Date;

"General Reserve Fund" means the credit balance from time to time of the Liquidity Ledger and the Credit Ledger which, on the Closing Date, will be an amount equal to the General Reserve Fund Required Amount initially funded from the proceeds of issue of the Class Z VFN and thereafter from Available Revenue Funds; the funds will firstly be credited into the Liquidity Ledger for the amount of the Liquidity Ledger Required Amount and the remaining amount will be credited into the Credit Ledger;

"General Reserve Fund Required Amount" means an amount equal to £8,000,000, provided that on the redemption in full of the Class D Notes or the occurrence of an Optional Portfolio Purchase, the General Reserve Fund Required Amount is zero;

"General Reserve Ledger" means the Liquidity Ledger or the Credit Ledger as applicable;

"Liquidity Ledger Required Amount" means 1.50 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes on the relevant Calculation Date or, in respect of the period prior to the first Calculation Date, the Closing Date, provided that on the redemption in full of the Class A Notes and the Class B Notes, the Liquidity Ledger Required Amount is zero;

"Liquidity Reserve Drawing" means a drawing from the General Reserve Fund, which, for an Interest Payment Date, shall be (where the same is to be applied to meet a Revenue Deficit in respect of such Interest Payment Date) the lower of (i) the amount standing to the credit of the Liquidity Ledger for that Interest Payment Date and, (ii) the amount required to eliminate such Revenue Deficit for that Interest Payment Date;

"PAA Deficit" means, on any Interest Payment Date, any remaining Revenue Deficit calculated in respect of such Interest Payment Date after the application of any General Reserve Drawing and Liquidity Reserve Drawing but without taking into account the amount of any Principal Addition Amounts and subject to a minimum of zero;

"Principal Addition Amounts" means, in relation to any Interest Payment Date, the aggregate amount determined as at the related Calculation Date, in accordance with the provisions of Paragraph 4 (*Payments from Principal Ledger on an Interest Payment Date*) of Part 3 of Schedule 1 to the Cash Management Agreement, as being the amount (if any) of Available Principal Funds (excluding any Revenue Reallocation Amount to be credited to the Principal Ledger on such Interest Payment Date) which are to be utilised by the Issuer to reduce or eliminate any PAA Deficit on such Interest Payment Date after the making of any General Reserve Drawing or Liquidity Reserve Drawing on such Interest Payment Date;

"Principal Amount Outstanding" means, on any day:

- (a) in relation to a Note, the principal amount of that Note on the Closing Date less the aggregate amount of any principal payments in respect of that Note which have become due and payable (and have been paid) on or prior to that day; and
- (b) in relation to the Notes outstanding at any time, the aggregate of the amount in paragraph (a) above in respect of all Notes outstanding;

"Revenue Deficit" shall be, on any Interest Payment Date, an amount equal to (a) minus (b) where:

- (a) is the amount of the Available Revenue Funds calculated in respect of the related Calculation Period, but:
 - (i) (for the purposes of calculating a General Reserve Drawing) without taking into account the amount of any Liquidity Reserve Drawing, General Reserve Drawing or Principal Addition Amount, to be recorded as a credit entry on the Revenue Ledger on such Interest Payment Date;
 - (ii) (for the purposes of calculating a Liquidity Reserve Drawing) taking into account any General Reserve Drawing but without taking into account the amount of any Liquidity Reserve Drawing or Principal Addition Amount, to be recorded as a credit entry on the Revenue Ledger on such Interest Payment Date; and
 - (iii) (for the purposes of calculating a Principal Addition Amount) taking into account the amount of any Liquidity Reserve Drawing and General Reserve Drawing but without taking into account the amount of any Principal Addition Amount, to be recorded as a credit entry on the Revenue Ledger on such Interest Payment Date; and
- (b) is the aggregate of the amounts required by the Issuer to pay or to provide in full on such Interest Payment Date for such items:

- (i) (for the purposes of calculating a General Reserve Drawing) items (a) to (h), (j), (k), (l), (m) and (n) of the Pre-Enforcement Revenue Payments Priorities;
- (ii) (for the purposes of calculating a Liquidity Reserve Drawing) items (a) to (f) and (h) of the Pre-Enforcement Revenue Payments Priorities; and
- (iii) (for the purposes of calculating a Principal Addition Amount) (A) if the Class A Notes are the Most Senior Class, items (a) to (f) of the Pre-Enforcement Revenue Payments Priorities, (B) if the Class B Notes are the Most Senior Class or the Class B Notes are not the Most Senior Class but there is no debit balance on the Class B Principal Deficiency Sub-Ledger (as at the related Cash Manager Determination Date but prior to application of Available Revenue Funds on the relevant Interest Payment Date), items (a) to (e) (or (a) to (f), as applicable) and (h) of the Pre-Enforcement Revenue Payments Priorities, (C) if the Class C Notes are the Most Senior Class, items (a) to (e) and (k) of the Pre-Enforcement Revenue Payments Priorities and (D) if the Class D Notes are the Most Senior Class, items (a) to (e) and (m) of the Pre-Enforcement Revenue Payments Priorities,

provided that no Revenue Deficit will arise if the amount of (a) minus (b) is equal to or greater than zero;

3 Principal Deficiency Ledger

A Principal Deficiency Ledger will be established to record any Principal Losses affecting the Mortgage Loans in the Mortgage Portfolio and any Principal Addition Amounts. The "**Principal Deficiency Ledger**" will comprise the following sub-ledgers: the Principal Deficiency Ledger relating to the Class A Notes (the "**Class A Principal Deficiency Sub-Ledger**"), the Principal Deficiency Ledger relating to the Class B Notes (the "**Class B Principal Deficiency Sub-Ledger**"), the Principal Deficiency Ledger relating to the Class C Notes (the "**Class C Principal Deficiency Sub-Ledger**"), the Principal Deficiency Ledger relating to the Class D Notes (the "**Class D Principal Deficiency Sub-Ledger**") and the Principal Deficiency Ledger relating to the Class Z VFN (the "**Class Z Principal Deficiency Sub-Ledger**") (each a "**Principal Deficiency Sub-Ledger**").

Any Principal Losses on the Mortgage Portfolio and/or any Principal Addition Amounts will be recorded as a debit (on the date that the Cash Manager is informed of such Principal Losses by the Servicer or such Principal Addition Amounts are determined by the Cash Manager (as applicable)) first: (a) to the Class Z Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class Z VFN on the Closing Date; then (b) to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes; then (c) to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; then (d) to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; then (e) to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the aggregate Principal Amount Outstanding of the Class A Notes. Investors should note that realised Principal Losses in any period will be calculated after applying any recoveries following enforcement of a Mortgage Loan to outstanding fees and interest amounts due and payable on the relevant Mortgage Loan.

The Cash Manager will record as a credit to the Principal Deficiency Ledger (i) Available Revenue Funds applied as Revenue Reallocation Amounts pursuant to items (g), (j), (l), (n) and (p) of the Pre-Enforcement Revenue Payments Priorities (if any) (which amounts shall, for the avoidance of doubt, thereupon become Available Principal Funds) and (ii) Enhanced Amortisation Amounts applied in accordance with item (r) of the Pre-Enforcement Revenue Payments Priorities (which amounts shall, for the avoidance of doubt, thereupon become Available Principal Funds).

"Enforcement Procedures" means the procedures for the enforcement of Mortgages undertaken by the Servicer from time to time in accordance with the Servicing Specifications;

"Enhanced Amortisation Amounts" means any amounts deemed to be Available Principal Funds in accordance with item (r) of the Pre-Enforcement Revenue Payments Priorities;

"Principal Loss" means, in relation to any Mortgage Loan on an Interest Payment Date, the amount (if any) determined in good faith by the Servicer as at the related Calculation Date in respect of the related Calculation Period as being the amount of a principal nature due in respect of such Mortgage Loan (x) after the earlier of (a) completion of Enforcement Procedures over the related Property or (b) the sale (whether by way of voluntary sale by the mortgagor or following enforcement by or on behalf of the Borrower) of the related Property or (y) as a result of an insolvency event in relation to the Collection Account Bank which results in a shortfall in the amount of principal received on such Mortgage Loan;

4 Source of funds to establish and replenish the General Reserve Fund

Part of the proceeds from the issuance of Class Z VFN will be initially used by the Issuer to fund the General Reserve Fund on the Closing Date.

The General Reserve Fund will initially be funded in an amount equal to £8,000,000. The funds will firstly be credited into the Liquidity Ledger for the amount of Liquidity Ledger Required Amount and the remaining amount will be credited into the Credit Ledger. Thereafter, the General Reserve Fund will be funded in accordance with the Pre-Enforcement Revenue Payments Priorities from Available Revenue Funds to the level of the General Reserve Fund Required Amount. Accordingly, the size of the General Reserve Fund may decrease (or increase) from time to time, as further described in this section below.

The Cash Manager will also maintain the Liquidity Ledger and the Credit Ledger to record the balance from time to time of the General Reserve Fund and the monies representing the General Reserve Fund will be held in the Transaction Account.

The amount of the General Reserve Fund, which is represented by the credit balance of the Liquidity Ledger and/or Credit Ledger, may increase and decrease over time.

The amount of the General Reserve Fund may decrease by virtue of debit entries to the Liquidity Ledger and the Credit Ledger to increase Available Revenue Funds to reduce or eliminate any Revenue Deficit. For details of the required balance of the General Reserve Fund, see the definition of "General Reserve Fund Required Amount" in the section entitled "*Liquidity support provided by use of General Reserve Fund and Available Principal Funds*" above.

Following the earlier of the redemption of the Rated Notes in full or the occurrence of an Optional Portfolio Purchase, the Issuer shall not be required to maintain the General Reserve Fund Required Amount and the General Reserve Fund Required Amount shall be reduced to zero, in which case, all amounts standing to the credit of the Liquidity Ledger and Credit Ledger shall be: (i) (in the event that the Rated Notes are redeemed in full) applied as Available Revenue Funds in accordance with the Pre-Enforcement Revenue Payments Priorities; or (ii) (upon the occurrence of an Optional Portfolio Purchase) applied as Available Principal Funds in accordance with the Pre-Enforcement Principal Payments Priorities.

The amount of the General Reserve Fund may increase on each Interest Payment Date to the extent that Available Revenue Funds are available to replenish the General Reserve Fund at items (i) and (o) of the Pre-Enforcement Revenue Payments Priorities but only to the extent necessary to bring the credit balance of the Credit Ledger and Liquidity Ledger up to the General Reserve Fund Required Amount.

5 Available Revenue Funds and Available Principal Funds

Available Revenue Funds and Available Principal Funds shall be applied on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Payments Priorities and the Pre-Enforcement Principal Payments Priorities, respectively. Other than amounts which the Issuer expects to generate in each accounting period as its profit in respect of the business of the Issuer, the Liquidity Ledger and the Credit Ledger, it is not intended that any surplus will be accumulated in the Issuer.

If, on any Interest Payment Date while there are Rated Notes outstanding, the Issuer has insufficient Available Revenue Funds, General Reserve Drawings, Liquidity Reserve Drawings and Principal Addition Amounts to pay the interest that would otherwise be payable absent the deferral provisions in respect of the Notes other than in respect of the Most Senior Class of Notes, then the Issuer will be entitled under Condition 23 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. Any such deferral in accordance with the deferral provisions contained in the Conditions will not constitute an Event of Default. However, failure to pay interest on the Most Senior Class of Notes within any applicable grace period in accordance with the Conditions shall constitute an Event of Default under the Notes which may result in the Trustee enforcing the Security.

6 Residual Principal Allocation Amount

Following the redemption of the Notes, any Residual Principal Allocation Amount shall be credited to the Revenue Ledger and applied, as Available Revenue Funds, to the Pre-Enforcement Revenue Payments Priorities. Accordingly, any such funds remaining, after payment of any expenses due and payable and set out in the Pre-Enforcement Revenue Payments Priorities, will be applied in payment of the Deferred Consideration to the Beneficial Title Seller.

7 Interest Rate Risk for the Notes

The Interest Rate Swap

Some of the Mortgage Loans in the Mortgage Portfolio pay a fixed rate of interest for a period of time. However, the interest rate payable by the Issuer with respect to the Notes is an amount calculated by reference to Compounded Daily SONIA.

To provide a hedge against the possible variance between:

- (a) the fixed rates of interest receivable on certain Mortgage Loans in the Mortgage Portfolio; and
- (b) the floating rate of interest payable on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class X Notes,

the Issuer will enter into the interest rate swap (the "**Interest Rate Swap**") with the Interest Rate Swap Provider under the Interest Rate Swap Agreement on the Closing Date.

Under the Interest Rate Swap, the calculation period for the Interest Rate Swap matches the Interest Period. As such, for each Interest Period falling prior to the termination date of the Interest Rate Swap, the following amounts will be calculated, which will be due from the Issuer and the Interest Rate Swap Provider respectively:

- (a) the amount equal to the product of: (i) the applicable notional amount of the Interest Rate Swap for the relevant Interest Period; (ii) the applicable fixed rate; and (iii) the applicable day count fraction (the "**Issuer Swap Amount**"); and

- (b) an amount equal to the product of: (i) the applicable notional amount of the Interest Rate Swap for the relevant Interest Period; (ii) Compounded Daily SONIA; and (iii) the relevant day count fraction (the "**Swap Provider Amount**").

After these two amounts are calculated in relation to an Interest Period and following the application of payment netting, the following net payments will be made on the relevant Interest Payment Date:

- (a) if the Swap Provider Amount for that Interest Payment Date is greater than the Issuer Swap Amount for that Interest Payment Date, then the Interest Rate Swap Provider will pay the positive difference to the Issuer;
- (b) if the Issuer Swap Amount for that Interest Payment Date is greater than the Swap Provider Amount for that Interest Payment Date, then the Issuer will pay the positive difference to the Interest Rate Swap Provider; and
- (c) if the two amounts are equal, neither party will make a payment to the other.

If a payment is to be made by the Interest Rate Swap Provider, that payment will be included in the Available Revenue Funds and will be applied on the relevant Interest Payment Date according to the relevant Payments Priorities. If a payment is to be made by the Issuer, it will be made according to the relevant Payments Priorities of the Issuer.

Interest Rate Swap – Completion Mortgage Loans

The Interest Rate Swap entered into on the Closing Date in respect of the Fixed Rate Mortgage Loans in the Completion Mortgage Portfolio shall be entered into by transferring by way of novation hedging transactions relating to such Fixed Rate Mortgage Loans entered into between Cornhill Mortgages No.4 Limited (the "**Warehouse Borrower**") and National Australia Bank Limited (the "**Warehouse Swap Provider**") to the Issuer (with the Warehouse Swap Provider as "remaining party" and the Warehouse Borrower as the "transferor"). For the purposes of calculating both the Swap Provider Amount and the Issuer Swap Amount for such novated hedging transactions, the notional amount of the Interest Rate Swap shall be an amount in Sterling determined in accordance with an agreed schedule of notional amounts (as specified in the Interest Rate Swap Agreement) (the "**Swap Notional Amount Schedule**").

Interest Rate Swap – Additional Mortgage Loans

The Interest Rate Swap entered into in respect of the Additional Mortgage Loans shall be entered into by transferring by way of novation hedging transactions relating to such Additional Mortgage Loans entered into between the Warehouse Borrower and the Warehouse Swap Provider to the Issuer (with the Warehouse Swap Provider as "remaining party" and the Warehouse Borrower as the "transferor") (the "**Warehouse Swaps**").

On each Additional Novation Date, the Interest Rate Swap Provider (acting as Calculation Agent under the Interest Rate Swap Agreement) shall calculate:

- (a) an updated notional amount for the Calculation Period which commences immediately after such Additional Novation Date (the "**Next Calculation Period**") based on the Notional Amount of the Warehouse Swaps novated to Party B on or following the Additional Novation Date immediately prior to such Additional Novation Date (or, if there are no prior Additional Novation Dates, the effective date of the Interest Rate Swap (the "**Effective Date**") (the "**Adjusted Notional Amount**");
- (b) an updated amortising Swap Notional Amount Schedule in respect of each Calculation Period following the Next Calculation Period based on the notional amount of the Warehouse Swaps novated to the Issuer on or following the Additional Novation Date immediately prior to such

Additional Novation Date (or, if there are no prior Additional Novation Dates, the Effective Date) (the "**Adjusted Swap Notional Amount Schedule**"); and

- (c) an updated fixed rate with reference to (A) the market-to-market value of the Interest Rate Swap immediately prior to the relevant novation and (B) the mark-to-market value of the relevant Warehouse Swap plus 2.5 basis points (the "**Adjusted Fixed Rate**").

The Issuer (or the Interest Rate Swap Provider on behalf of the Issuer) shall notify the Residual Certificateholder of the Adjusted Notional Amount, the Adjusted Swap Notional Amount Schedule and the Adjusted Fixed Rate.

Adjustments to the Interest Rate Swap Agreement shall be implemented upon the Residual Certificateholder notifying the Trustee of the agreed Adjusted Notional Amount, Adjusted Swap Notional Amount Schedule and Adjusted Fixed Rate, in accordance with the Trust Deed.

Interest Rate Swap Agreement

Under the terms of the Interest Rate Swap Agreement, in the event that the Interest Rate Swap Provider does not have the required rating with respect to the Interest Rate Swap Provider or a replacement or guarantor in respect thereof, the minimum relevant rating(s) required by each Rating Agency as more particularly described in the "*Triggers Tables – Rating Triggers Table*" ("**Required Swap Rating**"), the Interest Rate Swap Provider will, in accordance with the Interest Rate Swap Agreement, be required to take certain remedial measures within the timeframe stipulated in the Interest Rate Swap Agreement and at its own cost which may include providing collateral for its obligations under the Interest Rate Swap Agreement, arranging for its obligations under the Interest Rate Swap Agreement to be transferred to an entity with the Required Swap Ratings, procuring another entity with the Required Swap Ratings to become co-obligor or guarantor, as applicable, in respect of its obligations under the Interest Rate Swap Agreement or taking such other action (which may, for the avoidance of doubt, include taking no action) that would result in the rating of the Rated Notes being maintained at, or restored to, the level it would have been at prior to such rating being assigned by the relevant Rating Agency.

The Interest Rate Swap Agreement may be terminated in certain circumstances, including, among others, the following, each as more specifically defined in the Interest Rate Swap Agreement (an "**Early Termination Event**"):

- (a) if there is a failure by a party to pay amounts due under an Interest Rate Swap Agreement and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to a party;
- (c) if a breach of a provision of the Interest Rate Swap Agreement by the Interest Rate Swap Provider is not remedied within the applicable grace period;
- (d) if a change of law results in the obligations of one of the parties becoming illegal or a *force majeure* event results in the performance by either party of its obligations becoming impossible;
- (e) in certain circumstances, if a Tax Deduction is imposed on payments under the Interest Rate Swap due to a change in law (a "**Tax Event**");
- (f) if the Interest Rate Swap Provider is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Interest Rate Swap Agreement and described above;
- (g) service by the Trustee of an Enforcement Notice on the Issuer pursuant to Condition 12 (*Events of Default*) of the Notes;
- (h) if there is a redemption of the Notes pursuant to Condition 8.2 (*Redemption by Optional Portfolio Purchase*), Condition 8.4 (*Optional Redemption in whole of the Notes*),

Condition 8.5 (*Optional Redemption of the Notes on or after the Step-Up Date*), Condition 8.6 (*Optional Redemption of the Notes in whole for taxation or other reasons*) or for any other reason (other than pursuant to Condition 8.3 (*Mandatory Redemption in part*)); and

- (i) if any of the Transaction Documents to which the Interest Rate Swap Provider is not a party is amended or a waiver is given without the prior written consent of the Interest Rate Swap Provider where, in the reasonable opinion of the Interest Rate Swap Provider, such amendment or waiver:
 - (i) has the effect that immediately thereafter, the Interest Rate Swap Provider would potentially be required to pay more or receive less if it transferred the Transaction to another person than it would have paid or received prior to such amendment or waiver;
 - (ii) has the effect that the Issuer's obligations to the Interest Rate Swap Provider under the Interest Rate Swap Agreement are further contractually subordinated to the Issuer's obligations to any other of its creditors compared with the position that subsisted immediately prior to such amendment or waiver;
 - (iii) would result in an amendment of clause 20.1.2 of the Trust Deed or a waiver in respect of such clause;
 - (iv) affects the amount, timing or priority of any payments or deliveries due from the Interest Rate Swap Provider to the Issuer or from the Issuer to the Interest Rate Swap Provider (including any amounts, rights and obligations in relation to the Swap Collateral Account); or
 - (v) adversely affects the validity of any security granted pursuant to the Transaction Documents or any rights that the Interest Rate Swap Provider has in respect of such security.

Upon termination following the designation of an Early Termination Date (as defined in the Interest Rate Swap Agreement), depending on the circumstances prevailing at the time of termination, the Issuer or the Interest Rate Swap Provider may be liable to make a termination payment to the other. This termination payment will be calculated and made in Sterling. The amount of any termination payment will in certain circumstances (including following an Interest Rate Swap Provider Default or an Interest Rate Swap Provider Downgrade Event) be based on the market value of the terminated swaps as determined on the basis of firm offers sought from leading dealers as to the costs of entering into a transaction that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties. In other circumstances (including where no firm offers can be obtained, or following early termination due to a default by the Issuer), the amount of any termination payment may reflect, among other things, the cost of entering into a replacement transaction at the time, third party market data such as rates, prices, yields and yield curves, or similar information derived from internal sources of the party making the determination. In either case, the early termination amount will include any unpaid amounts that became due and payable on or prior to the date of termination, taking account of any collateral transferred by the Interest Rate Swap Provider to the Issuer.

Depending on the terms of the Interest Rate Swap and the circumstances prevailing at the time of termination, any such termination payment could be substantial and may affect the funds available to pay amounts due to the Noteholders.

The Interest Rate Swap Provider may, subject to certain conditions specified in the Interest Rate Swap Agreement including (without limitation) the satisfaction of certain requirements of the Rating Agencies, transfer its obligations under the Interest Rate Swap Agreement to another entity with the ratings as specified in the Interest Rate Swap Agreement.

The Issuer is not obliged under the Interest Rate Swap Agreement to gross up payments made by it if a Tax Deduction is imposed on payments made under the Interest Rate Swap. However, if the Interest Rate Swap Provider is required to receive a payment subject to withholding under the Interest Rate Swap due to a change in law, the Interest Rate Swap Provider may terminate the Interest Rate Swap.

The Interest Rate Swap Provider will generally be obliged to gross up payments (save for any gross up related to FATCA) made by it to the Issuer if a Tax Deduction is imposed on payments made by it under the Interest Rate Swap. However, if the Interest Rate Swap Provider is required to gross up a payment under the Interest Rate Swap due to a change in the law, the Interest Rate Swap Provider may terminate the Interest Rate Swap.

The Interest Rate Swap Agreement is governed by English law.

CASHFLOWS

1 Payments on Business Days other than Interest Payment Dates

Revenue Ledger

On each Business Day during a Calculation Period (other than an Interest Payment Date) prior to delivery of an Enforcement Notice, the Cash Manager shall, on behalf of the Issuer, effect payment from monies in the Transaction Account and recorded in the Revenue Ledger of the amounts due and payable by the Issuer on such Business Day in relation to the following matters in the amounts required (provided that payments to be made from and including a Cash Manager Determination Date to and including the following Interest Payment Date shall only be made from amounts paid into the Transaction Account during the Calculation Period in which that payment falls and in the case of payments to be made pursuant to paragraphs (a) and (f) below, to the extent the Cash Manager has been notified of the proposed payment of such amounts by the Issuer or the Servicer) (but in no order of priority):

- (a) any amount payable by the Issuer (i) to a Borrower under the terms of the Mortgage Conditions or by operation of law including (without limitation) amounts overpaid by a Borrower or proceeds of enforcement which exceed the amounts outstanding in respect of the Mortgage Loan (but subject to any right to refuse or withhold payment of such amount or any right of set off that has arisen by reason of such Borrower's breach of the terms of such Mortgage Conditions) or (ii) to any other person in respect of a payment relating to a Mortgage Loan which has not been accepted by the Legal Title Holder or the Servicer (a "**Borrower Repayment Amount**") of a revenue nature, to be paid into the Collection Account;
- (b) any Third Party Amounts;
- (c) any amount received from a Borrower at any time (including upon redemption of the relevant Mortgage Loan) for the express purpose of payment being made to a third party or the Legal Title Holder for the provision of a service to that Borrower or the Legal Title Holder;
- (d) any Tax Payment (which, for the avoidance of doubt includes any amount due including in respect of VAT) at the rate applicable from time to time;
- (e) any Third Party Expenses; and
- (f) any amount necessary to be paid to the Collection Account to remedy an overdraft in relation to the Collection Account caused by a payment from the Collection Account by the Collection Account Bank to satisfy any of its 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 Borrowers under the Mortgage Loans, or to pay any amounts due or owing to the Collection Account Bank.

Principal Ledger

On each Business Day during a Calculation Period prior to delivery of an Enforcement Notice, the Cash Manager shall, on behalf of the Issuer, effect payment from monies in the Transaction Account and recorded in the Principal Ledger of the amounts due and payable by the Issuer on such Business Day in relation to the following matters in the amounts required (provided that payments to be made from and including a Cash Manager Determination Date to and including the following Interest Payment Date shall only be made from amounts paid into the Transaction Account during the Calculation Period in which that payment falls and provided that the Cash Manager has been notified of the proposed payment of such amounts by the Issuer or the Servicer) (but in no order of priority):

- (a) any Borrower Repayment Amount of a principal nature to be paid to the Collection Account;
and
- (b) the Purchase Price payable to the Beneficial Title Seller on the Closing Date.

During the first Calculation Period, payments in respect of the matters specified in paragraphs (a) and (b) above may be made from monies in the Transaction Account and recorded in the Pre-Funding Principal Ledger to the extent that there are insufficient monies recorded in the Principal Ledger.

2 Payments on any Business Day (including Interest Payment Dates)

Pre-Funding Principal Ledger

On each Additional Mortgage Loan Purchase Date, the Cash Manager shall, on behalf of the Issuer, effect payment from monies in the Transaction Account and recorded in the Pre-Funding Principal Ledger of the amounts due and payable by the Issuer on such Additional Mortgage Loan Purchase Date in relation to the purchase price for any Additional Mortgage Loans payable to the Beneficial Title Seller on each Additional Mortgage Loan Purchase Date in the amounts required.

3 Application of Available Principal Funds to cure a PAA Deficit

Prior to service of an Enforcement Notice on the Issuer, if the Cash Manager calculates that there will be a PAA Deficit on the immediately following Interest Payment Date (taking into account any General Reserve Drawings and Liquidity Reserve Drawings available to be applied on such Interest Payment Date) the Issuer shall apply Available Principal Funds (to the extent available) as Principal Addition Amounts to meet any PAA Deficit on such Interest Payment Date against the relevant items in the Pre-Enforcement Revenue Payments Priorities in the order that they appear in the Pre-Enforcement Revenue Payments Priorities.

If any Principal Addition Amounts are applied as Available Revenue Funds to meet any Revenue Deficit on any Interest Payment Date, the Issuer (or the Cash Manager on its behalf) will make a corresponding debit entry in the Principal Deficiency Ledger.

4 Pre-Enforcement Revenue Payments Priorities

Prior to the service of an Enforcement Notice by the Trustee to the Issuer, the Cash Manager (on behalf of the Issuer) shall, on each Interest Payment Date, apply Available Revenue Funds in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Pre-Enforcement Revenue Payments Priorities**"):

- (a) in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of the Trustee Liabilities and the Trustee Fees;
- (b) in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) any Agents' Liabilities;
 - (ii) the Agents' Fees;
 - (iii) any Servicer Liabilities;
 - (iv) the Servicing Fees;
 - (v) any Legal Title Holder Liabilities;
 - (vi) the Back-Up Servicer Facilitator Fees;

- (vii) any Back-Up Servicer Facilitator Liabilities;
 - (viii) any Cash Manager Liabilities;
 - (ix) the Cash Manager Fees;
 - (x) the Back-Up Cash Manager Facilitator Fees;
 - (xi) any Back-Up Cash Manager Facilitator Liabilities;
 - (xii) the Transaction Account Bank Fees;
 - (xiii) any Transaction Account Bank Liabilities;
 - (xiv) the Swap Collateral Account Bank Fees;
 - (xv) any Swap Collateral Account Bank Liabilities;
 - (xvi) any Corporate Services Provider Liabilities; and
 - (xvii) the Corporate Services Provider Fees;
- (c) to the extent such amounts have not already been paid in accordance with paragraph 1 (*Payments from Revenue Ledger on any Business Day*) of Part 3 of Schedule 1 of the Cash Management Agreement, in or towards satisfaction of any Third Party Expenses, any Third Party Amounts and any amounts required to pay or discharge any liability of the Issuer to corporation tax (which cannot be met out of amounts retained previously by the Issuer as profit under item (d) below);
 - (d) to credit an amount to the Issuer Profit Ledger up to an amount for the relevant accounting year of the Issuer equal to the Required Profit Amount for that accounting year;
 - (e) in or towards payments of any amounts due but unpaid under the Interest Rate Swap Agreement (excluding any Interest Rate Swap Excluded Termination Amounts) including any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to the Interest Rate Swap Provider of any Replacement Swap Premium or amounts standing to the credit of any Swap Collateral Account (if applicable) but excluding, if applicable, any related Interest Rate Swap Excluded Termination Amount;
 - (f) in or towards payments of amounts of interest due and payable in respect of the Class A Notes;
 - (g) (so long as the Class A Notes remain outstanding following such Interest Payment Date) to record a credit entry on the Class A Principal Deficiency Sub-Ledger in an amount equal to the Class A Revenue Reallocation Amount (if any) determined as at the Cash Manager Determination Date with respect to the immediately previous Calculation Period and to record a credit entry of such amount in the Principal Ledger;
 - (h) in or towards payments of amounts of interest due and payable in respect of the Class B Notes (including any Deferred Interest and Additional Interest thereon);
 - (i) prior to the redemption of the Class B Notes in full, or, if earlier, an Optional Portfolio Purchase, to credit the Liquidity Ledger in an amount necessary to bring the credit balance of the Liquidity Ledger up to the Liquidity Ledger Required Amount;
 - (j) (so long as the Class B Notes remain outstanding following such Interest Payment Date) to record a credit entry on the Class B Principal Deficiency Sub-Ledger in an amount equal to the Class B Revenue Reallocation Amount (if any) determined as at the Cash Manager Determination Date with respect to the immediately previous Calculation Period and to record a credit entry of such amount in the Principal Ledger;

- (k) in or towards payments of amounts of interest due and payable in respect of the Class C Notes (including any Deferred Interest and Additional Interest thereon);
- (l) (so long as the Class C Notes remain outstanding following such Interest Payment Date) to record a credit entry on the Class C Principal Deficiency Sub-Ledger in an amount equal to the Class C Revenue Reallocation Amount (if any) determined as at the Cash Manager Determination Date with respect to the immediately previous Calculation Period and to record a credit entry of such amount in the Principal Ledger;
- (m) in or towards payments of amounts of interest due and payable in respect of the Class D Notes (including any Deferred Interest and Additional Interest thereon);
- (n) (so long as the Class D Notes remain outstanding following such Interest Payment Date) to record a credit entry on the Class D Principal Deficiency Sub-Ledger in an amount equal to the Class D Revenue Reallocation Amount (if any) determined as at the Cash Manager Determination Date with respect to the immediately previous Calculation Period and to record a credit entry of such amount in the Principal Ledger;
- (o) prior to the redemption of the Rated Notes in full or, if earlier, an Optional Portfolio Purchase, to credit the Credit Ledger in an amount necessary to bring the credit balance of the Credit Ledger up to the Credit Ledger Required Amount such that the credit balance of the General Reserve Fund equals the General Reserve Fund Required Amount;
- (p) to record a credit entry on the Class Z Principal Deficiency Sub-Ledger in an amount equal to the Class Z Revenue Reallocation Amount (if any) determined as at the Cash Manager Determination Date with respect to the immediately previous Calculation Period and to record a credit entry of such amount in the Principal Ledger;
- (q) in payment to the Senior Deferred Consideration;
- (r) on any Interest Payment Date occurring after the Step-Up Date or on the Final Maturity Date an amount equal to the lesser of:
 - (i) all remaining amounts (if any); and
 - (ii) the amount required by the Issuer to pay in full all amounts payable under items (c) to (f) (inclusive) of the Pre-Enforcement Principal Payments Priorities, less any Available Principal Funds (other than item (c) of the definition thereof) otherwise available to the Issuer;
 to be applied as Available Principal Funds;
- (s) in or towards payments of amounts of interest due and payable in respect of the Class X Notes (including any Deferred Interest and Additional Interest thereon);
- (t) in or towards payments of amounts of principal to be paid in respect of the Class X Notes;
- (u) in payment to the Interest Rate Swap Provider of any Interest Rate Swap Excluded Termination Amounts due but unpaid under the Interest Rate Swap Agreement; and
- (v) any remaining amounts as RC Payments to the holders of the Residual Certificates.

For the avoidance of doubt, when applying Available Revenue Funds in the Pre-Enforcement Revenue Payments Priorities on any Interest Payment Date:

- (i) an amount equal to the General Reserve Drawing comprised in the Available Revenue Funds on such Interest Payment Date shall only be applied, prior to any Liquidity Reserve Drawing and Principal Addition Amounts on such Interest Payment Date, to pay items (a) to (h), (j), (k), (l), (m) and (n) of the Pre-Enforcement Revenue Payments Priorities;

- (ii) an amount equal to the Liquidity Reserve Drawing comprised in the Available Revenue Funds on such Interest Payment Date shall only be applied, after the application of any General Reserve Drawing but without taking into account any Principal Addition Amounts on such Interest Payment Date, to pay items (a) to (f) and (h) of the Pre-Enforcement Revenue Payments Priorities;
- (iii) an amount equal to the Principal Addition Amount comprised in the Available Revenue Funds on such Interest Payment Date shall only be applied, after the application of all other Available Revenue Funds, to pay (A) if the Class A Notes are the Most Senior Class, items (a) to (f) of the Pre-Enforcement Revenue Payments Priorities, (B) if the Class B Notes are the Most Senior Class or the Class B Notes are not the Most Senior Class but there is no debit balance on the Class B Principal Deficiency Sub-Ledger (as at the related Cash Manager Determination Date but prior to application of Available Revenue Funds on the relevant Interest Payment Date), items (a) to (e) (or (a) to (f), as applicable) and (h) of the Pre-Enforcement Revenue Payments Priorities, (C) if the Class C Notes are the Most Senior Class, items (a) to (e) and (k) of the Pre-Enforcement Revenue Payments Priorities and (D) if the Class D Notes are the Most Senior Class, items (a) to (e) and (m) of the Pre-Enforcement Revenue Payments Priorities.

"Agents" means the Agent Bank, the Paying Agents, the Registrar and the Class Z VFN Registrar or, as the context may require, any one of them.

"Agents' Fees" means the fees payable to or for the account of the Agents in accordance with the terms of the Agency Agreement.

"Agents' Liabilities" means any Liabilities due and payable by the Issuer to the Agents in accordance with the terms of the Agency Agreement, in each case together with interest as provided in the Agency Agreement.

"Asset Warranty Claim" means any claim for a breach of Asset Warranty made by the Issuer against the Beneficial Title Seller under the terms of the Mortgage Sale Agreement.

"Back-Up Cash Manager Facilitator Fees" means the fees, costs and expenses payable by the Issuer to the Back-Up Cash Manager Facilitator in accordance with the terms of the Cash Management Agreement.

"Back-Up Cash Manager Facilitator Liabilities" means any Liabilities due and payable by the Issuer to the Back-Up Cash Manager Facilitator in accordance with the terms of the Cash Management Agreement.

"Back-Up Servicer Facilitator Fees" means the fees, costs and expenses payable by the Issuer to the Back-Up Servicer Facilitator in accordance with the terms of the Servicing Agreement.

"Back-Up Servicer Facilitator Liabilities" means any Liabilities due and payable by the Issuer to the Back-Up Servicer Facilitator in accordance with the terms of the Servicing Agreement.

"Cash Manager Fees" means the fees, costs and expenses payable by the Issuer to the Cash Manager in accordance with the terms of the Cash Management Agreement.

"Cash Manager Liabilities" means any Liabilities due and payable by the Issuer to the Cash Manager in accordance with the terms of the Cash Management Agreement.

"Class A Revenue Reallocation Amount" means, in relation to any Interest Payment Date, the amount determined as at the related Cash Manager Determination Date with respect to the immediately preceding Calculation Period in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class A Principal Deficiency Sub-Ledger as at the immediately preceding Cash Manager Determination Date and (b) the amount of Available Revenue Funds (excluding any General Reserve Drawings, Liquidity Reserve Drawings and Principal Addition

Amounts) available to the Issuer as at the immediately preceding Cash Manager Determination Date after payment of the amounts determined in accordance with items (a) to (f) of the Pre-Enforcement Revenue Payments Priorities.

"Class B Revenue Reallocation Amount" means, in relation to any Interest Payment Date, the amount determined as at the related Cash Manager Determination Date with respect to the immediately preceding Calculation Period in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class B Principal Deficiency Sub-Ledger as at the immediately preceding Cash Manager Determination Date and (b) the amount of Available Revenue Funds (excluding any General Reserve Drawings, Liquidity Reserve Drawings and Principal Addition Amounts) available to the Issuer as at the immediately preceding Cash Manager Determination Date after payment of the amounts determined in accordance with items (a) to (h) of the Pre-Enforcement Revenue Payments Priorities.

"Class C Revenue Reallocation Amount" means, in relation to any Interest Payment Date, the amount determined as at the related Cash Manager Determination Date with respect to the immediately preceding Calculation Period in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class C Principal Deficiency Sub-Ledger as at the immediately preceding Cash Manager Determination Date and (b) the amount of Available Revenue Funds (excluding any General Reserve Drawings, Liquidity Reserve Drawings and Principal Addition Amounts) available to the Issuer as at the immediately preceding Cash Manager Determination Date after payment of the amounts determined in accordance with items (a) to (k) of the Pre-Enforcement Revenue Payments Priorities.

"Class D Revenue Reallocation Amount" means, in relation to any Interest Payment Date, the amount determined as at the related Cash Manager Determination Date with respect to the immediately preceding Calculation Period in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class D Principal Deficiency Sub-Ledger as at the immediately preceding Cash Manager Determination Date and (b) the amount of Available Revenue Funds (excluding any General Reserve Drawings, Liquidity Reserve Drawings and Principal Addition Amounts) available to the Issuer as at the immediately preceding Cash Manager Determination Date after payment of the amounts determined in accordance with items (a) to (m) of the Pre-Enforcement Revenue Payments Priorities.

"Class Z Revenue Reallocation Amount" means, in relation to any Interest Payment Date, the amount determined as at the related Cash Manager Determination Date with respect to the immediately preceding Calculation Period in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class Z Principal Deficiency Sub-Ledger as at the immediately preceding Cash Manager Determination Date and (b) the amount of Available Revenue Funds (excluding any General Reserve Drawings, Liquidity Reserve Drawings and Principal Addition Amounts) available to the Issuer as at the immediately preceding Cash Manager Determination Date after payment of the amounts determined in accordance with items (a) to (p) of the Pre-Enforcement Revenue Payments Priorities.

"Corporate Services Provider Fees" means the fees due and payable to the Corporate Services Provider and the Share Trustee in accordance with the terms of the Corporate Services Agreement.

"Corporate Services Provider Liabilities" means any Liabilities due and payable by the Issuer to the Corporate Services Provider and the Share Trustee in accordance with the terms of the Corporate Services Agreement.

"Excess Swap Collateral" means, in respect of the Interest Rate Swap Agreement, an amount (which will be transferred directly to the Interest Rate Swap Provider in accordance with the Interest Rate Swap Agreement): (i) in the case of a termination resulting from the designation of an Early

Termination Date under and as defined in the Interest Rate Swap Agreement, equal to the amount by which the value of the collateral (or the applicable part of any collateral) provided by the Interest Rate Swap Provider (including any interest and distributions in respect thereof) to the Issuer pursuant to the Interest Rate Swap Agreement and held by the Issuer at such time exceeds the Interest Rate Swap Provider's liability under the Interest Rate Swap Agreement as determined on or as soon as reasonably practicable after the date of termination of such Interest Rate Swap Agreement (such liability shall be determined in accordance with the terms of the Interest Rate Swap Agreement except that for the purpose of this definition only the value of the collateral will not be applied as an unpaid amount owed by the Issuer to the Interest Rate Swap Provider); or (ii) in any other circumstance, to which the Interest Rate Swap Provider is otherwise entitled under the terms of the Interest Rate Swap Agreement including as a result of changes in the value of the collateral and/or the Interest Rate Swap.

"Final Maturity Date" means the Interest Payment Date falling in May 2054.

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

"Interest Rate Swap Excluded Termination Amount" means the amount of any termination payment due and payable to the Interest Rate Swap Provider as a result of an Interest Rate Swap Provider Default or Interest Rate Swap Provider Downgrade Event (to the extent such payment cannot be satisfied by (i) payment by the Issuer of any Replacement Swap Premium and/or (ii) amounts standing to the credit of any Swap Collateral Account (if applicable)).

"Interest Rate Swap Provider Default" means the occurrence of an Event of Default (as defined in the Interest Rate Swap Agreement) where the Interest Rate Swap Provider is the Defaulting Party (as defined in the Interest Rate Swap Agreement).

"Interest Rate Swap Provider Downgrade Event" means the occurrence of an Additional Termination Event (as defined in the Interest Rate Swap Agreement) following the failure by the Interest Rate Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the Interest Rate Swap Agreement.

"Legal Title Holder Liabilities" means any Liabilities due and payable by the Issuer to the Legal Title Holder in accordance with the terms of the Mortgage Sale Agreement.

"Liabilities" means, in respect of any person, any losses, damages, costs, charges, penalties, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including proper legal fees and expenses and any Taxes incurred by that person.

"Note Principal Payment" means, in respect of any Note on any Interest Payment Date, the principal amount redeemable in respect of such a Note, which shall be a proportion of the amount of Available Principal Funds and (in the case of the Class X Notes) Available Revenue Funds required as at that Interest Payment Date pursuant to the applicable Payments Priorities to be applied in redemption of the relevant class of Notes on such date equal to the proportion that the Principal Amount Outstanding of the relevant Note bears to the aggregate Principal Amount Outstanding of such class of Notes rounded down to the nearest Minimum Amount.

"Paying Agent" means the principal paying agent named in the Agency Agreement together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Agency Agreement.

"Principal Receipts" or **"Principal Receivables"** means, in relation to a Calculation Period, the amount calculated as at the related Calculation Date equal to the aggregate of (without double counting):

- (a) all amounts representing repayments under the Mortgage Loans and their Related Security (including overpayments, capitalised interest, costs, expenses and arrears), received or recovered in respect of the Mortgage Loans and their Related Security during such Calculation Period;
- (b) all Recoveries representing capital repayments under the Mortgage Loans (including capitalised interest, expenses and arrears) recovered upon enforcement of the Related Security during such Calculation Period;
- (c) any sums received or recovered in connection with an Asset Warranty Claim, a repurchase of (or a cash payment in relation to) a Disqualified Mortgage Loan or a Mortgage Loan as a result of a Product Switch, in each case during such Calculation Period to the extent such sums are attributable to principal;
- (d) the net proceeds of the disposal by the Issuer of one or more Mortgage Loans during such Calculation Period to the extent such proceeds constitute principal; and
- (e) all insurance related proceeds received or recovered during such Calculation Period in respect of the Mortgage Loans in the Mortgage Portfolio and their Related Security to which the Issuer is beneficially entitled to the extent applied towards sums of the type referred to in paragraph (a) or (b) above.

"Receivables" means the Principal Receivables and the Revenue Receivables.

"Recoveries" means any payments received in respect of a Mortgage Loan after the Servicer has completed the Enforcement Procedures (including enforcement of security) in respect of such Mortgage Loan.

"Revenue Receipts" or **"Revenue Receivables"** means, in relation to a Calculation Period, the aggregate (without double counting) of:

- (a) all amounts representing interest, fees and charges received or recovered in respect of the Mortgage Loans and their Related Security during such Calculation Period other than any Mortgage Loans and their Related Security that have been repurchased or in respect of which a cash or indemnity payment has been made by the Beneficial Title Seller;
- (b) any Recoveries received during such Calculation Period other than such as are referred to under paragraph (b) of the definition of "Principal Receipts";
- (c) the net proceeds of disposal of any Mortgage Loan or the related Property or any amounts recovered from third parties received by the Issuer during such Calculation Period to the extent such proceeds are not attributable to principal;
- (d) all insurance related proceeds received or recovered during such Calculation Period in respect of the Mortgage Loans and their Related Security to which the Issuer is beneficially entitled to the extent applied towards sums of the type referred to in paragraph (a) or (b) above;
- (e) any sums received or recovered in connection with an Asset Warranty Claim, a repurchase of (or a cash payment in relation to) a Disqualified Mortgage Loan or a Mortgage Loan as a result of a Product Switch, in each case during such Calculation Period to the extent such sums are not related to principal;
- (f) any amounts representing income from Eligible Investments credited to the Transaction Account during the immediately preceding Calculation Period to the extent such sums are not attributable to principal; and

- (g) any interest on the credit balance of the Collection Account from time to time and credited to the Collection Account and transferred to the Transaction Account during such Calculation Period.

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

"Requirement of Law" in respect of any person shall mean:

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

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

"Residual Principal Allocation Amount" means in relation to an Interest Payment Date prior to the service of an Enforcement Notice, the amount calculated as at the related Calculation Date equal to the amount by which the Available Redemption Funds exceed the aggregate Note Principal Payment in respect of the Notes and all amounts payable in priority thereto pursuant to the Pre-Enforcement Principal Payments Priority.

"Servicer Liabilities" means any and all of: (a) amounts due to the Servicer in connection with the enforcement of any Mortgage Loan and/or the protection or enforcement of the Trustee's rights and remedies in relation to such enforcement in the immediately preceding Calculation Period; and (b) any other Liabilities due and payable by the Issuer to the Servicer in accordance with the terms of the Servicing Agreement.

"Servicing Fees" means the fees, costs and expenses payable by the Issuer to the Servicer in accordance with the terms of the Servicing Agreement.

"Swap Collateral" means an amount equal to the value of collateral (other than Excess Swap Collateral) provided by the Interest Rate Swap Provider to the Issuer under the Interest Rate Swap Agreement and includes any interest and distributions in respect thereof.

"Swap Collateral Account" means the account(s) (including cash and/or securities accounts) opened by the Issuer with one or more Swap Collateral Account Banks for the purposes of depositing any collateral to be posted by an Interest Rate Swap Provider.

"Swap Collateral Account Bank" means Citibank N.A., and any other bank with which the Issuer agrees to open any Swap Collateral Accounts.

"Swap Collateral Account Bank Fees" means the fees, costs and expenses of any Swap Collateral Account Bank for the operation of a Swap Collateral Account as determined in accordance with the Transaction Account Agreement or, as applicable, any other agreement pursuant to which a Swap Collateral Account is opened.

"Swap Collateral Account Bank Liabilities" means any Liabilities due and payable by the Issuer to the Swap Collateral Account Bank in accordance with the terms of the Transaction Account Bank Agreement.

"Swap Tax Credits" means any credit against, relief or remission for, repayment of Tax received by the Issuer from a Tax Authority relating to any Tax Deduction giving rise to an increased payment by the Interest Rate Swap Provider to the Issuer.

"Third Party Expenses" means any amounts due and payable by the Issuer to third parties (not being Secured Creditors) including any Liabilities payable in connection with:

- (a) the purchase by the Issuer of the Mortgage Loans;
- (b) any filing or registration of any Transaction Documents;
- (c) any provision for and payment of the Issuer's liability to any Tax Authority for any Tax (to the extent that such Liability or potential Liability cannot be paid out of the amounts credited to the Issuer Profit Ledger);
- (d) any Requirement of Law or any Regulatory Direction;
- (e) any legal or audit or other professional advisory fees (including Rating Agency fees);
- (f) any directors' fees or emoluments;
- (g) any advertising, publication, communication and printing expenses including postage, telephone and telex charges;
- (h) the admission of the Rated Notes to the Official List or to trading on the regulated market of the Stock Exchange; and
- (i) any other amounts then due and payable to third parties and incurred without breach by the Issuer of the provisions of the Transaction Documents.

"Transaction Account Bank Fees" means the fees, costs and expenses of the Transaction Account Bank for the operation of the Transaction Account as determined in accordance with the terms of the Transaction Account Agreement.

"Transaction Account Bank Liabilities" means any Liabilities due and payable by the Issuer to the Transaction Account Bank in accordance with the terms of the Transaction Account Bank Agreement.

"Trustee Fees" means the fees payable by the Issuer to the Trustee, together with any interest payable thereon pursuant to the Trust Documents.

"Trustee Liabilities" means any Liabilities due and payable by the Issuer to the Trustee in accordance with the terms of the Trust Documents together with interest payable in accordance with the terms of the Trust Deed.

"VAT" means:

- (a) within the European Union, such value added tax as may be imposed in compliance with (but subject to derogations from) the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112);
- (b) in relation to the United Kingdom, value added tax imposed by VATA and legislation and regulations supplemental thereto; and
- (c) in other countries outside the European Union, any similar Tax levied by reference to added value or sales.

5 Pre-Enforcement Principal Payments Priorities

Prior to the service of an Enforcement Notice by the Trustee to the Issuer, the Cash Manager (on behalf of the Issuer) shall, on each Interest Payment Date, apply Available Principal Funds in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (provided that following an Optional Portfolio Purchase no amounts shall be applied in respect of item (a) below) (the **"Pre-Enforcement Principal Payments Priorities"**):

- (a) on the First Interest Payment Date only, in redeeming the Notes (other than the Class X Notes) on a Fixed Percentage Basis;
- (b) on each Interest Payment Date following the First Interest Payment Date and, to the extent applicable, any Principal Addition Amounts to be applied to meet any PAA Deficit;
- (c) on each Interest Payment Date following the First Interest Payment Date and, to the extent applicable, any Principal Amount Outstanding due and payable in respect of the Class A Notes;
- (d) on each Interest Payment Date following the First Interest Payment Date and, to the extent applicable, any Principal Amount Outstanding due and payable in respect of the Class B Notes;
- (e) on each Interest Payment Date following the First Interest Payment Date and, to the extent applicable, any Principal Amount Outstanding due and payable in respect of the Class C Notes;
- (f) on each Interest Payment Date following the First Interest Payment Date and, to the extent applicable, any Principal Amount Outstanding due and payable in respect of the Class D Notes;
- (g) on each Interest Payment Date following the Step-Up Date and, to the extent applicable, any Principal Amount Outstanding due and payable in respect of the Class X Notes;
- (h) on each Interest Payment Date following the First Interest Payment Date and, to the extent applicable, any Principal Amount Outstanding due and payable in respect of the Class Z VFN; and
- (i) (after redemption of the Notes in full) any Residual Principal Allocation Amount, such amount to be recorded as a credit entry in the Revenue Ledger.

6 Post-Enforcement Payments Priorities

After an Enforcement Notice is delivered by the Trustee, all monies held in the Transaction Account and all other Trust Proceeds (after deduction of all costs and expenses incurred by the Trustee in obtaining receipt or recovery of the Trust Proceeds) other than:

- (A) monies received or recovered by the Trustee which do not constitute Trust Proceeds, which shall be paid to or retained by the persons entitled to such monies, save that any Borrower Repayment Amounts shall be paid to the Collection Account and not to Borrowers directly;
- (B) amounts representing any Excess Swap Collateral which shall be returned directly to the Interest Rate Swap Provider under the Interest Rate Swap Agreement;
- (C) any Swap Collateral, which shall be returned directly to the Interest Rate Swap Provider, except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the Interest Rate Swap Agreement, to reduce the amount that would otherwise be payable by the Interest Rate Swap Provider to the Issuer on early termination of the Interest Rate Swap under the Interest Rate Swap Agreement;
- (D) any Swap Tax Credits which shall be returned directly to the Interest Rate Swap Provider;
- (E) any Replacement Swap Premium (only to the extent it is applied directly to pay a termination payment due and payable by the Issuer to the Interest Rate Swap Provider) which shall be paid directly to the Interest Rate Swap Provider; and
- (F) any amounts standing to the credit of the Issuer Profit Ledger or any Issuer Profit Amount which shall be used by the Issuer in or towards satisfaction of any amounts due and payable by the Issuer to third parties (and any amounts necessary to provide for any such amounts expected to become due and payable by the Issuer in the immediately succeeding Interest Period) and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and

for which payment has not been provided for elsewhere) and any amounts required to pay or discharge any liability of the Issuer for corporation tax on any income or chargeable gain of the Issuer,

shall be held by the Trustee on trust to be applied in payment, in the amounts required, each in the following order of priority (the "**Post-Enforcement Payments Priorities**"):

- (a) *pro rata and pari passu*:
 - (i) to the Trustee, the Trustee Liabilities;
 - (ii) to the Trustee, all amounts of Trustee Fees due on or prior to the date of payment;
 - (iii) to any Receiver and any other Appointee, any out-of-pocket expenses, liabilities, losses, damages, proceedings, claims and demands then due and payable by the Issuer to any Receiver in accordance with the Security Deed or incurred by a Receiver together with interest payable provided in the Trust Deed;
 - (iv) to any Receiver and any other Appointee, all remuneration due to the Receiver in accordance with the terms of his appointment on or prior to the date of payment;
- (b) *pro rata and pari passu*:
 - (i) to the Transaction Account Bank, the Transaction Account Bank Fees and any Transaction Account Bank Liabilities;
 - (ii) to any Swap Collateral Account Bank, the Swap Collateral Account Bank Fees and any Swap Collateral Account Bank Liabilities;
 - (iii) to the Agents, the Agents' Fees due on or prior to the date of payment and any Agents' Liabilities;
 - (iv) to the Cash Manager, any Cash Manager Liabilities and the Cash Manager Fees;
 - (v) to the Back-Up Cash Manager Facilitator, any Back-Up Cash Manager Facilitator Liabilities and the Back-Up Cash Manager Facilitator Fees;
 - (vi) to the Corporate Services Provider, any Corporate Services Provider Liabilities and the Corporate Services Provider Fees;
 - (vii) to the Servicer, the Servicing Fees due on or prior to the date of payment and any Servicer Liabilities;
 - (viii) to the Legal Title Holder, any Legal Title Holder Liabilities; and
 - (ix) to the Back-Up Servicer Facilitator, the Back-Up Servicer Facilitator Fees and any Back-Up Servicer Facilitator Liabilities;
- (c) in or towards payments of any amounts due but unpaid under the Interest Rate Swap Agreement payable to the Interest Rate Swap Provider (excluding any Interest Rate Swap Excluded Termination Amounts) including any termination payment due and payable by the Issuer to the extent it is not satisfied by the payment by the Issuer to the Interest Rate Swap Provider of any Replacement Swap Premium or amounts standing to the credit of any Swap Collateral Account (if applicable) but excluding, if applicable, any related Interest Rate Swap Excluded Termination Amount;
- (d) all amounts of interest due in respect of the Class A Notes;
- (e) all amounts of principal due in respect of the Class A Notes;

- (f) all amounts of interest due in respect of the Class B Notes (including any Deferred Interest and Additional Interest thereon);
- (g) all amounts of principal due in respect of the Class B Notes;
- (h) all amounts of interest due in respect of the Class C Notes (including any Deferred Interest and Additional Interest thereon);
- (i) all amounts of principal due in respect of the Class C Notes;
- (j) all amounts of interest due in respect of the Class D Notes (including any Deferred Interest and Additional Interest thereon);
- (k) all amounts of principal due in respect of the Class D Notes;
- (l) all amounts of interest due in respect of the Class X Notes (including any Deferred Interest and Additional Interest thereon);
- (m) all amounts of principal due in respect of the Class X Notes;
- (n) all amounts of principal due in respect of the Class Z VFN;
- (o) to credit an amount to the Issuer Profit Ledger up to an amount for the relevant accounting year of the Issuer equal to the Required Profit Amount for that accounting year;
- (p) in payment to the Interest Rate Swap Provider of any Interest Rate Swap Excluded Termination Amount due but unpaid under the Interest Rate Swap Agreement; and
- (q) to pay any remaining amounts as RC Payments to the holders of the Residual Certificates.

"Beneficial Title Seller Covenants" means the covenants of the Beneficial Title Seller set out in Schedule 5 (*Beneficial Title Seller Covenants*) to the Incorporated Terms Memorandum.

"Beneficial Title Seller Warranties" means the representations and warranties set forth in Schedule 3 (*Beneficial Title Seller's Representations and Warranties*) to the Incorporated Terms Memorandum.

"Covenant to Pay" means the covenants of the Issuer in respect of the Notes contained in Clause 7 (*Covenant to repay Principal and to pay Interest on the Notes*) and Clause 8 (*Covenant to pay the RC Payments*) of the Trust Deed and, in respect of the Secured Amounts, contained in Clause 3 (*Issuer's Undertaking to Pay*) of the Security Deed.

"Issuer Profit Amount" means an amount retained by the Issuer and to be recognised in the accounts of the Issuer as profit for the relevant accounting year.

"Issuer Warranties" means the representations and warranties of the Issuer set out in Schedule 4 (*Issuer's Representations and Warranties*) of the Incorporated Terms Memorandum.

"Secured Amounts" means the aggregate of all monies and Liabilities which from time to time are or may become due, owing or payable by the Issuer to each, some or any of the Secured Creditors under the Notes or the Transaction Documents.

"Trust Proceeds" means all recoveries, receipts and benefits received by the Trustee by virtue of the Trust Property save for monies or other assets which it is entitled to retain for its own account or which are earmarked for receipt by a third party other than as part of the Trust Property.

"Trust Property" means the Covenant to Pay, the Issuer Covenants, the Beneficial Title Seller Covenants, the Issuer Warranties, the Beneficial Title Seller Warranties, the Security and all proceeds of the Security and any other rights conferred on it on behalf of the Secured Creditors under the Transaction Documents.

7 Application of Amounts in Respect of Swap Collateral, Excess Swap Collateral, Swap Tax Credits and Replacement Swap Premium

Amounts received by the Issuer in respect of Excess Swap Collateral, Swap Collateral (except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of an Interest Rate Swap Agreement, to reduce the amount that would otherwise be payable by the Interest Rate Swap Provider to the Issuer on early termination of the relevant Interest Rate Swap under the Interest Rate Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the Interest Rate Swap Provider, such Swap Collateral is not to be applied in acquiring a replacement swap), Swap Tax Credits and Replacement Swap Premium (only to the extent it is applied directly to pay a termination payment due and payable by the Issuer to an Interest Rate Swap Provider) shall, to the extent due and payable under the terms of the Interest Rate Swap Agreement, be paid directly to the Interest Rate Swap Provider without regard to the Payments Priorities and in accordance with the terms of the Security Deed.

MATURITY AND PREPAYMENT CONSIDERATIONS

The weighted average lives of the Notes will be influenced by, among other things, the actual rate of repayment of the Mortgage Loans in the Mortgage Portfolio.

The model used in this Prospectus for the Mortgage Loans represents an assumed constant per annum rate of prepayment ("CPR") each month relative to the then current principal balance of a pool of mortgages, before taking into account the scheduled payments due in the period. CPR does not purport to be either an historical description of the prepayment experience of any pool of loans or a prediction of the expected rate of prepayment of any Mortgage Loans, including the Mortgages to be included in the Mortgage Portfolio.

The following tables were prepared based on the characteristics of the Mortgage Loans included in the Completion Mortgage Portfolio as at the Portfolio Reference Date and the following additional assumptions:

- (a) the portfolio of mortgages to be purchased by the Issuer consists of Mortgage Loans acquired on the Closing Date, having the characteristics of the Completion Mortgage Portfolio as at the Portfolio Reference Date but with an assumed aggregate Current Balance of £337 million;
- (b) that all Available Principal Funds recorded in the Pre-Funding Principal Ledger during the first Calculation Period are used on a linear basis by the Issuer to purchase Additional Mortgage Loans;
- (c) that as of the First Interest Payment Date, the amortisation schedule for each Mortgage Loan in the Mortgage Portfolio mirrors the amortisation schedule calculated for each Mortgage Loan in the Completion Mortgage Portfolio as at the Portfolio Reference Date by reference to the period commencing from the First Interest Payment Date (and assuming, *inter alia*, the relevant assumptions documented below, including in particular, but not limited to, paragraph (t) together with the interest rate applicable to such Mortgage Loan as of the Portfolio Reference Date and its remaining term (calculated using the Portfolio Reference Date and the maturity of each Mortgage Loan));
- (d) that each Borrower pays their monthly instalment (principal and interest) on the last day of the month;
- (e) the Issuer exercises its rights to redeem all (but not some only) of the Notes then outstanding on the Step-Up Date assuming the option is exercised as indicated in the heading of the relevant table below;
- (f) in addition to the scheduled payments derived from the Mortgage Loans detailed in paragraph (a) above, the Mortgage Loans are subject to prepayments at annualised rates expressed as a percentage of the Current Balance of the Mortgage Loans indicated in the relevant column headings in the table below;
- (g) no Enforcement Notice is delivered in relation to the Notes and no Event of Default occurs in relation to the Notes;
- (h) there are no suspensions of monthly payments in respect of the Mortgage Loans;
- (i) the Mortgage Loans continue to be fully performing;
- (j) no principal deficiency arises;
- (k) there have been no breaches of the Asset Warranties and there are no Product Switches;

- (l) no Borrowers are offered or accept different mortgage products by the Originator or Servicer;
- (m) the portfolio composition of mortgage characteristics remains the same throughout the life of the Notes;
- (n) the Notes will be redeemed in accordance with the Conditions;
- (o) the benchmark interest rates remain flat at the following values: 0.10%;
- (p) the Closing Date is 18 January 2021;
- (q) the First Interest Payment Date is 27 May 2021;
- (r) following the First Interest Payment Date, each Interest Payment Date falls on the 27th day of each calendar month;
- (s) subject to paragraph (r) above, all amounts payable, including but not limited to interest on the Notes, are calculated based on the actual number of days in the period and a year of 365 days provided that in the case of paragraphs (i) and (ii) below such amounts are calculated based on a month of 30 days and a year of 360 days:
 - (i) amortisation of the Mortgage Loans calculated pursuant to paragraph (c) above; and
 - (ii) accrual of interest on the Mortgage Loans;
- (t) the balance of the Pre-Funding Principal Ledger as at the First Interest Payment Date is zero;
- (u) no interest is earned on the Transaction Account;
- (v) the ratios of the initial Principal Amount Outstanding of the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class X Notes and (to the extent that the initial Principal Amount Outstanding of the Class Z VFN is collateralised by the Mortgage Portfolio) the Class Z VFN to the sum of (i) the aggregate Current Balance of the Mortgage Portfolio as of the Closing Date and (ii) the Pre-funding Initial Amount to the aggregate initial Principal Amount Outstanding of the Notes is the following: Class A Notes: 83.15 per cent.; Class B Notes: 6.50 per cent.; Class C Notes: 4.50 per cent.; Class D Notes: 2.85 per cent.; Class X Notes: 2.10 per cent.;
- (w) Payments for repayment loans prior to reversion to floating rate are calculated based on their original balance and original term; and
- (x) Business Day convention is not applied with respect to paragraphs (q) and (r) above.

The actual characteristics and performance of the Mortgage Loans are likely to differ from these assumptions. The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cashflows might behave under varying prepayment scenarios. For example, it is not expected that the Mortgage Loans will prepay at a constant rate until maturity, that all of the Mortgage Loans will prepay at the same rate or that there will be no defaults or delinquencies on the Mortgage Loans. Moreover, the diverse remaining terms to maturity and mortgage rates of the Mortgage 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 and weighted average mortgage rates of the Mortgage Loans are as assumed. Any difference between such assumptions and the actual characteristics and performance of the Mortgage Loans, or actual prepayment of loss experience, will affect the percentage of the initial amount outstanding of the Notes which are outstanding over time and 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 CPR.

The weighted average lives shown below were determined by (i) multiplying the net reduction, if any, of the Principal Amount Outstanding of the Notes by the number of years from the date of issuance of the Notes to the related Interest Payment Date and (ii) adding the results and dividing the sum by the aggregate of the net reductions of the Principal Amount Outstanding described in (i) above.

Subject to the foregoing discussion and assumptions, the following tables indicate the weighted average lives of the Notes. These average lives have been calculated on an 30/360 fixed basis:

Class\CPR	Without any Early Redemption								
	0 %	5 %	10 %	15 %	20 %	25 %	30 %	35 %	Pricing*
Possible Average Life of Class A Notes (years)	14.05	8.22	5.54	4.09	3.20	2.60	2.18	1.88	4.23
Possible Average Life of Class B Notes (years)	21.90	17.33	13.38	10.56	8.63	7.13	5.98	5.03	7.59
Possible Average Life of Class C Notes (years)	23.26	18.60	14.77	12.10	10.05	8.52	7.28	6.18	8.77
Possible Average Life of Class D Notes (years)	23.44	18.69	14.94	12.28	10.28	8.78	7.61	6.53	8.94
Possible Average Life of Class X Notes (years)	1.35	1.41	1.48	1.58	2.29	3.22	3.75	3.85	1.41

* 0 per cent. CPR for four months, followed by 5 per cent. CPR for 36 months, linearly increasing to 50 per cent. for 12 months, followed by 50 per cent for 12 months, followed by 25 per cent. thereafter.

Class\CPR	With Early Redemption on the Step-Up Date								
	0 %	5 %	10 %	15 %	20 %	25 %	30 %	35 %	Pricing*
Possible Average Life of Class A Notes (years)	3.35	3.09	2.85	2.62	2.40	2.19	1.99	1.81	3.09
Possible Average Life of Class B Notes (years)	3.36	3.36	3.36	3.36	3.36	3.36	3.36	3.36	3.36
Possible Average Life of Class C Notes (years)	3.36	3.36	3.36	3.36	3.36	3.36	3.36	3.36	3.36
Possible Average Life of Class D Notes (years)	3.36	3.36	3.36	3.36	3.36	3.36	3.36	3.36	3.36
Possible Average Life of Class X Notes (years)	1.35	1.41	1.48	1.58	1.74	1.91	2.07	2.23	1.41

* 0 per cent. CPR for four months, followed by 5 per cent. CPR for 36 months, linearly increasing to 50 per cent. for 12 months, followed by 50 per cent for 12 months, followed by 25 per cent. thereafter.

EARLY REDEMPTION OF NOTES

Portfolio Option

The Issuer will, by the Deed Poll, grant to the Residual Certificateholder (the "**Portfolio Option Holder**") an option (the "**Portfolio Option**") to require the Issuer to (a) sell to the Portfolio Option Holder and/or a potential purchaser nominated by the Portfolio Option Holder the beneficial title to all Mortgage Loans and Related Security in the Mortgage Portfolio and (b) transfer to the Portfolio Option Holder and/or a potential purchaser nominated by the Portfolio Option Holder the right to have the legal title to all Mortgage Loans and Related Security in the Mortgage Portfolio transferred to it.

The Portfolio Option may be exercised by notice to the Issuer with a copy to the Trustee at any time in the period from the Business Day falling 20 Business Days prior to an Optional Redemption Date until such Optional Redemption Date. Completion of the purchase by the Portfolio Option Holder will occur on the Optional Portfolio Purchase Completion Date. The Issuer shall cause the exercise of the Portfolio Option to be notified to the Noteholders and the other Secured Creditors in accordance with Condition 21 (*Notices*) and Residual Certificates Condition 19 (*Notices*) (the "**Notices Condition**") as soon as practicable after receipt of the notice to exercise the Portfolio Option by the Portfolio Option Holder.

The purchase price for the Mortgage Portfolio under the Portfolio Option shall be the higher of:

- (a) the aggregate market value of the Mortgage Portfolio as at the Optional Portfolio Purchase Completion Date; and
- (b) an amount equal to the aggregate Principal Amount Outstanding of the Rated Notes as at the Optional Portfolio Purchase Completion Date plus accrued but unpaid interest thereon up to and including the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date, together with any payments due from the Issuer in respect of items ranking in priority to or *pari passu* with the Rated Notes (including interest and principal due and payable in respect of the Rated Notes), pursuant to the applicable Payments Priorities on the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date, less (x) any Available Principal Funds and Available Revenue Funds to be applied in accordance with the applicable Payments Priorities on the Interest Payment Date immediately following the Optional Portfolio Purchase Completion Date and (y) the credit balance of the General Reserve Fund.

Redemption of Notes

Upon sale of the Mortgage Portfolio, that part of the purchase price constituting Revenue Receipts shall be applied in accordance with the Pre-Enforcement Revenue Payments Priorities on the relevant Interest Payment Date. That part of the purchase price constituting Principal Receipts shall be applied in accordance with the Pre-Enforcement Principal Payments Priorities on the relevant Interest Payment Date and will result in the Listed Notes being redeemed in full.

Upon the occurrence of an Optional Portfolio Purchase, the General Reserve Fund Required Amount shall be reduced to zero and the entire credit balance of the General Reserve Fund shall constitute Available Principal Funds, to be applied to repay the Notes.

Following redemption of the Notes in full, the Residual Principal Allocation Amount will be credited to the Revenue Ledger and may be applied, together with Revenue Receipts, in accordance with the Pre-Enforcement Revenue Payments Priorities.

On the immediately following Interest Payment Date on which the Notes are being redeemed in full pursuant to an Optional Portfolio Purchase, the Cash Manager shall apply any amounts standing to the

credit of the Revenue Ledger and Principal Ledger as at that Interest Payment Date in accordance with the order of payments set forth in the relevant Payments Priorities.

SECURITY FOR THE ISSUER'S OBLIGATIONS

Security Deed

Under the terms of the Security Deed, the Issuer will grant the following security to be held by the Trustee for itself and on trust for the benefit of the other Secured Creditors (which definition includes the Noteholders):

- (a) an assignment of the benefit of the Issuer in each Mortgage Loan, Mortgage and other Related Security relating to such Mortgage Loan, each Mortgage Condition and all Receivables;
- (b) an assignment of rights held by the Issuer against certain third parties;
- (c) a first fixed charge of the benefit of any bank or other accounts of the Issuer in which the Issuer may at any time have or acquire any benefit;
- (d) an assignment of rights over the trust declared by the Legal Title Holder in favour of the Issuer absolutely over all amounts standing to the credit of the Collection Account (the "**Collection Account Trust**");
- (e) a first fixed charge of the benefit of the Issuer in and to any Eligible Investments;
- (f) assignment of the benefit of the Issuer under each relevant Transaction Document to which the Issuer is a party (other than the Trust Documents), including:
 - (i) the Agency Agreement;
 - (ii) the Cash Management Agreement;
 - (iii) the Collection Account Declaration of Trust;
 - (iv) the Corporate Services Agreement;
 - (v) the Mortgage Sale Agreement;
 - (vi) the Interest Rate Swap Agreement;
 - (vii) the Servicing Agreement; and
 - (viii) the Transaction Account Agreement; and
- (g) a first floating charge over all the assets and undertakings of the Issuer to the extent not effectively charged pursuant to paragraphs (a) to (f) above.

Post-Enforcement Payments Priorities

The Security Deed sets out the order of priority for the application of cash following the service of an Enforcement Notice by or on behalf of the Trustee (or a receiver of the Issuer appointed by the Trustee pursuant to the Security Deed). This order of priority is described in the section entitled "*Cashflows*".

Enforcement

The Security shall only become enforceable on the service of an Enforcement Notice pursuant to Condition 12 (*Events of Default*) and Residual Certificates Condition 10 (*Events of Default*). The Security Deed will set out the procedures by which the Trustee may take steps to enforce the Security.

No withdrawals from Charged Accounts

From and including the date on which the Trustee delivers a notice substantially in the form set out in Schedule 1 to the Security Deed (a "**Security Protection Notice**") to the Issuer with a copy to the Interest Rate Swap Provider) pursuant to the Security Deed or the floating charge created by the Issuer under the Security Deed otherwise crystallises into a fixed charge pursuant to the Security Deed and unless and until such Security Protection Notice is withdrawn or the relevant fixed charge is otherwise

reconverted into a floating charge, no amount may be withdrawn from the Transaction Account and any bank or other account in which the Issuer may at any time hold any amount and over which the Issuer has created an Security Interest in favour of the Trustee pursuant to the Security Deed (the "**Charged Accounts**") without the prior written consent of the Trustee, provided that, unless an Enforcement Notice has been delivered, the Trustee shall not act in such a way as to require any payment other than in accordance with the Pre-Enforcement Payments Priorities or the Cash Management Agreement.

Application of monies standing to Reserve Ledgers

After an Enforcement Notice is delivered by the Trustee, all monies standing to the credit of the Liquidity Ledger, the Credit Ledger and (if any) Pre-Funding Principal Ledger shall be applied in payment of the amount required in the order of priority specified in the Post-Enforcement Payments Priorities.

Governing Law

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

THE TRUST DEED

The Issuer and the Trustee will enter into a Trust Deed on the Closing Date. The Trust Deed will contain the forms of the Notes and Residual Certificates. Under the Trust Deed, the Issuer will covenant to the Trustee to pay all amounts due under the Notes and the Residual Certificates. The Trustee will hold the benefit of the Issuer's covenant to pay on trust for the Noteholders and Residual Certificateholders.

Conflicts/Relationship with Noteholders and Residual Certificateholders

The Trust Deed will provide that, except where expressly provided otherwise, where the Trustee is required to have regard to the interests of the Noteholders, the Trustee shall have regard to the interests of all the Noteholders equally, and in the event of a conflict of interests of holders of different classes, the Trustee shall have regard only to the interests of the holders of the Most Senior Class then outstanding.

The voting rights of the Residual Certificateholders are limited to the extent that any Extraordinary Resolution of the Residual Certificateholders is only effective if, while any Classes of Notes remain outstanding, such resolution has been sanctioned by an Extraordinary Resolution, respectively, of the Most Senior Class then outstanding or the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class then outstanding.

The Trustee shall not be bound to take any action in relation to the Notes, the Residual Certificates or the Transaction Documents, including delivering an Enforcement Notice, unless it has been directed to do so either by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding or in writing by the holders of more than 25 per cent. of the Principal Amount Outstanding (if the Most Senior Class is a Class of Notes) or 25 per cent. in number (if the Most Senior Class is the Residual Certificates) of the Most Senior Class then outstanding.

The Trustee is not obliged to take any action unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which may be incurred by it in connection therewith.

"Meeting" means a meeting of Noteholders and/or Residual Certificateholders (whether originally convened or resumed following an adjournment).

"Extraordinary Resolution" means (i) a resolution passed at a Meeting of Noteholders duly convened and held in accordance with the Provisions for Meetings of Noteholders and Residual Certificateholders by a majority of not less than 75 per cent. of the votes cast in respect of the relevant class or classes of Notes or the Residual Certificates (as applicable), (ii) a Written Resolution or (iii) an Electronic Consent.

"Provisions for Meetings of Noteholders and Residual Certificateholders" means the provisions contained in Schedule 6 (*Provisions for Meetings of Noteholders and Residual Certificateholders*) to the Trust Deed.

"Written Resolution" means a resolution in writing signed by or on behalf of holders of not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant class or classes of Notes for the time being outstanding or 75 per cent. in number of the holders of the Residual Certificates then in issue, who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for Meetings of Noteholders and Residual Certificateholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of such Notes or Residual Certificates.

Modification and waiver

The Trust Deed provides that, without the consent or sanction of the Noteholders, the Residual Certificateholders or any of the other Secured Creditors, the Trustee may at any time and from time to time:

- (a) agree with the Issuer and any other relevant parties in making any modification to the Conditions, the Residual Certificates Conditions, the Trust Documents, the Notes or the Transaction Documents in relation to which its consent is required:
 - (i) which in the opinion of the Trustee is made to correct a manifest error or is of a formal, minor or technical nature; or
 - (ii) (other than in respect of a Reserved Matter or any provisions of the Trust Documents referred to in the definition of Reserved Matter) which, in the opinion of the Trustee, will not be materially prejudicial to the interests of the holders of the Most Senior Class;

provided that the prior written consent of the Interest Rate Swap Provider shall be required to amend or waive any provisions of the Transaction Documents if, in the reasonable opinion of the Interest Rate Swap Provider, such amendment or waiver:

- (A) has the effect that immediately thereafter, the Interest Rate Swap Provider would potentially be required to pay more or receive less if it transferred the Transaction to another person than it would have paid or received prior to such amendment or waiver;
- (B) has the effect that the Issuer's obligations to the Interest Rate Swap Provider under the Interest Rate Swap Agreement are further contractually subordinated to the Issuer's obligations to any other of its creditors compared with the position that subsisted immediately prior to such amendment or waiver;
- (C) would result in an amendment of clause 20.1.2 of the Trust Deed or a waiver in respect of such clause;
- (D) affects the amount, timing or priority of any payments or deliveries due from the Interest Rate Swap Provider to the Issuer or from the Issuer to the Interest Rate Swap Provider (including any amounts, rights and obligations in relation to the Swap Collateral Account); or
- (E) adversely affects the validity of any security granted pursuant to the Transaction Documents or any rights that the Interest Rate Swap Provider has in respect of such security,

and in each case the Issuer shall notify in writing to the Interest Rate Swap Provider, with a copy to the Trustee, of any proposed amendment or waiver to any of the provisions of the Transaction Documents as soon as reasonably practicable but not less than 15 Business Days (inclusive) prior to such amendment or waiver being effected, notwithstanding any other provision of the Transaction Documents. The Interest Rate Swap Provider may notify the Trustee and the Issuer in writing if it determines (acting in a reasonable manner) that such amendment or waiver would affect any of the items listed in paragraphs (A) to (E) above and stating which proposed amendment or waiver is so affected. If the Issuer and the Trustee do not receive any such notice within 15 Business Days (inclusive) of the Interest Rate Swap Provider having been notified of such proposed amendment or waiver, the Interest Rate Swap Provider shall be deemed to have consented to each such amendment or waiver. If the Interest Rate Swap Provider has not received notice in accordance with this paragraph, the proposed amendment or waiver shall not be effective. If the Interest Rate Swap Provider has notified its consent in writing to the Issuer and the Trustee to any proposed amendment or waiver, such amendment

or waiver may proceed to become effective notwithstanding that less than 15 Business Days have elapsed since the relevant notice was received by the Interest Rate Swap Provider;

- (b) in its sole discretion concur with the Issuer or any other relevant parties in authorising or waiving any breach or proposed breach of the covenants or provisions contained in the Trust Documents, the Instruments or any other Transaction Documents (other than in respect of a Reserved Matter, a matter set out in paragraphs (a)(A) to (a)(E) above or any provision of the Trust Documents referred to in the definition of Reserved Matter), if in the Trustee's sole opinion, the interests of the holders of the Most Senior Class will not be materially prejudiced thereby; and
- (c) in its sole discretion determine that any Event of Default or Potential Event of Default shall not be treated as such if, in the Trustee's sole opinion, the interests of the holders of the Most Senior Class will not be materially prejudiced thereby,

provided always that the Trustee shall not exercise any powers under paragraphs (a), (b) or (c) above in contravention of any express direction given by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding, or by a request in writing of the holders of more than 25 per cent. in aggregate Principal Amount Outstanding (if the Most Senior Class is a Class of Notes) or 25 per cent. in number (if the Most Senior Class is the Residual Certificates) of the Most Senior Class then outstanding (but no such direction or request shall affect any modification, waiver, authorisation or determination previously given or made). The Trustee shall not authorise or waive any such proposed breach or breach relating to a Reserved Matter or any provisions of the Trust Documents referred to in the definition of Reserved Matter unless the Noteholders have, by Extraordinary Resolution, so authorised its exercise.

Unless the Trustee otherwise agrees, the Issuer shall cause any such modification, waiver, authorisation or determination to be notified to the Noteholders and the other Secured Creditors in accordance with the Notices Condition and the Transaction Documents as soon as practicable thereafter.

"Event of Default" means any one of the events specified in Condition 12 (*Events of Default*) of the Conditions.

"Instrument" means any one of the Global Notes, the Definitive Notes, the Global Certificates, the Definitive Certificates and the Class Z VFN.

"Instrumentholders" means the persons who for the time being are holders of the Instruments.

"Potential Event of Default" means any event which may become (with the passage of time, the giving of notice, the making of any determination or any combination thereof) an Event of Default.

"Trust Documents" means the Trust Deed and the Security Deed and (unless the context requires otherwise) includes any deed or other document executed in accordance with or pursuant to the provisions of the Trust Deed or (as applicable) the Security Deed and expressed to be supplemental to the Trust Deed or the Security Deed (as applicable).

Reserved Matters

The approval of Reserved Matters requires an Extraordinary Resolution of each class of Notes then outstanding. The quorum at any meeting convened to vote on an Extraordinary Resolution relating to a Reserved Matter will be one or more persons holding or representing in the aggregate 75 per cent. of the Principal Amount Outstanding of the Notes or 75 per cent. in number of Residual Certificates then outstanding in the relevant class or classes or, at any adjourned meeting, one or more persons holding or representing not less than in the aggregate 25 per cent. of the Principal Amount Outstanding of the Notes or 25 per cent. in number of the Residual Certificates then outstanding in the relevant

class or classes, provided that, while all the outstanding Notes of a class are represented by a Global Note, a single voter appointed in relation thereto or being the holder of the Notes of such class thereby represented shall be deemed to be two voters for the purpose of forming a quorum.

"Reserved Matter" means any proposal:

- (a) to change any date fixed for payment of principal or interest (including, for the avoidance of doubt, the Final Maturity Date) or any other amount in respect of the Notes, to change the amount of principal or interest or any other amount due on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity (other than a Base Rate Modification);
- (b) (except in accordance with Condition 20 (*Substitution of Issuer*) and Clause 21 (*Substitution*) of the Trust Deed) to effect the exchange, conversion or substitution of the Notes for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (c) to change the currency in which amounts due in respect of the Notes are payable;
- (d) to release any Security, other than as expressly contemplated in the Transaction Documents;
- (e) to alter the Payments Priorities or any other amounts in respect of the Notes;
- (f) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution;
- (g) to restrict the transferability of any Note; or
- (h) to amend this definition.

Fees and expenses

The Issuer will reimburse the Trustee for all costs and expenses incurred in acting as Trustee. In addition, the Issuer shall 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 subject to and in accordance with the Trust Deed.

Retirement and removal

The Trustee may retire after giving not less than two calendar months' notice in writing to the Issuer. The Most Senior Class then outstanding may by an Extraordinary Resolution remove the Trustee.

The retirement or removal of the Trustee shall not become effective unless there remains at least one trustee under the Trust Deed and the Issuer will covenant in the Trust Deed to use its best endeavours to procure the appointment of a new Trustee after the resignation or removal of the existing Trustee. If the Issuer has failed to appoint a replacement Trustee prior to the expiry of the notice period given by the Trustee, the outgoing Trustee will be entitled to nominate a successor which shall be approved by an Extraordinary Resolution of the Most Senior Class then outstanding. The Rating Agencies shall be notified by the Issuer of such appointment.

Governing Law

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

DESCRIPTION OF THE GLOBAL NOTES

General

Each Class of Notes (except the Class Z VFN) as at the Closing Date will each be represented by a global note (the "**Global Notes**"). All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Global Notes will be registered in the name of the nominee for the Common Safekeeper (the "**Common Safekeeper**") for both Euroclear ("**Euroclear**") and Clearstream, Luxembourg ("**Clearstream, Luxembourg**" and together with Euroclear, the "**Clearing Systems**"). The Registrar will maintain a register in which it will register the nominee for the Common Safekeeper as the owner of the Global Note.

Upon confirmation by the Common Safekeeper that it has custody of the Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record in book-entry form interests representing beneficial interests in the Global Note attributable thereto ("**Book-Entry Interests**").

Book-Entry Interests in respect of the Global Notes are recorded in denominations of £100,000 and integral multiples of £1,000 in excess thereof. Ownership of Book-Entry Interests will be limited to persons that have accounts with Euroclear or Clearstream, Luxembourg ("**Participants**") or persons that hold interests in the Book-Entry Interests or the Certificate Book Entry Interests through Participants or through other Indirect Participants ("**Indirect Participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants will also include persons that hold beneficial interests through such Indirect Participants. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Joint Lead Managers. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

So long as a nominee the Common Safekeeper is the registered holder of the Global Note underlying the Book-Entry Interests, the nominee for the Common Safekeeper will be considered the sole Noteholder of the Notes represented by that Global Note for all purposes under the Trust Deed. Except as set forth under "*Issuance of Registered Definitive Notes*" below, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of the 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 the Listed Notes under the Trust Deed. See "*Action in Respect of the Global Notes and the Book-Entry Interests*" below.

Unlike legal owners or holders of the Listed 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 holders of Listed Notes. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from

Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Global Note, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Registered Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

In the case of a Global Note, unless and until Book-Entry Interests are exchanged for Registered Definitive Notes, the Global Note held by the Common Safekeeper may not be transferred except as a whole by that 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 Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set forth in "*Transfers and Transfer Restrictions*" below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in the Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

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

Payments on Global Notes

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Sterling by or to the order of the Principal Paying Agent on behalf of the Issuer to the order of the Common Safekeeper or its nominee as the registered holder thereof with respect to the Global Notes. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Safekeeper or their nominees in respect of those Book-Entry Interests. All such payments will be distributed without Tax Deduction except as may be required by law. If any such Tax Deduction is required to be made, then neither the Issuer, the Paying Agents nor any other person will be obliged to pay additional amounts in respect thereof.

Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Safekeeper or its nominee in respect of those Book-Entry Interests. All such payments will be distributed without Tax Deduction except as may be required by law. If any such Tax Deduction is required to be made, then neither the Issuer, the Paying Agents nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the order of the Common Safekeeper, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg.

On each record date (the "**Record Date**") Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The Record Date in respect of the Notes (i) where the Notes are in global registered form, shall be at the close of the Business Day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to the relevant Interest Payment Date and (ii) where the Notes are in definitive registered form, shall be the date falling 15 days prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arrangers, the Joint Lead Managers 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.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

- Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.
- Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing.
- Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.
- Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.
- An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer 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 Security Deed, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

Redemption

In the event that any Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the order of the Common Safekeeper and, upon final payment, will surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. Appropriate entries will be made in the Register. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of the Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be, deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

Cancellation

Cancellation of any Note represented by a Global Note and required by the Conditions to be cancelled following its redemption will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant schedule thereto and the corresponding entry on the Register.

Transfers and Transfer Restrictions

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants (see the section entitled "*General*" above).

Issuance of Registered Definitive Notes

Holder of Book-Entry Interests in the Global Note will be entitled to receive Notes in definitive registered form (such as exchanged Global Notes in definitive registered form, "**Registered Definitive Notes**") in exchange for their respective holdings of Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or to cease to make book entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any Tax Authority or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agents is or will be required to make any Tax Deduction from any payment in respect of the Notes which would not be required were the Notes in definitive registered form. Any Registered Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holder of Registered Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will not be entitled to exchange such Registered Definitive Notes for Book-Entry Interests in such Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set out under "*Transfers and Transfer Restrictions*" above and provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Registered Definitive Notes will be issued in a denomination that is an integral multiple of the minimum authorised denomination.

See "*Risk Factors – Risks relating to the Characteristics of the Notes – Definitive Notes and denominations in integral multiples*" above.

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

Not later than 10 days after receipt by the Issuer of any notice in respect of the Global Note or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Note, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Listed Notes) and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Note in accordance with any instructions set forth in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under the section entitled "*General*" above, with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

Notices

In respect of the Listed Notes, so long as the Listed Notes and the Residual Certificates are represented by the Global Note and the Global Note is held on behalf of Euroclear or Clearstream, Luxembourg, notices to the relevant Noteholders may be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders or by publishing the notice on a Relevant Screen and, so long as the Listed Notes are listed on the Stock Exchange, notices in respect of such Listed Notes shall also be published in any other way as the rules of the Stock Exchange require (see also Condition 21 (*Notices*)).

In respect of the Class Z VFN, notices to the Class Z VFN Holder will be sent by the Issuer to the fax number or email address of the Class Z VFN Holder notified to the Issuer from time to time in writing (see also Condition 21 (*Notices*)).

"**Relevant Screen**" means a page of the Reuters service or of the Bloomberg service, or of any other medium for the electronic display of data, as may be previously approved in writing by the Trustee and as has been notified to the Noteholders in accordance with the Notices Condition.

Meetings of Noteholders

The holder of a Global Note will be deemed to be two persons for the purpose of forming a quorum at a meeting of Noteholders.

Written Resolution and Electronic Consent

For so long as all the outstanding Notes (except the Class Z VFN) and the Residual Certificates are represented by the Global Notes and held within the Clearing Systems, then, in respect of any resolution proposed by the Issuer or the Trustee (i) where the terms of the proposed resolution have been notified to the Noteholders and/or Residual Certificates through the relevant Clearing Systems, each of the Issuer and the Trustee shall be entitled to rely upon approval of such resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing Systems in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant class or classes of Notes then outstanding or 75 per cent. in number of the Residual Certificates then in issue (as applicable) ("**Electronic Consent**") by the close of business on the relevant day and (ii) where Electronic Consent is not being sought, for

the purpose of determining whether a Written Resolution has been validly passed, each of the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the Clearing System with entitlements to such Global Note and/or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps (which may include requiring accountholders to block their holding in the relevant Clearing System) to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting or implementation of such consent or instruction. Any resolution passed in such manner shall be binding on all Noteholders of such class or classes, even if the relevant consent or instruction proves to be defective.

As used in the foregoing paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by the relevant Clearing System, and/or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print-out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

A Written Resolution and/or Electronic Consent shall take effect and will be binding on Noteholders (whether or not they participated in such Written Resolution and/or Electronic Consent) as if they were an Extraordinary Resolution.

An Electronic Consent or Written Resolution shall take effect as an Extraordinary Resolution.

Class Z VFN

The Class Z VFN will be issued in dematerialised registered form and no certificate evidencing entitlement to the Class Z VFN will be issued. The Issuer will also maintain a register, to be kept on the Issuer's behalf by the Class Z VFN Registrar, in which the Class Z VFN will be registered in the name of the Class Z VFN Holder. Transfers of the Class Z VFN may be made only through the register maintained by the Class Z VFN Registrar on behalf of the Issuer and are subject to the transfer restrictions set out in Condition 3.2 (*Title*).

DESCRIPTION OF THE GLOBAL CERTIFICATES

General

The Residual Certificates, as at the Closing Date, will be represented by a Global Certificate. The Global Certificate will be registered on issue on or around the Closing Date in the name of the nominee for the Common Safekeeper for Euroclear and Clearstream. The Registrar will maintain a register in which it will register the nominee for the Common Safekeeper as the holder of the Global Certificate.

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

Ownership of Certificate Book Entry Interests will be limited to Participants or Indirect Participants, including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants will also include persons that hold beneficial interests through such Indirect Participants. Certificate Book Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Certificate Book Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Seller (or as the Seller may direct). Ownership of Certificate Book Entry Interests will be shown on, and transfers of Certificate Book Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Certificate Book Entry Interests.

So long as the nominee of the Common Safekeeper is the registered holder of the Global Certificate underlying the Certificate Book Entry Interests, it will be considered the sole Residual Certificateholder of the Residual Certificates represented by that Global Certificate for all purposes under the Trust Deed. Except as set out under the section entitled "*Issuance of Definitive Certificates*" below, Participants or Indirect Participants will not receive or be entitled to receive physical delivery of Residual Certificates in definitive form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Certificate Book Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Certificate Book Entry Interests, to exercise any rights and obligations of a holder of Certificates under the Trust Deed. See the section entitled "*Action in respect of the Global Certificate and the Certificate Book Entry Interests*" below.

Unlike legal owners or holders of the Residual Certificates, holders of the Certificate Book Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Residual Certificateholders. Instead, a holder of Certificate Book Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Certificate Book Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default, holders of Certificate Book Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Definitive Certificates are issued in accordance with the Residual Certificates Conditions. There can be no assurance that the procedures to be implemented by Euroclear

and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Unless and until Certificate Book Entry Interests are exchanged for Definitive Certificates, the Global Certificate held by the nominee for the Common Safekeeper may not be transferred except as a whole by that nominee for the Common Safekeeper to a successor nominee for that Common Safekeeper or a nominee of a successor of the Common Safekeeper.

Purchasers of Certificate Book Entry Interests in a Global Certificate will hold Certificate Book Entry Interests in the Global Certificates relating thereto. Investors may hold their Certificate Book Entry Interests in respect of a Global Certificate directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out in the section below entitled "*Transfers and Transfer Restrictions*"), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Certificate Book Entry Interests in the Global Certificates on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

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

Issuance of Definitive Certificates

The Global Certificate will become exchangeable in whole, but not in part, for the relevant Residual Certificate in definitive form (a "**Definitive Certificate**") at the request of the holder of the relevant Global Certificate if Euroclear or Clearstream, Luxembourg closes for business on a permanent basis without a successor to act as a clearing system with respect to the Global Certificates (the "**Exchange Event**").

Any Definitive Certificate issued in exchange for Certificate Book Entry Interests in the Global Certificate will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Certificate Book Entry Interests. Whenever a Global Certificate is to be exchanged for a Definitive Certificate, the Issuer shall procure the prompt delivery (free of charge to the holders of the Certificate Book Entry Interests) of such Definitive Certificate, duly authenticated and effectuated, in an aggregate principal amount equal to the principal amount of the relevant Global Certificate within 30 days of the occurrence of the Exchange Event.

Payments on the Global Certificates

Payment of amounts due in respect of the Global Certificate will be made in Sterling by or to the order of the Principal Paying Agent on behalf of the Issuer to the order of the Common Safekeeper or its nominee as the registered holder thereof with respect to the Global Certificates.

Each holder of Certificate Book Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer order to the Common Safekeeper or its nominee in respect of those Certificate Book Entry Interests. All such payments will be distributed without Tax Deduction except as may be required by law. If any

such Tax Deduction is required to be made, then none of the Issuer, the Principal Paying Agent or any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the Common Safekeeper, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Certificate Book Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the "**Record Date**"), Euroclear and Clearstream, Luxembourg will determine the identity of the Participants for the purposes of making payments under the Residual Certificates. The Record Date in respect of the Residual Certificates shall be as at the close of business on the Business Day prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Certificate Book Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arrangers, the Joint Lead Managers 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 Certificate Book Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Certificate Book Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

- Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.
- Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing.
- Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.
- Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.
- An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer or the Trustee requests any action of owners of Certificate Book Entry Interests or if an owner of a Certificate Book

Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Security Deed, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the Participants owning the relevant Certificate Book Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

Transfers and Transfer Restrictions

All transfers of Certificate Book Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants (see the section above entitled "*General*").

Beneficial interests in a Global Certificate may be held only through Euroclear or Clearstream, Luxembourg. Each Global Certificate will bear a legend similar to that appearing under the section of this Prospectus entitled "*Transfer Restrictions and Investor Representations*" below and neither a Global Certificate nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set out in the legend appearing in the relevant Global Certificate.

Action in respect of the Global Certificate and the Certificate Book Entry Interests

Not later than 10 days after receipt by the Issuer of any notice in respect of the Residual Certificates or any notice of solicitation of consents or requests for a waiver or other action by the Residual Certificateholder, 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 Residual Certificates and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Certificate Book Entry Interests or the Residual Certificates in accordance with any instructions set out in such request. Euroclear and Clearstream, Luxembourg are expected to follow the procedures described under the section above entitled "*General*", with respect to soliciting instructions from their respective Participants.

Notices

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to Residual Certificateholders for communication by Euroclear and Clearstream, Luxembourg to the Residual Certificateholders and shall procure that the information contained in such notice shall appear on a Relevant Screen (see also Residual Certificates Condition 19 (*Notices*)). The Trustee may in accordance with Residual Certificates Condition 19 (*Notices*) sanction other methods of giving notice to all or some of the Residual Certificateholders, if such method is reasonable having regard to the then prevailing market practice.

New Safekeeping Structure and Eurosystem Eligibility

The Residual Certificates are intended to be held in a new safekeeping structure ("*NSS*") and in a manner which would allow Eurosystem eligibility and will be deposited with one of the ICSDs as common safekeeper. However, the deposit of the Residual Certificates with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that the Residual Certificates will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

TERMS AND CONDITIONS OF THE NOTES

1 General

- 1.1 The Issuer has agreed to issue the Notes subject to and with the benefit of the terms of the Trust Deed.
- 1.2 The Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.
- 1.3 Certain provisions of these Conditions are summaries of the Trust Documents and the Agency Agreement and are subject to their detailed provisions.
- 1.4 The Noteholders are bound by the terms of the Trust Documents, and are deemed to have notice of all the provisions of the Transaction Documents.
- 1.5 Copies of the Transaction Documents (excluding any schedules containing personal information) are available for inspection by Noteholders during normal business hours at the registered office of the Issuer, the initial registered office of which is set out below.

2 Definitions

2.1 *Definitions*

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Incorporated Terms Memorandum available as described above.

2.2 *Interpretation*

Any reference in the Conditions to:

- 2.2.1 a "**class**" shall be a reference to a class of the Notes being the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class X Notes or the Class Z VFN and "**classes**" shall be construed accordingly; and
- 2.2.2 a reference to any person defined as a "**Transaction Party**" in the Conditions shall be construed so as to include its and any subsequent successors and permitted transferees in accordance with their respective interests and, in relation to the Trustee, shall include any person for the time being acting as trustee or trustees pursuant to the Trust Documents.

2.3 *Transaction Documents and other agreements*

Any reference to any document defined as a Transaction Document or any other agreement or document shall be construed as a reference to such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated, supplemented or replaced.

2.4 *Statutes and Treaties*

Any reference to a statute or treaty shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted.

2.5 *Schedules*

Any Schedule of, or Appendix to, a Transaction Document forms part of such Transaction Document and shall have the same force and effect as if the provisions of such Schedule or Appendix were set out in the body of such Transaction Document. Any reference to a Transaction Document shall include any such Schedule or Appendix.

2.6 *Headings*

Condition headings are for ease of reference only.

2.7 *Sections*

Except as otherwise specified in the Condition, reference in the Conditions to:

2.7.1 a "**Section**" shall be construed as a reference to a Section of such Transaction Document;

2.7.2 a "**Part**" shall be construed as a reference to a Part of such Transaction Document;

2.7.3 a "**Schedule**" shall be construed as a reference to a Schedule of such Transaction Document;

2.7.4 a "**Clause**" shall be construed as a reference to a Clause of a Part or Section (as applicable) of such Transaction Document; and

2.7.5 a "**Paragraph**" shall be construed as a reference to a Paragraph of a Schedule of such Transaction Document.

2.8 *Number*

In any Transaction Document, save where the context otherwise requires, words importing the singular number include the plural and vice versa.

3 **Form, Denomination and Title**

3.1 *Form and Denomination*

Each Class of Notes (except the Class Z VFN) will initially be represented by a global note certificate in registered form (a "**Global Note**").

For so long as any of the Notes (except the Class Z VFN) are represented by a Global Note, transfers and exchanges of beneficial interests in such Global Note and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank SA/NV ("**Euroclear**") or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"), as appropriate. Each Global Note will be deposited with and registered in the name of a common safekeeper (or a nominee thereof) for Euroclear and Clearstream, Luxembourg.

For so long as the Notes (except the Class Z VFN) are represented by a Global Note, and for so long as Euroclear and Clearstream, Luxembourg so permit, the Notes (except the Class Z VFN) shall be tradable only in the interest nominal amount of £100,000 and higher integral multiples of £1,000, notwithstanding that no Registered Definitive Notes (as defined below) will be issued with a denomination above £199,000. A Global Note will be exchanged for the relevant Note (except the Class Z VFN) in registered definitive form (such exchanged Global Notes in registered definitive form, the "**Registered Definitive Notes**") only if either of the following applies:

3.1.1 both Euroclear and Clearstream, Luxembourg:

- (a) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or
- (b) announce an intention permanently to cease business or to cease to make book entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things; or

3.1.2 as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any Tax Authority, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any Tax Deduction from any payment in respect of the Notes which would not be required were the relevant Notes in definitive registered form.

If Registered Definitive Notes are issued in respect of Notes (except the Class Z VFN) originally represented by a Global Note, the beneficial interests represented by such Global Note shall be exchanged by the Issuer for the relevant Notes (except the Class Z VFN) in registered definitive form. The aggregate principal amount of the Registered Definitive Notes shall be equal to the Principal Amount Outstanding of the Notes at the date on which notice of exchange is given of the Global Note, subject to and in accordance with the detailed provisions of these Conditions, the Agency Agreement, the Trust Deed and the relevant Global Note.

Registered Definitive Notes (which, if issued, will be in the denomination set out below) will be serially numbered and will be issued in registered form only.

Registered Definitive Notes, if issued, will only be printed and issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Definitive Notes will be issued with a denomination above £199,000.

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

The Class Z VFN is in dematerialised registered form.

3.2 *Title*

Title to the Global Notes shall pass by and upon registration in the register (the "**Register**") which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Note may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Note regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to the Class Z VFN shall only pass by and upon registration of the transfer in the Class Z VFN Register provided that no transferee shall be registered as a new Class Z VFN Holder unless (i) the prior written consent of the Issuer and (for so long as any Notes (except the Class Z VFN) are outstanding) the Trustee has been obtained (and the Trustee shall give its consent to such a transfer if the same has been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class of Notes) and (ii) such transferee has certified to, *inter alios*, the Class Z VFN Registrar, the Trustee and the Issuer that it is (A) a person falling within paragraph 3 of Schedule 2A to the Insolvency Act 1986 and (B) independent of the Issuer within the meaning of regulation 2(1) of the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended).

Title to a Registered Definitive Note shall only pass by and upon registration of the transfer in the Register.

Registered Definitive Notes may be transferred upon the surrender of the relevant Registered Definitive Note, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. Such transfers shall be subject to the minimum denominations specified in Condition 3.1 (*Form and Denomination*) above. All transfers of Registered

Definitive Notes are subject to any restrictions on transfer set out on the Registered Definitive Notes and the detailed regulations concerning transfers in the Agency Agreement.

Each new Registered Definitive Note to be issued upon transfer of such Registered Definitive Note will, within five Business Days of receipt and surrender of such Registered Definitive Note (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Registered Definitive Note to such address as may be specified in the relevant form of transfer.

Registration of a Registered Definitive Note on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

4 Status and Ranking

4.1 Status

- 4.1.1 The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 13 (*Enforcement*) unconditional obligations of the Issuer. The Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, as provided in these Conditions and the Transaction Documents.
- 4.1.2 The Class B Notes constitute direct, secured and (subject to the limited recourse provision in Condition 13 (*Enforcement*) and Condition 23 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class B Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class B Notes (the "**Class B Noteholders**") will (subject as provided in Condition 4.1.1) be subordinated to the interests of the persons who for the time being are registered in the Register as holders of Class A Notes (the "**Class A Noteholders**") (so long as any Class A Notes remain outstanding).
- 4.1.3 The Class C Notes constitute direct, secured and (subject to the limited recourse provision in Condition 13 (*Enforcement*) and Condition 23 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class C Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes and the Class B Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class C Notes (the "**Class C Noteholders**") will be subordinated to the interests of the persons who for the time being are registered in the Register as the Class A Noteholders and the Class B Noteholders (so long as any Class A Notes and the Class B Notes remain outstanding).
- 4.1.4 The Class D Notes constitute direct, secured and (subject to the limited recourse provision in Condition 13 (*Enforcement*) and Condition 23 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class D Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as

holders of Class D Notes (the "**Class D Noteholders**") will be subordinated to the interests of the persons who for the time being are registered in the Register as the Class A Noteholders, the Class B Noteholders and the Class C Noteholders (so long as any Class A Notes, Class B Notes and Class C Notes remain outstanding).

4.1.5 The Class Z VFN constitutes direct, secured and (subject to the limited recourse provision in Condition 13 (*Enforcement*) and Condition 23 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class Z VFN Holder ranks *pari passu* without preference or priority in relation to payment of principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, as provided in these Conditions and the Transaction Documents.

4.1.6 The Class X Notes constitute direct, secured and (subject to the limited recourse provision in Condition 13 (*Enforcement*) and Condition 23 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class X Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to payments of interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class X Notes will be subordinated to the interests of the persons who for the time being are registered in the Register as the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (so long as any Class A Notes, Class B Notes, Class C Notes and Class D Notes remain outstanding). Payments of principal on the Class X Notes will be made in accordance with the Pre-Enforcement Revenue Payments Priorities and, following the Step-Up Date, the Pre-Enforcement Revenue Payments Priorities and the Pre-Enforcement Principal Payments Priorities.

4.2 Sole Obligations

The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other Transaction Parties.

4.3 Payments Priorities

Prior to the delivery of an Enforcement Notice, the Issuer is required to apply Available Revenue Funds and Available Principal Funds in accordance with the Pre-Enforcement Payments Priorities and thereafter monies will be applied by the Trustee (or the Cash Manager on its behalf) in accordance with the Post-Enforcement Payments Priorities.

5 Security

5.1 Security

The Notes are secured by the Security.

5.2 Enforceability

The Security will become enforceable upon the delivery by the Trustee of an Enforcement Notice in accordance with Condition 12 (*Events of Default*) and subject to the matters referred to in Condition 13 (*Enforcement*).

6 Issuer Covenants

The Issuer makes the covenants of the Issuer set out in Schedule 6 (*Issuer Covenants*) to the Incorporated Terms Memorandum (the "**Issuer Covenants**") in favour of the Trustee, which, amongst other things, restrict the ability of the Issuer to create or incur any indebtedness (save as permitted in

the Trust Deed), dispose of assets or change the nature of its business. So long as any Note remains outstanding, the Issuer shall comply with the Issuer Covenants.

7 Interest

7.1 *Accrual of Interest*

Each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class X Notes bears interest on its Principal Amount Outstanding from the Closing Date. The Class Z VFN does not bear interest.

7.2 *Cessation of Interest*

Each of the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class X Notes shall cease to bear interest from its due date for final redemption unless, upon due presentation, payment of the principal is improperly withheld or refused, in which case, it will continue to bear interest in accordance with this Condition 7 (both before and after judgment) until whichever is the earlier of:

- 7.2.1 the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
- 7.2.2 the day which is seven days after the Principal Paying Agent or the Trustee has notified the relevant Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

7.3 *Interest Payments*

Interest on the Notes (except the Class Z VFN) is payable in Sterling in arrear on each Interest Payment Date commencing on the First Interest Payment Date, in an amount equal to the Interest Amount in respect of such Note for the Interest Period ending on, but excluding, such Interest Payment Date.

7.4 *Interest Payment Dates*

Interest will be payable in arrear on each Interest Payment Date, for all classes of Notes (except the Class Z VFN). The First Interest Payment Date will be the Interest Payment Date falling in May 2021.

"**Interest Payment Date**" means the 27th of each month in each year or, if such day is not a Business Day, the immediately following Business Day with the First Interest Payment Date falling in May 2021.

Interest shall accrue from (and including) an Interest Payment Date (except in the case of the first Interest Period, which shall commence on (and include) the Closing Date) to (but excluding) the next following Interest Payment Date (each such period, an "**Interest Period**").

7.5 *Rate of Interest*

The rate of interest payable from time to time in respect of each class of the Notes (except the Class Z VFN) (each a "**Rate of Interest**" and together the "**Rates of Interest**") will be, in respect of the Notes (except the Class Z VFN) and any Interest Period, the Compounded Daily SONIA determined as at the related Interest Determination Date plus (A) from and including the Closing Date to (but excluding) the Step-Up Date, the Relevant Margin, or (B) from (and including) the Step-Up Date, the Relevant Step-Up Margin, in each case, in respect of such class and 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.

In respect of the Class X Notes, Compounded Daily SONIA shall be deemed to be zero per cent from the Optional Redemption Date.

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).

7.5.1 In these Conditions (except where otherwise defined), the expression:

- (a) "**Business Day**" means a day (other than a Saturday or Sunday or a public holiday) on which banks are generally open for business in London;
- (b) "**Compounded Daily SONIA**" means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005% being rounded upwards:

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

Where:

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

"**d_o**" is the number of Business Days in the relevant Interest Period;

"**i**" is a series of whole numbers from one to **d_o**, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period;

"**LBD**" means a Business Day;

"**n_i**", for any day "**i**", means the number of calendar days from and including such day "**i**" up to but excluding the following Business Day;

"**p**" means for any Interest Period, five Business Days; and

"**SONIA_{i-pLBD}**" means in respect of any Business Day falling in the relevant Interest Period, the SONIA Reference Rate for the Business Day falling "**p**" Business Days prior to that Business Day "**i**";

- (c) "**Interest Determination Date**" means the fifth Business Day before the Interest Payment Date for which the relevant Rate of Interest will apply;
- (d) "**Interest Determination Ratio**" means, on any Interest Payment Date, (a) the aggregate Revenue Receipts calculated in the preceding Monthly Report divided

by (b) the aggregate of all Revenue Receipts and all Principal Receipts calculated in such Monthly Report;

- (e) "**Observation Period**" means the period from and including the date falling "p" Business Days prior to the first day of the relevant Interest Period (and the first Observation Period shall begin on and include the Closing Date) and ending on, but excluding, the date falling "p" Business Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling "p" Business Days prior to any other date on which a payment of interest is to be made in respect of the Notes);
- (f) "**Optional Redemption Date**" means the Interest Payment Date falling in May 2024 (and each subsequent Interest Payment Date thereafter);
- (g) "**Reconciliation Amount**" means, in respect of any Calculation Period (a) the actual Principal Receipts as determined in accordance with the available Monthly Reports, less (b) the Calculated Principal Funds in respect of such Calculation Period, plus (c) any Reconciliation Amount not applied in previous Calculation Periods;
- (h) "**Relevant Margin**" means:
 - (i) in respect of the Class A Notes, 0.95 per cent. per annum;
 - (ii) in respect of the Class B Notes, 1.60 per cent. per annum;
 - (iii) in respect of the Class C Notes, 1.85 per cent. per annum;
 - (iv) in respect of the Class D Notes, 2.35 per cent. per annum; and
 - (v) in respect of the Class X Notes, 4.50 per cent. per annum;
- (i) "**Relevant Step-Up Margin**" means:
 - (i) in respect of the Class A Notes, 1.425 per cent. per annum;
 - (ii) in respect of the Class B Notes, 2.40 per cent. per annum;
 - (iii) in respect of the Class C Notes, 2.775 per cent. per annum;
 - (iv) in respect of the Class D Notes, 3.525 per cent. per annum; and
 - (v) in respect of the Class X Notes, zero per cent. per annum;
- (j) "**Screen**" means the Reuters Screen SONIA Page or such other page as may replace Reuters Screen SONIA Page 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;
- (k) "**SONIA Reference Rate**" means, in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such Business 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 Screen or, if the Screen is unavailable, as otherwise published by such authorised distributors (on the Business Day immediately following such Business Day); and
- (l) "**Step-Up Date**" means the first Optional Redemption Date.

7.5.2 If, in respect of any Business Day in the relevant Observation Period, the Agent Bank determines that the SONIA Reference Rate is not available on the Screen or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant Business Day; plus (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

7.6 *Determination of Rates of Interest, Interest Amounts*

The Agent Bank shall, as soon as practicable on the Interest Determination Date falling in such Interest Period, but in no event later than the third Business Day thereafter, determine the Sterling amount (the "**Interest Amounts**") payable in respect of interest on the Principal Amount Outstanding of each Class of the Listed Notes for the relevant Interest Period.

The Interest Amounts shall, in respect of a Class of Notes, be determined by applying the relevant Rate of Interest to the Principal Amount Outstanding of such Class of the Listed Notes and multiplying the sum by the actual number of days in the Interest Period concerned divided by 365 and rounding the figure downwards to the nearest penny.

7.7 *Publication of Rates of Interest and Interest Amounts*

The Agent Bank shall cause the Rate of Interest and the Interest Amounts for each Class of Notes in respect of each Interest Period and each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Trustee and the Paying Agents (as applicable) and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 21 (*Notices*) as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date.

7.8 *Notifications to be Final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7, whether by the Agent Bank or the Cash Manager, will (in the absence of manifest error) be binding on the Issuer, the Cash Manager, the Trustee, the Agent Bank, the Paying Agents and all Noteholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Issuer or the Noteholders shall attach to the Cash Manager or the Agent Bank in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 7.

7.9 *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 the Listed 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 on terms commercially acceptable in the market.

7.10 Determinations and Reconciliation

- 7.10.1 In the event that the Cash Manager does not receive a Monthly Report with respect to a Calculation Period (each such period, a "**Determination Period**"), then the Cash Manager may use the most recently received Monthly Report in respect of the preceding Calculation Period for the purposes of calculating the amounts available to the Issuer to make payments, as set out in Condition 7.10.2. If and when the Cash Manager receives the Monthly Report relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 7.10.2. Any: (i) calculations properly made on the basis of such estimates in accordance with Condition 7.10.2 and/or Condition 7.10.3; (ii) payments made under any of the Notes and Transaction Documents in accordance with such calculations; and (iii) reconciliation calculations and reconciliation payments made as a result of such reconciliation calculations, each in accordance with Condition 7.10.2 and/or Condition 7.10.3, shall (in any case) be deemed to be made in accordance with the provisions of the Transaction Documents and will in themselves not lead to an Event of Default and no liability will attach to the Cash Manager in connection with the exercise by it of its powers, duties and discretion for such purposes. Upon receipt by the Cash Manager of the Monthly Report in relation to the Determination Period, the Cash Manager will apply the reconciliation calculations set out in with Condition 7.10.2 and/or Condition 7.10.3.
- 7.10.2 In respect of any Determination Period, the Cash Manager shall on the Calculation Date immediately following the Determination Period:
- (a) determine the Interest Determination Ratio by reference to the most recently received Monthly Report received in the preceding Calculation Period;
 - (b) calculate the Revenue Receipts for such Determination Period as the product of (A) the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the "**Calculated Revenue Funds**"); and
 - (c) calculate the Principal Receipts for such Determination Period as the product of (A) 1 minus the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the "**Calculated Principal Funds**").
- 7.10.3 Following any Determination Period, upon receipt by the Cash Manager of the Monthly Report in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 7.10.2 to the actual collections set out in the Monthly Reports by allocating the Reconciliation Amount (as defined above) as follows:
- (a) if the Reconciliation Amount is a positive number, the Cash Manager shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Revenue Ledger, as Available Principal Funds (with a corresponding debit of the Revenue Ledger); and
 - (b) if the Reconciliation Amount is a negative number, the Cash Manager shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Principal Ledger, as Available Revenue Funds (with a corresponding debit of the Principal Ledger),
- provided* that the Cash Manager shall apply such Reconciliation Amount in determining Available Revenue Funds and Available Principal Funds for such Calculation Period in

accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Trustee of such Reconciliation Amount.

- 7.10.4 Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from and including the due date for redemption unless, upon due presentation in accordance with Condition 10 (*Payments*), payment of the principal in respect of the Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Trust Deed.

8 Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation

8.1 *Final Redemption*

Unless previously redeemed and cancelled as provided in this Condition 8, the Issuer shall redeem the Notes of each class at their Principal Amount Outstanding on the Final Maturity Date together with any accrued (and unpaid) interest up to (and including) the Final Maturity Date.

8.2 *Redemption by Optional Portfolio Purchase*

On the occurrence of the Optional Portfolio Purchase Completion Date, the consideration received by the Issuer will be applied in accordance with the Pre-Enforcement Revenue Payments Priorities and the Pre-Enforcement Principal Payments Priorities on the immediately succeeding Interest Payment Date with the result that the Listed Notes will be redeemed together with all accrued but unpaid interest thereon in full in accordance with this Condition 8.2.

The Issuer shall cause the exercise of the Portfolio Option to be notified to the Noteholders and the other Secured Creditors in accordance with the Notices Condition as soon as practicable after receipt of the notice to exercise the Portfolio Option by the Portfolio Option Holder.

8.3 *Mandatory Redemption in part*

On each Interest Payment Date prior to the delivery of an Enforcement Notice, the Issuer is required to apply:

- 8.3.1 Available Principal Funds in accordance with the Pre-Enforcement Principal Payments Priorities, which shall include the redemption of the Notes to the extent that there are such amounts available to do so in accordance with the Pre-Enforcement Principal Payments Priorities; and
- 8.3.2 Available Revenue Funds in accordance with the Pre-Enforcement Revenue Payments Priorities, which shall include the redemption of the Class X Notes to the extent that there are such amounts available to do so in accordance with the Pre-Enforcement Revenue Payments Priorities.

8.4 *Optional Redemption in whole of the Notes*

The Issuer may redeem all (but not some only) of the Notes in each class at their Principal Amount Outstanding together with any accrued (and unpaid) interest on any Interest Payment Date when, on the related Calculation Date, the aggregate of the Principal Amount Outstanding of the outstanding Notes is less than 10 per cent. of the Principal Amount Outstanding of all of the Notes as at the Closing Date, subject to the following:

- 8.4.1 no Enforcement Notice has been delivered by the Trustee;

- 8.4.2 the Issuer has given not more than 60 nor less than 14 days' notice to: (i) the Trustee; (ii) the Noteholders in accordance with the Notices Condition; and (iii) the Interest Rate Swap Provider of its intention to redeem all (but not some only) of the Notes; and
- 8.4.3 prior to giving any such notice, the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition 8 and meet its payment obligations of a higher priority under the Pre-Enforcement Revenue Payments Priorities and the Pre-Enforcement Principal Payments Priorities (provided that if the Issuer would not have enough funds to redeem the Class Z VFN on such date the Issuer may provide the Trustee with a certificate signed by two directors of the Class Z VFN Holder stating that the Class Z VFN Holder consents to the release of security by the Trustee on the date scheduled for redemption and that it will renounce its rights to any further payment under the Class Z VFN to the extent of such shortfall).

8.5 *Optional Redemption of the Notes on or after the Step-Up Date*

The Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding together with any accrued (and unpaid) interest on any Interest Payment Date on or after the Step-Up Date, subject to the following:

- 8.5.1 no Enforcement Notice has been delivered by the Trustee;
- 8.5.2 the Issuer has given not more than 89 nor less than 14 days' notice to: (i) the Trustee; (ii) the Noteholders in accordance with the Notices Condition; and (iii) the Interest Rate Swap Provider of its intention to redeem all (but not some only) of the Notes; and
- 8.5.3 prior to giving any such notice, the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition 8 and meet its payment obligations of a higher priority under the Pre-Enforcement Revenue Payments Priorities and the Pre-Enforcement Principal Payments Priorities (provided that (i) if the Issuer would not have enough funds to redeem the Class Z VFN on such date the Issuer may provide the Trustee with a certificate signed by two directors of the Class Z VFN Holder stating that the Class Z VFN Holder consents to the release of security by the Trustee on the date scheduled for redemption and that it will renounce its rights to any further payment under the Class Z VFN to the extent of such shortfall) or (ii) where, in connection with a refinancing of the Notes, the Class Z VFN Holder is subscribing for replacement notes or entering into a loan (as a lender), such Class Z VFN Holder and the Issuer may agree to set off any amounts due and payable to the Class Z VFN Holder in respect of the Class Z VFN held by it against subscription or loan amounts owed by the Class Z VFN Holder to the new issuer or borrower in respect of such refinancing).

8.6 *Optional Redemption of the Notes in whole for taxation or other reasons*

The Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding together with any accrued (and unpaid) interest on any Interest Payment Date:

- 8.6.1 after the date on which, by virtue of a change in Tax law (or the application or official interpretation of Tax law), the Issuer (or the Paying Agents on the Issuer's behalf) is to make any payment in respect of the Notes and the Issuer (or the Paying Agents on the Issuer's behalf) would be required to make a Tax Deduction in respect of such payment;

- 8.6.2 after the date on which, by virtue of a change in the Tax law (or the application or official interpretation of Tax law), the Issuer would be subject to United Kingdom corporation tax in an accounting period on an amount which materially exceeds the aggregate Issuer Profit Amount retained during that accounting period; or
- 8.6.3 after the date on which, by virtue of a change in law, it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any of the Notes,

subject to the following:

- (a) no Enforcement Notice has been delivered by the Trustee;
- (b) that the Issuer has given not more than 60 nor less than 14 days' notice to: (i) the Trustee; (ii) the Noteholders in accordance with the Notices Condition; and (iii) the Interest Rate Swap Provider of its intention to redeem all (but not some only) of the Notes;
- (c) that prior to giving any such notice, the Issuer has provided to the Trustee:
- (i) in the case of Conditions 8.6.1, 8.6.2 and 8.6.3, a legal opinion (in form and substance satisfactory to the Trustee) from a firm of lawyers in the applicable jurisdiction (approved in writing by the Trustee), opining on the relevant change in Tax law or other change in law (as applicable);
- (ii) in the case of Condition 8.6.2, a certificate signed by two directors of the Issuer to the effect that the obligation to make a Tax Deduction cannot be avoided;
- (iii) in the case of Condition 8.6.2, a certificate signed by two directors of the Issuer to the effect that their liability to corporation tax in an accounting period would be in respect of an amount which materially exceeds the aggregate Issuer Profit Amount retained during that accounting period; and
- (iv) in the case of Conditions 8.6.1, 8.6.2 and 8.6.3, a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition 8 and meet its payment obligations of a higher priority under the Pre-Enforcement Revenue Payments Priorities and the Pre-Enforcement Principal Payments Priorities (provided that if the Issuer would not have enough funds to redeem the Class Z VFN on such date the Issuer may provide the Trustee with a certificate signed by two directors of the Class Z VFN Holder stating that the Class Z VFN Holder consents to the release of security by the Trustee on the date scheduled for redemption and that it will renounce its rights to any further payment under the Class Z VFN to the extent of such shortfall).

8.7 *Calculation of Note Principal Payment and Principal Amount Outstanding*

Not later than the Cash Manager Determination Date, the Issuer shall cause the Cash Manager to calculate (and the Cash Manager will calculate on behalf of the Issuer):

- 8.7.1 the aggregate of the Note Principal Payments due in relation to each Note on the Interest Payment Date immediately succeeding such Cash Manager Determination Date; and
- 8.7.2 the Principal Amount Outstanding of each Note on the Interest Payment Date immediately succeeding such Cash Manager Determination Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date).

8.8 *Calculations final and binding*

Each calculation by or on behalf of the Issuer of any Note Principal Payment or of the Principal Amount Outstanding of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.

8.9 *Conclusiveness of certificates and legal opinions*

Any certificate and legal opinion given by or on behalf of the Issuer pursuant to Condition 8.4 (*Optional Redemption in whole of the Notes*), Condition 8.5 (*Optional Redemption of the Notes on or after the Step-Up Date*) and Condition 8.6 (*Optional Redemption of the Notes in whole for taxation or other reasons*) may be relied on by the Trustee without further investigation, without liability to any other person and shall be conclusive and binding on the Noteholders, the Trustee and on the other Secured Creditors.

8.10 *Notice of Calculation*

The Issuer will cause each calculation of the aggregate of the Note Principal Payment due in relation to each Note or the Principal Amount Outstanding in relation to each Note to be notified immediately after calculation by the Cash Manager to the Trustee, the Agents and, for so long as the Listed Notes are listed on the Stock Exchange, the Stock Exchange and will immediately cause details of each such calculation of the Principal Amount Outstanding in relation to the Notes to be published in accordance with the Notices Condition by not later than two Business Days prior to each Interest Payment Date.

8.11 *Notice of no Note Principal Payment*

If no Note Principal Payment is due to be made on the Notes on any Interest Payment Date, a notice to this effect will be given to the Noteholders in accordance with the Notices Condition by not later than two Business Days prior to such Interest Payment Date.

8.12 *Notice irrevocable*

Any such notice as is referred to in Condition 8.4 (*Optional Redemption in whole of the Notes*), Condition 8.5 (*Optional Redemption of the Notes on or after the Step-Up Date*), Condition 8.6 (*Optional Redemption of the Notes in whole for taxation or other reasons*) or Condition 8.10 (*Notice of Calculation*) shall be irrevocable and the Issuer shall be bound to redeem the Notes to which such notice relates at their Principal Amount Outstanding if effected pursuant to Condition 8.4 (*Optional Redemption in whole of the Notes*), Condition 8.5 (*Optional Redemption of the Notes on or after the Step-Up Date*) or Condition 8.6 (*Optional Redemption of the Notes in whole for taxation or other reasons*) and in an amount equal to the Note Principal Payment in respect of each Note calculated in respect of the relevant Interest Payment Date if effected pursuant to Condition 8.3 (*Mandatory Redemption in part*).

8.13 *Cancellation of redeemed Notes*

All Notes redeemed in full will be cancelled forthwith by the Issuer, and no Global Notes or Definitive Notes may be reissued or resold.

On each Interest Payment Date on which the Class Z VFN is redeemed pursuant to Condition 8.3 (*Mandatory Redemption in part*), or the Notes are redeemed in accordance with Condition 8.2 (*Redemption by Optional Portfolio Purchase*) or Condition 8.5 (*Optional Redemption of the Notes on or after the Step-Up Date*) (regardless of whether the Issuer has sufficient funds on such date to redeem the Class Z VFN in full) the Class Z VFN Registrar shall cancel the Class Z VFN in an amount equal to such mandatory redemption, thereby reducing the nominal principal amount of the Class Z VFN by an amount equal to such mandatory redemption. The Class Z VFN will be cancelled when redeemed in full and may not be reissued or resold.

8.14 Agents

The Issuer shall ensure that, so long as any of the Notes remain outstanding, there shall at all times be an Agent Bank and a Principal Paying Agent. In the event of an Agent being unable or unwilling to continue to act as an Agent, the Issuer shall appoint such other person as may be previously approved in writing by the Trustee to act as such in its place. The Agent Bank and/or Principal Paying Agent may not resign until a successor agent bank is appointed in accordance with the Agency Agreement. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given by the Issuer to the Noteholders in accordance with the Notices Condition.

9 Limited Recourse

9.1 If at any time following:

9.1.1 the occurrence of either:

- (a) the Final Maturity Date or any earlier date upon which all of the Notes are due and payable (including, for the avoidance of doubt, following the occurrence of the Optional Portfolio Purchase Completion Date and a redemption of the Notes in accordance with Condition 8.2 (*Redemption by Optional Portfolio Purchase*)); or
- (b) the service of an Enforcement Notice; and

9.1.2 realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Payments Priorities,

the proceeds of such realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Payments Priorities, to pay in full all amounts then due and payable under the Notes, then the amount remaining to be paid (after such application in full of the amounts first referred to in Condition 9.1.2) under the Notes shall, on the day following such application in full of the amounts referred to in Condition 9.1.2, cease to be due and payable by the Issuer.

10 Payments

10.1 Interest and Principal

Payments of any amount in respect of a Note, including principal and interest, shall be made by:

10.1.1 (other than in the case of final redemption) Sterling cheque; or

10.1.2 (other than in the case of final redemption) upon application by the relevant Noteholder to the specified office of the Principal Paying Agent not later than the 15th day before the due date for any such payment, by transfer to a Sterling account maintained by the payee with a bank in London; and

10.1.3 (in the case of final redemption) Sterling cheque upon surrender (or, in the case of part payment only, endorsement) of the relevant Global Note or Registered Definitive Notes (as the case may be) at the specified office of any Paying Agent (or, in the case of the Class Z VFN, to the person listed as holder of the Class Z VFN in the Class Z VFN Register on such date.

10.2 *Payments subject to fiscal laws*

A payment will be subject in all cases to: (i) any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer agrees to be subject, and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements; and (ii) any FATCA Withholding.

10.3 *Payments on business days*

If any Note is presented for payment on a day which is not a business day in the place of presentation, payment shall not be made on such day but on the next succeeding business day in such place and no further interest or other payment in respect of any such delay shall be due in respect of such Note.

10.4 *Business Days*

In this Condition 10, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of registered debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to an account in Sterling.

10.5 *Partial Payments*

If a Paying Agent makes a partial payment in respect of any Note presented to it for payment, such Paying Agent will endorse on such Note a statement indicating the amount and date of such payment.

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

10.6 *Notifications to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of these Conditions, whether by the Cash Manager, the Paying Agents, the Agent Bank, the Class Z VFN Registrar, the Registrar or the Trustee shall (in the absence of manifest error) be binding on the Issuer and all Noteholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Trustee or the Noteholders shall attach to the Cash Manager, the Agents or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under these Conditions.

11 Taxation

11.1 *Payments free of Tax*

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without Tax Deduction (which for the purposes of this Condition 11 shall include FATCA Withholding), unless the Issuer, the Trustee or the Paying Agents (as the case may be) are required by law or FATCA to make any Tax Deduction. In that event, the Issuer, the Trustee or the Paying Agents (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted.

11.2 *No payment of additional amounts*

None of the Issuer, the Trustee or the Paying Agents will be obliged to pay any additional amounts to the Noteholders as a result of any such Tax Deduction.

11.3 Taxing Jurisdiction

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Issuer Jurisdiction, references in these Conditions to the Issuer Jurisdiction shall be construed as references to the Issuer Jurisdiction and/or such other jurisdiction.

11.4 Tax Deduction not Event of Default

Notwithstanding that the Trustee, the Issuer or the Paying Agents are required to make a Tax Deduction, making such Tax Deduction shall not constitute an Event of Default.

12 Events of Default

12.1 Events of Default

Subject to the other provisions of this Condition 12, each of the following events shall be treated as an "Event of Default":

12.1.1 *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Most Senior Class of Notes within five days of the due date for payment of such principal or fails to pay any amount of interest in respect of the Most Senior Class of Notes within 10 days of the due date for payment of such interest; or

12.1.2 *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and/or the Residual Certificates or under the Transaction Documents (including a breach of the Issuer Warranties) and such default (a) is, in the opinion of the Trustee, incapable of remedy or (b) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice of such default to the Issuer; or

12.1.3 *Insolvency Event*: an Insolvency Event occurs in relation to the Issuer.

12.2 Delivery of Enforcement Notice

If an Event of Default occurs and is continuing, the Trustee may at its discretion and shall:

12.2.1 if so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; or

12.2.2 if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding,

deliver an Enforcement Notice to the Issuer with a copy to the Interest Rate Swap Provider.

12.3 Conditions to delivery of Enforcement Notice

Notwithstanding Condition 12.2 (*Delivery of Enforcement Notice*) the Trustee shall not:

12.3.1 deliver an Enforcement Notice following the occurrence of any of the events mentioned in Condition 12.1.2 (*Breach of other obligations*), unless and until the Trustee shall have certified in writing that such event is in its opinion materially prejudicial to the interests of the holders of the Most Senior Class of Notes outstanding; and

12.3.2 be obliged to deliver an Enforcement Notice unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

12.4 *Consequences of delivery of Enforcement Notice*

Upon the delivery of an Enforcement Notice, the Notes shall become immediately due and payable without further action or formality at their Principal Amount Outstanding together with any accrued interest due but not paid.

13 Enforcement

13.1 *Proceedings*

The Trustee may at its discretion and without further notice, institute such proceedings or take any other action or step as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes and under the other Transaction Documents, following delivery of an Enforcement Notice, and/or enforce the Security, but it shall not be bound to do so unless:

13.1.1 so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; or

13.1.2 so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding,

and in each case, only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13.2 *Directions to the Trustee*

If the Trustee shall take any action, step or proceedings described in Condition 13.1 (*Proceedings*) it may take such action, step or proceedings without having regard to the effect of such action on individual Noteholders or any other Secured Creditor.

13.3 *Restrictions on disposal of Issuer's assets*

If an Enforcement Notice has been delivered by the Trustee otherwise than by reason of non-payment of any amount due in respect of the Notes, the Trustee will not be entitled to dispose of the Charged Property or any part thereof unless either:

13.3.1 a sufficient amount (in the opinion of an investment bank or other financial adviser) would be realised to allow payment in full of all amounts owing to the holders of the Notes after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Payments Priorities; or

13.3.2 the Trustee is of the opinion, which shall be binding on the Noteholders and the other Secured Creditors, reached after considering at any time and from time to time the advice of an investment bank or other financial adviser selected by the Trustee (and if the Trustee is unable to obtain such advice having made reasonable efforts to do so this Condition 13.3.2 shall not apply), that the cashflow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts due in respect of the Notes after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Payments Priorities,

provided that the Trustee shall not be bound to make the determinations contained in Condition 13.3.1 or 13.3.2 unless the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13.4 *Third Party Rights*

No person shall have any right to enforce any Condition or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

14 No action by Noteholders or any other Secured Creditor

14.1 Only the Trustee may pursue the remedies available under the general law or under the Trust Documents to enforce the Security or any other Transaction Document to which the Trustee is a party and no Noteholder or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security or pursue remedies available under or enforce any Transaction Document to which the Trustee is a party. In particular, none of the Noteholders or any other Secured Creditor (nor any person on its or their behalf, other than the Trustee where appropriate) are entitled:

14.1.1 otherwise than as permitted by these Conditions, to direct the Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security or any other Transaction Document to which the Trustee is a party;

14.1.2 other than any steps taken by the Interest Rate Swap Provider to close-out the Interest Rate Swap following the occurrence of an Event of Default or Termination Event (each as defined in the Interest Rate Swap Agreement), to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Noteholders or any other Secured Creditors;

14.1.3 until the date falling two years after the Final Discharge Date, to initiate or join any person in initiating any Insolvency Event in relation to the Issuer; or

14.1.4 to take or join in the taking of any steps or proceedings which would result in the Payments Priorities not being observed.

15 Meetings of Noteholders

15.1 *Convening*

The Trust Deed contains "Provisions for Meetings of Noteholders and Residual Certificateholders" for convening separate or combined meetings of Noteholders and/or Residual Certificateholders to consider matters relating to the Notes and/or the Residual Certificates, as applicable.

15.2 *Separate and combined meetings*

The Trust Deed and the Security Deed provide that:

15.2.1 an Extraordinary Resolution which in the opinion of the Trustee affects the Notes of only one class shall be transacted at a separate meeting of the Noteholders of that class;

15.2.2 an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one class of Notes and the holders of another class of Notes may be transacted at a single meeting of the Noteholders of all such classes of Notes; and

15.2.3 an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class and gives rise to any actual or potential conflict of interest between the Noteholders of one class of Notes and the Noteholders of any other class of Notes shall be transacted at separate meetings of the Noteholders of each such class.

15.3 *Request from Noteholders*

A meeting of Noteholders of a particular class may be convened by the Trustee or the Issuer at any time and must be convened by the Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders of a particular class holding not less than 10 per cent. of the aggregate Principal Amount Outstanding of the outstanding Notes of that class.

15.4 *Quorum*

The quorum at any meeting convened to vote on:

- 15.4.1 an Extraordinary Resolution, other than regarding a Reserved Matter, will be one or more persons holding or representing a majority of the Principal Amount Outstanding of the Notes then outstanding in that class or those classes or, at any adjourned meeting, one or more persons being or representing Noteholders of that class or those classes, whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented in such class or classes; and
- 15.4.2 an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each class of Noteholders and Residual Certificateholders) will be one or more persons holding or representing in the aggregate of not less than 75 per cent. of the Principal Amount Outstanding of the Notes then outstanding in the relevant class or classes or, at any adjourned meeting, one or more persons holding or representing not less than in the aggregate 25 per cent. of the Principal Amount Outstanding of the Notes then outstanding in the relevant class or classes.

15.5 *Relationship between classes*

In relation to each class of Notes and Residual Certificates:

- 15.5.1 no Extraordinary Resolution to approve a Reserved Matter of any one class of Notes and/or Residual Certificates shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes and Residual Certificates (to the extent that there are outstanding Notes in each such other classes);
- 15.5.2 no Extraordinary Resolution to approve any matter other than a Reserved Matter of any class of Notes and/or Residual Certificates shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes and/or Residual Certificates ranking senior to such class (to the extent that there are outstanding Notes ranking senior to such class) or the Residual Certificates;
- 15.5.3 any resolution passed at a Meeting of Noteholders and/or Residual Certificateholders of one or more classes of Notes and/or Residual Certificates duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders and/or Residual Certificateholders of such class or classes, whether or not present at such Meeting and whether or not voting and, except in the case of a meeting relating to a Reserved Matter, any resolution passed at a meeting of the holders of the Most Senior Class of Notes duly convened and held as aforesaid shall also be binding upon the holders of all the other classes of Notes and Residual Certificates; and
- 15.5.4 the voting rights of the Residual Certificateholders are limited to the extent that any Extraordinary Resolution of the Residual Certificateholders is only effective if, while any Classes of Notes remain outstanding, such resolution has been sanctioned by an Extraordinary Resolution, respectively, of the Most Senior Class of Notes and all other Classes of Notes then outstanding or (in the case of all other Classes of Residual

Certificates) in issue, or the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

15.6 Resolutions in writing and Electronic Consents

A Written Resolution or a consent evidenced through electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Trustee) ("**Electronic Consent**") shall take effect as if it were an Extraordinary Resolution.

16 Modification and Waiver

16.1 Modification

16.1.1 The Trustee may at any time and from time to time, without the consent or sanction of the Noteholders, the Residual Certificateholders or any other Secured Creditors, concur with the Issuer and any other relevant parties in making:

- (a) (other than in respect of a Reserved Matter or any provisions of the Trust Documents referred to in the definition of Reserved Matter) any modification to these Conditions, the Residual Certificates Conditions, the Trust Documents, the Notes, the Residual Certificates, any Instrument or the other Transaction Documents in relation to which its consent is required which, in the opinion of the Trustee, will not be materially prejudicial to the holders of the Most Senior Class; or
- (b) any modification to Trust Documents, the Notes, the Residual Certificates, these Conditions, the Residual Certificates Conditions, any Instrument or the other Transaction Documents in relation to which its consent is required, if, in the opinion of the Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error.

16.1.2 The prior written consent of the Interest Rate Swap Provider shall be required to amend any provision of the Transaction Documents if, in the reasonable opinion of the Interest Rate Swap Provider, such amendment:

- (a) has the effect that immediately thereafter, the Interest Rate Swap Provider would potentially be required to pay more or receive less if it transferred the Transaction to another person than it would have paid or received prior to such amendment;
- (b) has the effect that the Issuer's obligations to the Interest Rate Swap Provider under the Interest Rate Swap Agreement are further contractually subordinated to the Issuer's obligations to any other of its creditors compared with the position that subsisted immediately prior to such amendment;
- (c) would result in an amendment of clause 20.1.2 of the Trust Deed;
- (d) affects the amount, timing or priority of any payments or deliveries due from the Interest Rate Swap Provider to the Issuer or from the Issuer to the Interest Rate Swap Provider (including any amounts, rights and obligations in relation to the Swap Collateral Account); or
- (e) adversely affects the validity of any security granted pursuant to the Transaction Documents or any rights that the Interest Rate Swap Provider has in respect of such security,

and in each case the Issuer shall notify in writing to the Interest Rate Swap Provider, with a copy to the Trustee, of any proposed amendment to any of the provisions of the

Transaction Documents as soon as reasonably practicable but not less than 15 Business Days (inclusive) prior to such amendment being effected, notwithstanding any other provision of the Transaction Documents. The Interest Rate Swap Provider may notify the Trustee and the Issuer in writing if it determines (acting in a reasonable manner) that such amendment would affect any of the items listed in paragraphs (a) to (e) above and stating which proposed amendment is so affected. If the Issuer and the Trustee do not receive any such notice within 15 Business Days (inclusive) of the Interest Rate Swap Provider having been notified of such proposed amendment, the Interest Rate Swap Provider shall be deemed to have consented to each such amendment. If the Interest Rate Swap Provider has not received notice in accordance with this paragraph, the proposed amendment shall not be effective. If the Interest Rate Swap Provider has notified its consent in writing to the Issuer and the Trustee to any proposed amendment, such amendment may proceed to become effective notwithstanding that less than 15 Business Days have elapsed since the relevant notice was received by the Interest Rate Swap Provider.

16.1.3 The Trustee shall be obliged, at the direction of the Residual Certificateholder and without the consent or sanction of the Noteholders or any other Secured Creditor, to agree to any modifications to the Interest Rate Swap Agreement and any other Transaction Documents relating to (but not limited to):

- (a) adjustments to the notional amount, the notional amount schedule and/or the applicable fixed rate of the Interest Rate Swap on each Additional Novation Date; and
- (b) the novation to the Issuer, in accordance with the Interest Rate Swap Novation Agreement, of interest rate swap transactions between the Warehouse Borrower and the Interest Rate Swap Provider in accordance with the Interest Rate Swap Novation Agreement (with the Interest Rate Swap Provider as "remaining party", the Warehouse Borrower as "transferor" and the Issuer as "transferee"),

provided that the Residual Certificateholder certifies to the Trustee (upon which certification the Trustee may rely absolutely without enquiry or liability) that the modifications are necessary to reflect the Adjusted Notional Amount, the Adjusted Swap Notional Amount Schedule, the Adjusted Fixed Rate and/or such novations. Any such modification shall not constitute a Reserved Matter, and no further consent or vote of the Noteholders or other Secured Creditors (including, without limitation, the Interest Rate Swap Provider pursuant to Condition 16.1.2 above) shall be required in respect of such modifications.

16.2 Waiver

In addition, the Trustee may, at any time and from time to time at its sole discretion without the consent of the Noteholders, the Residual Certificateholders or any other Secured Creditor concur with the Issuer or any other relevant parties in authorising or waiving any breach or proposed breach (other than any breach or proposed breach which relates to a Reserved Matter, a matter listed in Condition 16.1.2 (*Modification*) or any provisions of the Trust Documents referred to in the definition of Reserved Matter) of any of the covenants or provisions contained in the Trust Documents, the Instruments or any of the other Transaction Documents (including an Event of Default or Potential Event of Default) if, in the opinion of the Trustee, the holders of the Most Senior Class will not be materially prejudiced by such authorisation or waiver.

16.3 Restriction on power to modify and waive

16.3.1 The Trustee shall not exercise any powers conferred upon it by Condition 16.1 (*Modification*) or Condition 16.2 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding or of a request or direction in writing

made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding, but so that no such direction or request shall affect any authorisation, waiver, modification or determination previously given or made.

16.3.2 The Trustee shall not authorise or waive any such proposed breach or breach relating to a Reserved Matter or any provisions of the Trust Documents referred to in the definition of Reserved Matter unless the holders of the outstanding Notes have, by Extraordinary Resolution, so authorised its exercise and shall not authorise or waive any such proposed breach or breach relating to any matter listed in Condition 16.1.2 (*Modification*) above without the written consent of the Interest Rate Swap Provider.

16.4 Additional Right of Modification

Notwithstanding the provisions of Condition 16.1 (*Modification*), the Trustee shall be obliged, without the consent or sanction of the Noteholders or any of the other Secured Creditors (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or who would need to be a party to a new, supplemental or additional agreement, or which, as a result of the relevant amendment, would be further contractually subordinated to any Secured Creditor other than would otherwise have been the case prior to such amendment), to concur with the Issuer and any other relevant parties in making any modification (other than in respect of a Reserved Matter, a matter listed in Condition 16.1.2 (*Modification*) or any provisions of the Trust Documents referred to in the definition of Reserved Matter) to these Conditions, the Residual Certificates Conditions or any other Transaction Documents to which it is a party or in relation to which it holds security or the Issuer entering into new, supplemental or additional documents that the Issuer considers necessary:

16.4.1 for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that in relation to any amendment under this Condition 16.4:

- (a) the Issuer certifies in writing to the Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria and has been drafted solely to that effect; and
- (b) in the case of any modification of a Transaction Document proposed by the Servicer in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role:
 - (i) the Servicer certifies in writing to the Issuer and the Trustee that such modification is necessary for the purposes described in paragraph (x) and/or (y) in Condition 16.4.1(b) above (and in the case of a certification provided to the Issuer, the Issuer shall certify to the Trustee that it has received the same from the Servicer); and
 - (ii) either:
 - (A) the Servicer obtains from each of the Rating Agencies written confirmation (or certifies in writing to the Issuer and the Trustee that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to any of the Rated Notes by such Rating Agency and would not result in any Rating Agency placing any of the Rated Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer and the Trustee; or

- (B) the Issuer certifies in writing to the Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any of the Rated Notes by such Rating Agency or (y) such Rating Agency placing any Rated Notes on rating watch negative (or equivalent);
- 16.4.2 for the purposes of complying with, or implementing or reflecting, any changes in Articles 9, 10 and 11 of EMIR or any other obligation which applies to it under EMIR, 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;
- 16.4.3 for the purpose of complying with any obligation which applies to it or the Beneficial Title Seller (i) under Article 6 of the EU Securitisation Regulation or Article 6 of the UK Securitisation Regulation, including as a result of the adoption of regulatory technical standards in relation to the EU Securitisation Regulation or UK Securitisation Regulation, (ii) CRR Amendment Regulation or (iii) any other risk retention legislation or regulations or official guidance in relation thereto provided that the Issuer certifies in writing to the Trustee that such modification is required solely for such purpose and has been drafted solely to such effect;
- 16.4.4 for the purpose of complying with any changes in the requirements of the EU Securitisation Regulation or UK Securitisation Regulation, together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time after the Closing Date, including as a result of any changes to any secondary legislation or official guidance in relation thereto (including the appointment of a third party to assist with the Issuer's reporting obligations pursuant to the EU Securitisation Regulation or UK 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;
- 16.4.5 for the purpose of enabling the Listed Notes to be (or to remain) listed on the Stock Exchange, 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;
- 16.4.6 for the purposes of enabling the Issuer or any of the other Transaction Parties to comply with FATCA, provided that the Issuer or the relevant Transaction Party, as applicable, certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- 16.4.7 for the purpose of complying with, or implementing or reflecting, any changes in the manner in which the Notes are held or to the terms of the Notes or the Transaction Documents which would allow such Notes to be recognised as eligible collateral for the Bank of England's monetary policy and intra-day credit operations by the Bank of England either upon issue or at any or all times during the life of the Notes, provided that the Issuer certifies in writing to the Trustee that such modification is required solely for such purpose and has been drafted solely to such effect; or
- 16.4.8 for the purpose of changing the reference rate or the base rate that then applies in respect of the Notes (other than the Class Z VFN) to an alternative base rate (including where such base rate may remain linked to SONIA but may be calculated in a different manner) (any such rate, which may include an alternative screen rate, an "**Alternative Base Rate**") and making such other amendments as are necessary or advisable in the commercially reasonable judgement of the Issuer (or the Beneficial Title Seller on its behalf) to facilitate such change (a "**Base Rate Modification**"), **provided that** the Issuer (or the Beneficial Title Seller on its behalf) certifies to the Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:
- (a) such Base Rate Modification is being undertaken due to:

- (i) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;
 - (ii) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;
 - (iii) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
 - (iv) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA);
 - (v) a public statement by the supervisor for the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
 - (vi) a public statement by the supervisor for the SONIA administrator that means SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; or
 - (vii) the reasonable expectation of the Issuer (or the Beneficial Title Seller on its behalf) that any of the events specified in paragraphs (i) to (vi) above will occur or exist; and
- (b) such Alternative Base Rate is:
- (i) a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Listed Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);
 - (ii) a base rate utilised in a material number of publicly-listed new issues of Sterling-denominated asset-backed floating rate notes prior to the effective date of such Base Rate Modification;
 - (iii) a base rate utilised in a publicly-listed new issue of Sterling-denominated asset-backed floating rate notes where the underlying assets are buy-to-let mortgage loans in relation to properties located in the United Kingdom; or
 - (iv) such other base rate as the Issuer (or the Beneficial Title Seller on its behalf) reasonably determines;
 - (v) and, in each case, the change to the Alternative Base Rate will not, in its opinion, be materially prejudicial to the interest of the Noteholders; and
 - (vi) for the avoidance of doubt, the Issuer (or the Beneficial Title Seller on its behalf) may propose an Alternative Base Rate on more than one occasion provided that the conditions set out in this Condition 16.4.8 are satisfied;
- (the certificate to be provided by the Issuer, the Servicer, the relevant Transaction Party and/or the Transaction Account Bank, as the case may be, pursuant to this Condition 16.4 being a "**Modification Certificate**") provided that:
- (A) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Trustee;

- (B) the Modification Certificate or the Base Rate Modification Certificate, as applicable, in relation to such modification shall be provided to the Trustee (and in respect of Conditions 16.4.1(b)(i) and/or 16.4.1(b)(ii)(A), to the Issuer) both at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (C) the consent of each Secured Creditor which is party to the relevant Transaction Document or whose contractual subordination in any Payments Priorities is affected has been obtained;
- (D) either: (i) the Issuer obtains (and provides to the Trustee) from each of the Rating Agencies written confirmation (or certifies in the Modification Certificate or the Base Rate Modification Certificate that it has been unable to obtain written confirmation but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any class of the Rated Notes by such Rating Agency or (y) such Rating Agency placing any Rated Notes on rating watch negative (or equivalent); or (ii) the Issuer certifies in the Modification Certificate or the Base Rate Modification Certificate, as applicable, that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any class of the Rated Notes by such Rating Agency or (y) such Rating Agency placing any Rated Notes on rating watch negative (or equivalent);
- (E) the Issuer certifies in writing to the Trustee (which certification may be in the Modification Certificate or the Base Rate Modification Certificate, as applicable) that the Issuer has provided at least 30 calendar days' notice to the Noteholders of each class of Notes of the proposed modification in accordance with Condition 21 (*Notices*) and by publication on Bloomberg on the "Company Filings" screen relating to the Notes, and Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have not contacted the Trustee in writing (or, in the case of the Global Notes, otherwise in accordance with the then current practice of any applicable clearing system through which such Global Notes may be held) within such notification period notifying the Trustee that such Noteholders do not consent to the modification; and
- (F) if Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have notified the Trustee in writing (or, in the case of the Global Notes, otherwise in accordance with the then current practice of any applicable clearing system through which such Global Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Instrumentholders of the Most Senior Class then outstanding is passed in favour of such modification in accordance with Condition 15 (*Meetings of Noteholders*). Notifications made other than through the applicable clearing systems must be accompanied by evidence to the Trustee's satisfaction (having regard to the prevailing market practices) of the relevant Noteholder's holding of the Notes.

16.4.9 Other than where specifically provided in this Condition 16.4 or any Transaction Document:

- (a) when implementing any modification pursuant to this Condition 16.4 (save to the extent the Trustee considers that the proposed modification would constitute a Reserved Matter or a matter listed in Condition 16.1.2 (*Modification*)), the Trustee shall not consider the

interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely, and without further enquiry or Liability, on any certificate (including any Modification Certificates or Base Rate Modification Certificates, as applicable) or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 16.4 and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and

- (b) 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) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the Transaction Documents and/or these Conditions.

16.4.10 For the avoidance of doubt, nothing in this Condition 16.4 shall have the effect of waiving an Event of Default.

16.5 Notification

Unless the Trustee otherwise agrees, the Issuer shall cause any waiver or modification to be notified to the Noteholders and the other Secured Creditors in accordance with the Notices Condition and the Transaction Documents, as soon as practicable after it has been made.

16.6 Binding Nature

Any waiver or modification referred to in Condition 16.1 (*Modification*), Condition 16.2 (*Waiver*) or Condition 16.4 (*Additional Right of Modification*) shall be binding on the Instrumentholders and the other Secured Creditors.

17 Prescription

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

18 Replacement of Global Notes and Definitive Notes

If any Global Note or Definitive Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and Stock Exchange requirements, upon payment by the 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 reasonably require. Mutilated or defaced Global Notes and Definitive Notes must be surrendered before replacements will be issued.

19 Trustee and Agents

19.1 Trustee's right to Indemnity

Under the Transaction Documents, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders and/or Residual Certificateholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

19.2 Trustee not responsible for loss or for monitoring

The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Charged Property or any documents of title thereto being uninsured or inadequately insured or

being held by or to the order of the Servicer or by any person on behalf of the Trustee. The Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents.

19.3 *Regard to classes of Noteholders and Residual Certificateholders*

In the exercise of its powers and discretions under these Conditions the Residual Certificates Conditions and the Trust Deed, the Trustee will:

19.3.1 have regard to the interests of the Noteholders and/or Residual Certificateholders as a class and will not be responsible for any consequence for individual Noteholders or Residual Certificateholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and

19.3.2 have regard only to the holders of the Most Senior Class of Notes (and once all Notes have been redeemed, the Residual Certificateholders) and will not have regard to the interests of the other Secured Creditors except to ensure the application of the Issuer's funds after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Payments Priorities.

19.4 *Paying Agents solely agents of Issuer*

In acting under the Agency Agreement and in connection with the Notes and the Residual Certificates, the Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

19.5 *Initial Paying Agents*

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or agent bank and additional or successor paying agents at any time, having given not less than 30 days' notice to such Agent.

19.6 *Maintenance of Agents*

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with the Notices Condition.

20 Substitution of Issuer

20.1 *Substitution of Issuer*

The Trustee may, without the consent of the Instrumentholders or any other Secured Creditor, subject to:

20.1.1 the consent of the Issuer; and

20.1.2 such further conditions as are specified in the Trust Deed,

agree to the substitution of a Substituted Obligor in place of the Issuer as the principal debtor in respect of the Transaction Documents, the Notes and the Secured Amounts.

20.2 *Notice of Substitution of Issuer*

Not later than 14 days after any substitution of the Issuer in accordance with this Condition 20, the Substituted Obligor shall cause notice of such substitution to be given to the Noteholders and the other Secured Creditors in accordance with the Notices Condition and the other relevant Transaction Documents.

20.3 *Change of Law*

In the case of a substitution pursuant to this Condition 20, the Trustee may in its absolute discretion agree, without the consent of the Noteholders, the Residual Certificateholders or the other Secured Creditors to a change of the law governing the Notes or Residual Certificates and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the holders of the Most Senior Class of Notes (and once all Notes have been redeemed, the Residual Certificateholders), provided that the Issuer has notified the Rating Agencies.

20.4 *No indemnity*

No Noteholder or Certificateholder shall, in connection with any such substitution, be entitled to claim from the Issuer any indemnification or payment in respect of any Tax consequence of any such substitution upon individual Noteholders.

21 Notices

21.1 *Valid Notices*

21.1.1 In respect of the Notes (except the Class Z VFN), any notice to Noteholders shall be validly given if such notice is:

- (a) in respect of Notes represented by Global Notes, sent to the Clearing Systems for delivery to their accountholders; or
- (b) published on the Relevant Screen; and
- (c) sent in such other manner as may be required by the Stock Exchange.

21.1.2 In respect of the Class Z VFN, any notice to the holders of the Class Z VFN shall be validly given if such notice is sent by fax or email to the then current holders of the Class Z VFN.

21.2 *Date of publication*

Any notices so published shall be deemed to have been given on the date on which it was so sent or, as the case may be, on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required or on the Relevant Screen.

21.3 *Other Methods*

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes (except the Class Z VFN) are then listed and provided that notice of such other method is given to the relevant Noteholders in such manner as the Trustee shall require.

22 Increasing the Principal Amount Outstanding of the Class Z VFN and adjusting the Maximum Class Z VFN Amount

22.1 *Class Z VFN*

- (a) If any premiums are payable in connection with the entry into a Replacement Interest Rate Swap Agreement, the Issuer shall deliver a Notice of Increase to the Class Z VFN Holder requesting that such Class Z VFN Holder further fund the Class Z VFN (on the relevant Monthly Payment Date or other Business Day specified in the Notice of Increase) in an amount as calculated by the Cash Manager on behalf of the Issuer, which shall be an amount equal to the lower of:

- (i) the amount of any premiums payable in connection with the entry into a Replacement Interest Rate Swap Agreement as notified to the Cash Manager by the Issuer; and
 - (ii) the Maximum Class Z VFN Amount less the current Principal Amount Outstanding of the Class Z VFN (taking into account any predicted or forecast reductions to the Principal Amount Outstanding of the Class Z VFN on the following Interest Payment Date).
- (b) The Class Z VFN Holder, upon receipt of such a Notice of Increase from the Issuer prior to the Class Z VFN Commitment Termination Date, shall notify the Issuer that the relevant Class Z VFN Holder is prepared to make such further funding (the "**Further Class Z VFN Funding**"), provided the relevant Class Z VFN Holder shall not be obliged to make any such further funding unless and until such time as the Issuer has complied with the requirements of Condition 22.1(d) below.
- (c) The proceeds of the Further Class Z VFN Funding shall be applied by the Issuer to fund any premiums payable in connection with the entry into a Replacement Interest Rate Swap Agreement.
- (d) The Class Z VFN Holder shall advance the amount of such Further Class Z VFN Funding to the Issuer for value on the relevant Monthly Payment Date or other Business Day specified in the Notice of Increase, if the following conditions are satisfied:
 - (i) by not later than 2.00 p.m. four Business Days prior to the proposed date for the making of such Further Class Z VFN Funding (or such lesser time as may be agreed by the Class Z VFN Holder), the relevant Class Z VFN Holder has received from the Issuer a completed and irrevocable Notice of Increase therefor, receipt of which shall oblige the relevant Class Z VFN Holder to accept the amount of the Further Class Z VFN Funding therein requested on the date therein stated upon the terms and subject to the conditions contained therein;
 - (ii) as a result of the making of such Further Class Z VFN Funding, the aggregate amount of the Principal Amount Outstanding of the Class Z VFN immediately before the making of such Further Class Z VFN Funding (taking into account any predicted or forecast reductions to the Principal Amount Outstanding of the Class Z VFN on the following Interest Payment Date) plus such Further Class Z VFN Funding would not exceed the Maximum Class Z VFN Amount;
 - (iii) either:
 - (A) the Issuer confirms in the Notice of Increase that no Event of Default has occurred or will occur as a result of the Further Class Z VFN Funding; or
 - (B) the relevant Class Z VFN Holder agrees in writing (notwithstanding any matter mentioned at (A) above) to make such Further Class Z VFN Funding available; and
 - (iv) the proposed date of such Further Class Z VFN Funding falls on a Business Day prior to the Class Z VFN Commitment Termination Date.

In this Condition, the expression:

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

"**Maximum Class Z VFN Amount**" for the Class Z VFN shall be £200,000,000 or such other amount as may be agreed from time to time by the Issuer and the Class Z VFN Holder, and notified such amount to the Trustee.

23 Subordination by Deferral

23.1 Interest

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (which shall, for the purposes of this Condition 23, include any interest previously deferred under this Condition 23.1 and accrued interest thereon) payable in respect of the Notes other than the Most Senior Class of Notes after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Payments Priorities, then the Issuer shall be entitled to defer to the next Interest Payment Date the payment of interest (such interest, the "**Deferred Interest**") in respect of the Notes other than the Most Senior Class of Notes to the extent only of any insufficiency of funds.

23.2 General

Any amounts of Deferred Interest in respect of a Class of Notes shall accrue interest ("**Additional Interest**") at the same rate and on the same basis as scheduled interest in respect of the corresponding Class of Notes, but shall not be capitalised. Such Deferred Interest and Additional Interest shall, in any event, become payable on the next Interest Payment Date (unless and to the extent that Condition 23.1 (*Interest*) applies) or on such earlier date as the relevant Class of Notes becomes due and repayable in full in accordance with these Conditions.

23.3 Notification

As soon as practicable after becoming aware that any part of a payment of interest on a Class of Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 23, the Issuer will give notice thereof to the relevant Class of Noteholders, as appropriate, in accordance with Condition 21 (*Notices*). Any deferral of interest in accordance with this Condition 23 will not constitute an Event of Default. The provisions of this Condition 23 shall cease to apply on the Final Maturity Date, or any earlier date on which the Notes are redeemed in full, or are required to be redeemed in full, at which time all deferred interest and accrued interest thereon shall become due and payable.

24 Non-Responsive Rating Agency

24.1 In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Notes and any of the Transaction Documents, the Trustee shall be entitled but not obliged to take into account (and may rely without further enquiry and without liability on) any Rating Confirmation.

24.2 If a Rating Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Trustee) and:

24.2.1 (A) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Rating Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Confirmation or response or (B) within 30 days of delivery of such request, no Rating Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Confirmation or response could not be given; and

24.2.2 one Rating Agency gives such Rating Confirmation or response based on the same facts,

then such condition to receive a Rating Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Trustee a certificate signed (upon which the Trustee can rely) by two directors certifying and confirming that the events in one of Condition 24.1 above or this Condition 24.2 has occurred, the Issuer having sent a written request to each Rating Agency.

25 Governing Law and Jurisdiction

25.1 *Governing law*

The Trust Documents, the Notes and the Residual Certificates and all non-contractual obligations arising from or connected with them are governed by and shall be construed in accordance with English law.

25.2 *Jurisdiction*

The courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Residual Certificates and the Trust Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Residual Certificates or the Trust Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes, the Residual Certificates and/or the Trust Documents may be brought in such courts.

TERMS AND CONDITIONS OF THE RESIDUAL CERTIFICATES

1 General

- 1.1 The Issuer has agreed to issue 100 Residual Certificates subject to and with the benefit of the terms of the Trust Deed.
- 1.2 The Agency Agreement records certain arrangements in relation to the payment of RC Payments in respect of the Residual Certificates.
- 1.3 Certain provisions of these Residual Certificates Conditions are summaries of the Trust Documents and the Agency Agreement and are subject to their detailed provisions.
- 1.4 The Residual Certificateholders are bound by the terms of the Trust Documents, and are deemed to have notice of all the provisions of the Transaction Documents.
- 1.5 Copies of the Transaction Documents (excluding any schedules containing personal information) are available for inspection by Noteholders during normal business hours at the registered office of the Issuer, the initial registered office of which is set out below.

2 Definitions

2.1 *Definitions*

Capitalised terms not otherwise defined in these Residual Certificates Conditions shall bear the meanings given to them in the Incorporated Terms Memorandum available as described above.

2.2 *Interpretation*

Any reference in the Residual Certificates Conditions to any person defined as a "**Transaction Party**" in the Residual Certificates Conditions shall be construed so as to include its and any subsequent successors and permitted transferees in accordance with their respective interests and, in relation to the Trustee, shall include any person for the time being acting as trustee or trustees pursuant to the Trust Documents.

2.3 *Transaction Documents and other agreements*

Any reference to any document defined as a Transaction Document or any other agreement or document shall be construed as a reference to such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated, supplemented or replaced.

2.4 *Statutes and Treaties*

Any reference to a statute or treaty shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted.

2.5 *Schedules*

Any Schedule of, or Appendix to, a Transaction Document forms part of such Transaction Document and shall have the same force and effect as if the provisions of such Schedule or Appendix were set out in the body of such Transaction Document. Any reference to a Transaction Document shall include any such Schedule or Appendix.

2.6 *Headings*

Residual Certificates Condition headings are for ease of reference only.

2.7 *Sections*

Except as otherwise specified in the Residual Certificates Condition, reference in the Residual Certificates Conditions to:

2.7.1 a "**Section**" shall be construed as a reference to a Section of such Transaction Document;

2.7.2 a "**Part**" shall be construed as a reference to a Part of such Transaction Document;

2.7.3 a "**Schedule**" shall be construed as a reference to a Schedule of such Transaction Document;

2.7.4 a "**Clause**" shall be construed as a reference to a Clause of a Part or Section (as applicable) of such Transaction Document; and

2.7.5 a "**Paragraph**" shall be construed as a reference to a Paragraph of a Schedule of such Transaction Document.

2.8 *Number*

In any Transaction Document, save where the context otherwise requires, words importing the singular number include the plural and vice versa.

3 **Form, Denomination and Title**

3.1 *Form*

The Residual Certificates are represented by a global registered certificate in registered form (a "**Global Certificate**") and represent the right to receive deferred consideration for the purchase of the Mortgage Portfolio under the Mortgage Sale Agreement consisting of the RC Payments.

3.2 *Title*

In respect of the Residual Certificates, the holder of any Global Certificate or Definitive Certificate shall (except as otherwise required by law) be treated as its absolute owner for all purposes (including the making of any payment) whether or not any payment is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof and no person shall be liable for so treating such holder.

4 **Status and Ranking**

4.1 *Status*

The Residual Certificates relating thereto constitute secured obligations of the Issuer.

4.2 *Ranking*

The Residual Certificates will at all times rank without preference or priority *pari passu* and rateably amongst themselves.

4.3 *Sole Obligations*

The Residual Certificates are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other Transaction Parties, and represent the Issuer's obligation to pay deferred consideration for its purchase of the Mortgage Portfolio, consisting of the RC Payments.

4.4 *Payments Priorities*

Prior to the delivery of an Enforcement Notice, the Issuer is required to apply Available Revenue Funds and Available Principal Funds in accordance with the Pre-Enforcement Payments Priorities and thereafter monies will be applied by the Trustee (or the Cash Manager on its behalf) in accordance with the Post-Enforcement Payments Priorities.

5 Security

5.1 *Security*

Residual Certificates are secured by the Security.

5.2 *Enforceability*

The Security will become enforceable upon the delivery by the Trustee of an Enforcement Notice in accordance with Residual Certificates Condition 10 (*Events of Default*) and subject to the matters referred to in Residual Certificates Condition 11 (*Enforcement*).

6 Issuer Covenants

The Issuer makes the Issuer Covenants in favour of the Trustee, which, amongst other things, restrict the ability of the Issuer to create or incur any indebtedness (save as permitted in the Trust Deed), dispose of assets or change the nature of its business. So long as any Note remains outstanding and, if there are no Notes left outstanding and prior to (but excluding) the Final Maturity Date, any Residual Certificate remains outstanding, the Issuer shall comply with the Issuer Covenants.

7 Residual Payments

7.1 *Right to RC Payments*

Each Residual Certificate represents a *pro rata* entitlement to receive RC Payments, by way of deferred consideration for the purchase by the Issuer of the Mortgage Portfolio pursuant to the Mortgage Sale Agreement.

7.2 *Payment*

A RC Payment may be payable in respect of the Residual Certificates on each Interest Payment Date.

7.2.1 "**Determination Period**" has the meaning set out in Condition 7.10.1.

7.2.2 "**Interest Payment Date**" means each date determined as an Interest Payment Date in accordance with the Conditions of the Notes.

7.2.3 "**RC Payment**" means, in respect of any Interest Payment Date, the Residual Payment applicable to such Interest Payment Date.

7.2.4 "**RC Payment Amount**" means, in respect of each Residual Certificate on any date on which amounts are to be applied in accordance with the applicable Payments Priorities, the RC Payment for that date, divided by the number of Residual Certificates then in issue.

7.2.5 "**Residual Payment**" means payment, by way of deferred consideration for the Issuer's purchase of the Mortgage Portfolio pursuant to the Mortgage Sale Agreement, of an amount equal to:

- (a) prior to the delivery of an Enforcement Notice, in respect of each Interest Payment Date, the sum of the amount (if any) by which Available Revenue Funds exceeds the amounts required to satisfy items (a) to (u) of the Pre-Enforcement Revenue Payments Priorities on that Interest Payment Date; or
- (b) following the delivery of an Enforcement Notice, in respect of each date on which amounts are to be applied in accordance with the Post-Enforcement Payments Priorities, the amount by which amounts available for payment in accordance with the Post-Enforcement Payments Priorities exceeds the amounts required to satisfy items (a) to (p) of the Post-Enforcement Payments Priorities on that date.

7.2.6 "**Residual Payment Amount**" means, in respect of each Residual Certificate and any Interest Payment Date, the RC Payment Amount applicable in respect of such Interest Payment Date.

7.3 *Determination of RC Payment*

The Cash Manager shall on each Cash Manager Determination Date determine the RC Payment payable on the immediately following Interest Payment Date and the Residual Payment Amount payable in respect of each Residual Certificate on such Interest Payment Date applicable in respect of such Interest Payment Date.

7.4 *Publication of RC Payment and Residual Payment Amount*

The Cash Manager shall cause the RC Payment, Residual Payment Amount (if any) for each Interest Payment Date to be notified to the Issuer, the Trustee, the Registrar and the Paying Agents (as applicable) and to be published in accordance with Residual Certificates Condition 19 (*Notices*) as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date.

7.5 *Notifications to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Residual Certificates Conditions by the Cash Manager shall (in the absence of manifest error) be binding on the Issuer, the Cash Manager, the Trustee, the Registrar, the Paying Agents and all Residual Certificateholders, and (in the absence of wilful default, gross negligence or fraud) no liability to the Issuer or the Residual Certificateholders shall attach to the Cash Manager in connection with the exercise or non-exercise by any of them of its powers, duties and discretions under this Residual Certificates Condition 7.5.

7.6 *Termination of Payments*

Following the redemption in full of the Notes (or amount of principal in relation to the Notes ceasing to be due and payable by the Issuer in accordance with Condition 9.1 (and (if necessary), the realisation of the Charged Property) and payment of the proceeds of realisation in accordance with the applicable Payments Priorities, no more RC Payments will be made by the Issuer and the Residual Certificates shall be redeemed and cancelled.

8 Payments

8.1 *Payment of Residual Payment Amounts*

Payments of Residual Payment Amounts shall be made by:

8.1.1 (other than in the case of final payment) upon application by the relevant Residual Certificateholder to the specified office of the Principal Paying Agent not later than the 15th day before the due date for any such payment, by transfer to a Sterling account maintained by the payee with a bank in London; and

8.1.2 (in the case of final payment) upon surrender (or, in the case of part-payment only, endorsement) of the relevant Global Certificate or Definitive Certificate (as the case may be) at the specified office of any Paying Agent.

8.2 *Laws and Regulations*

Payments of any Residual Payment Amounts are subject, in all cases, to (i) any fiscal or other laws and regulations applicable thereto and (ii) any FATCA Withholding.

9 Taxation

9.1 *Payments free of Tax*

All payments in respect of the Residual Certificates shall be made free and clear of, and without Tax Deduction (which for the purposes of this Residual Certificates Condition only shall include FATCA Withholding), unless the Issuer, the Trustee or the Paying Agents (as the case may be) are required by

law or FATCA to make any Tax Deduction. In that event, the Issuer, the Trustee or the Paying Agents (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted.

9.2 *No payment of additional amounts*

None of the Issuer, the Trustee or the Paying Agents will be obliged to pay any additional amounts to the Residual Certificateholders as a result of any such Tax Deduction.

9.3 *Taxing Jurisdiction*

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Issuer Jurisdiction, references in these Residual Certificates Conditions to the Issuer Jurisdiction shall be construed as references to the Issuer Jurisdiction and/or such other jurisdiction.

9.4 *Tax Deduction not Event of Default*

Notwithstanding that the Trustee, the Issuer or the Paying Agents are required to make a Tax Deduction, making such deduction shall not constitute an Event of Default.

10 Events of Default

10.1 *Events of Default*

Subject to the other provisions of this Residual Certificates Condition 10 and, provided all of the Notes have been redeemed in full, each of the following events shall be treated as an "**Event of Default**":

10.1.1 *Non-payment*: the Issuer fails to pay the amount due in respect of the Residual Certificates within five days of the due date for payment of such amount; or

10.1.2 *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Residual Certificates or under the Transaction Documents and such default (a) is, in the opinion of the Trustee, incapable of remedy or (b) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice of such default to the Issuer; or

10.1.4 *Insolvency Event*: an Insolvency Event occurs in relation to the Issuer.

10.2 *Delivery of Enforcement Notice*

If an Event of Default occurs and is continuing, the Trustee may at its discretion and shall:

10.2.1 if so requested in writing by the holders of at least 25 per cent. in number of the Residual Certificates, being the Most Senior Class then outstanding; or

10.2.2 if so directed by an Extraordinary Resolution of the holders of the Residual Certificates, being the Most Senior Class then outstanding,

deliver an Enforcement Notice to the Issuer.

10.3 *Conditions to delivery of Enforcement Notice*

Notwithstanding Residual Certificates Condition 10.2 (*Delivery of Enforcement Notice*) the Trustee shall not:

10.3.1 deliver an Enforcement Notice following the occurrence of any of the events mentioned in Residual Certificates Condition 10.1.2 (*Breach of other obligations*), unless and until the Trustee shall have certified in writing that such event is in its opinion materially prejudicial to the interests of the holders of the Residual Certificates outstanding; and

10.3.2 be obliged to deliver an Enforcement Notice unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

10.4 *Consequences of delivery of Enforcement Notice*

Upon the delivery of an Enforcement Notice, the Residual Certificates shall become immediately due and payable without further action or formality together with any accrued interest due but not paid.

11 Enforcement

11.1 *Proceedings*

The Trustee may at its discretion and without further notice, institute such proceedings or take any other action or step as it thinks fit to enforce its rights under the Trust Deed in respect of the Residual Certificates and under the other Transaction Documents, following delivery of an Enforcement Notice, and/or enforce the Security, but it shall not be bound to do so unless:

11.1.1 so requested in writing by the holders of at least 25 per cent. in number of the Residual Certificates in number; or

11.1.2 so directed by an Extraordinary Resolution of the holders of the Residual Certificates in number, and in each case, only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

11.2 *Directions to the Trustee*

If the Trustee shall take any action, step or proceedings described in Residual Certificates Condition 11.1 (*Proceedings*) it may take such action, step or proceedings without having regard to the effect of such action on individual Residual Certificateholders or any other Secured Creditor.

11.3 *Restrictions on disposal of Issuer's assets*

If an Enforcement Notice has been delivered by the Trustee otherwise than by reason of non-payment of any amount due in respect of the Residual Certificates, the Trustee will not be entitled to dispose of the Charged Property or any part thereof unless either:

11.3.1 a sufficient amount (in the opinion of an investment bank or other financial adviser) would be realised to allow payment in full of all amounts owing to the holders of Residual Certificates relating thereto (provided all of the Notes have been reduced in full) in accordance with the Post-Enforcement Payments Priorities; or

11.3.2 the Trustee is of the opinion, which shall be binding on the Residual Certificateholders and the other Secured Creditors, reached after considering at any time and from time to time the advice of an investment bank or other financial adviser selected by the Trustee (and if the Trustee is unable to obtain such advice having made reasonable efforts to do so this Residual Certificates Condition 11.3.2 shall not apply), that the cashflow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts due in respect of the Residual Certificates relating thereto after payment of all other claims ranking in priority to the Residual Certificates in accordance with the Post-Enforcement Payments Priorities,

provided that the Trustee shall not be bound to make the determinations contained in Residual Certificates Condition 11.3.1 or 11.3.2 unless the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

11.4 *Third Party Rights*

No person shall have any right to enforce any Residual Certificates Condition or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

12 No action by Residual Certificateholders or any other Secured Creditor

12.1 Only the Trustee may pursue the remedies available under the general law or under the Trust Documents to enforce the Security or any other Transaction Document to which the Trustee is a party and no Residual Certificateholders or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security or pursue remedies available under or enforce any Transaction Document to which the Trustee is a party. In particular, none of the Residual Certificateholders or any other Secured Creditor (nor any person on its or their behalf, other than the Trustee where appropriate) are entitled:

12.1.1 otherwise than as permitted by these Residual Certificates Conditions, to direct the Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security or any other Transaction Document to which the Trustee is a party;

12.1.2 to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Residual Certificateholders or any other Secured Creditors;

12.1.3 until the date falling two years after the Final Discharge Date, to initiate or join any person in initiating any Insolvency Event in relation to the Issuer; or

12.1.4 to take or join in the taking of any steps or proceedings which would result in the Payments Priorities not being observed.

13 Meetings of Residual Certificateholders

13.1 *Convening*

The Trust Deed contains "Provisions for Meetings of Noteholders and Residual Certificateholders" for convening separate or combined meetings of Noteholders and/or Residual Certificateholders to consider matters relating to the Notes and/or the Residual Certificates, as applicable.

13.2 *Quorum*

The quorum at any meeting convened to vote on:

13.2.1 an Extraordinary Resolution, other than regarding a Reserved Matter, will be one or more persons holding or representing a majority in number of Residual Certificates then outstanding in that class or those classes or, at any adjourned meeting, one or more persons being or representing the Residual Certificateholders of that class or those classes, whatever the Principal Amount Outstanding of Residual Certificates then outstanding so held or represented in such class or classes; and

13.2.2 an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each class of Noteholders and Residual Certificateholders) will be one or more persons holding or representing in the aggregate not less than 75 per cent. in number of the Residual Certificates then outstanding in the relevant class or classes or, at any adjourned meeting, one or more persons holding or representing not less than in the aggregate 25 per cent. in number of Residual Certificates then outstanding in the relevant class or classes.

13.3 *Relationship between classes*

In relation to the classes of Notes and Residual Certificates:

- 13.3.1 no Extraordinary Resolution to approve a Reserved Matter by the Residual Certificateholders shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the classes of Notes (to the extent that there are outstanding Notes in each such other classes);
- 13.3.2 any resolution passed at a Meeting of the holders of one or more classes of Notes or Residual Certificates duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such class or classes, or the Residual Certificateholders whether or not present at such Meeting and whether or not voting and, except in the case of a meeting relating to a Reserved Matter, any resolution passed at a meeting of the holders of the Most Senior Class duly convened and held as aforesaid shall also be binding upon the holders of all the other classes of Notes and the Residual Certificateholders; and
- 13.3.3 the voting rights of the Residual Certificateholders are to the extent that any Extraordinary Resolution of the Residual Certificateholders is only effective if, while any Classes of Notes remain outstanding, such resolution has been sanctioned by an Extraordinary Resolution, respectively, of the Most Senior Class of Notes and all other Classes of Notes then outstanding or (in the case of all other Classes of Residual Certificates) in issue, or the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

13.4 Resolutions in writing and Electronic Consents

A Written Resolution or a consent evidenced through electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Trustee) ("**Electronic Consent**") shall take effect as if it were an Extraordinary Resolution.

14 Modification and Waiver

14.1 Modification

- 14.1.1 The Trustee may at any time and from time to time, without the consent or sanction of the Noteholders, the Residual Certificateholders or any other Secured Creditors, concur with the Issuer and any other relevant parties in making:
- (a) (other than in respect of a Reserved Matter or any provisions of the Trust Documents referred to in the definition of Reserved Matter) any modification to these Residual Certificates Conditions, the Conditions, the Trust Documents, the Notes, the Residual Certificates, any Instrument or the other Transaction Documents in relation to which its consent is required which, in the opinion of the Trustee, will not be materially prejudicial to the holders of the Most Senior Class; or
 - (b) any modification to Trust Documents, the Notes, the Residual Certificates, the Conditions, these Residual Certificates Conditions, any Instrument or the other Transaction Documents in relation to which its consent is required, if, in the opinion of the Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error.
- 14.1.2 The prior written consent of the Interest Rate Swap Provider shall be required to amend any provision of the Transaction Documents if, in the reasonable opinion of the Interest Rate Swap Provider, such amendment:
- (a) has the effect that immediately thereafter, the Interest Rate Swap Provider would potentially be required to pay more or receive less if it transferred the Transaction to another person than it would have paid or received prior to such amendment;
 - (b) has the effect that the Issuer's obligations to the Interest Rate Swap Provider under the Interest Rate Swap Agreement are further contractually subordinated to the Issuer's

obligations to any other of its creditors compared with the position that subsisted immediately prior to such amendment;

- (c) would result in an amendment of clause 20.1.2 of the Trust Deed;
- (d) affects the amount, timing or priority of any payments or deliveries due from the Interest Rate Swap Provider to the Issuer or from the Issuer to the Interest Rate Swap Provider (including any amounts, rights and obligations in relation to the Swap Collateral Account); or
- (e) adversely affects the validity of any security granted pursuant to the Transaction Documents or any rights that the Interest Rate Swap Provider has in respect of such security,

and in each case the Issuer shall notify in writing to the Interest Rate Swap Provider, with a copy to the Trustee, of any proposed amendment to any of the provisions of the Transaction Documents as soon as reasonably practicable but not less than 15 Business Days (inclusive) prior to such amendment being effected, notwithstanding any other provision of the Transaction Documents. The Interest Rate Swap Provider may notify the Trustee and the Issuer in writing if it determines (acting in a reasonable manner) that such amendment would affect any of the items listed in paragraphs (a) to (e) above and stating which proposed amendment is so affected. If the Issuer and the Trustee do not receive any such notice within 15 Business Days (inclusive) of the Interest Rate Swap Provider having been notified of such proposed amendment, the Interest Rate Swap Provider shall be deemed to have consented to each such amendment. If the Interest Rate Swap Provider has not received notice in accordance with this paragraph, the proposed amendment shall not be effective. If the Interest Rate Swap Provider has notified its consent in writing to the Issuer and the Trustee to any proposed amendment, such amendment may proceed to become effective notwithstanding that less than 15 Business Days have elapsed since the relevant notice was received by the Interest Rate Swap Provider.

14.1.3 The Trustee shall be obliged, at the direction of the Residual Certificateholder and without the consent or sanction of the Noteholders or any other Secured Creditor, to agree to any modifications to the Interest Rate Swap Agreement and any other Transaction Documents relating to (but not limited to):

- (a) adjustments to the notional amount, the notional amount schedule and/or the applicable fixed rate of the Interest Rate Swap on each Additional Novation Date; and
- (b) the novation to the Issuer, in accordance with the Interest Rate Swap Novation Agreement, of interest rate swap transactions between the Warehouse Borrower and the Interest Rate Swap Provider in accordance with the Interest Rate Swap Novation Agreement (with the Interest Rate Swap Provider as "remaining party", the Warehouse Borrower as "transferor" and the Issuer as "transferee"),

provided that the Residual Certificateholder certifies to the Trustee (upon which certification the Trustee may rely absolutely without enquiry or liability) that the modifications are necessary to reflect the Adjusted Notional Amount, the Adjusted Swap Notional Amount Schedule, the Adjusted Fixed Rate and/or such novations. Any such modification shall not constitute a Reserved Matter, and no further consent or vote of the Noteholders or other Secured Creditors (including, without limitation, the Interest Rate Swap Provider pursuant to Residual Certificates Condition 14.1.2 above) shall be required in respect of such modifications.

14.2 Waiver

In addition, the Trustee may, at any time and from time to time at its sole discretion without the consent of the Noteholders, the Residual Certificateholders or any other Secured Creditor concur with the Issuer

or any other relevant parties in authorising or waiving any breach or proposed breach (other than any breach or proposed breach which relates to a Reserved Matter, a matter listed in Residual Certificates Condition 14.1.2 (*Modification*) or any provisions of the Trust Documents referred to in the definition of Reserved Matter) of any of the covenants or provisions contained in the Trust Documents, the Instruments or any of the other Transaction Documents (including an Event of Default or Potential Event of Default) if, in the opinion of the Trustee, the holders of the Most Senior Class will not be materially prejudiced by such authorisation or waiver.

14.3 *Restriction on power to modify and waive*

14.3.1 The Trustee shall not exercise any powers conferred upon it by Residual Certificates Condition 14.1 (*Modification*) or Residual Certificates Condition 14.2 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or 25 per cent. in number of the holders of the Residual Certificates then in issue, but so that no such direction or request shall affect any authorisation, waiver, modification or determination previously given or made.

14.3.2 The Trustee shall not authorise or waive any such proposed breach or breach relating to a Reserved Matter or any provisions of the Trust Documents referred to in the definition of Reserved Matter unless the holders of the outstanding Notes have, by Extraordinary Resolution, so authorised its exercise and shall not authorise or waive any such proposed breach or breach relating to any matter listed in Residual Certificates Condition 14.1.2 (*Modification*) above without the written consent of the Interest Rate Swap Provider.

14.4 *Additional Right of Modification*

Notwithstanding the provisions of Residual Certificates Condition 14.1 (*Modification*), the Trustee shall be obliged, without the consent or sanction of the Noteholders or any of the other Secured Creditors (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or who would need to be a party to a new, supplemental or additional agreement, or which, as a result of the relevant amendment, would be further contractually subordinated to any Secured Creditor other than would otherwise have been the case prior to such amendment), to concur with the Issuer and any other relevant parties in making any modification (other than in respect of a Reserved Matter, a matter listed in Residual Certificates Condition 14.1.2 (*Modification*) or any provisions of the Trust Documents referred to in the definition of Reserved Matter) to these Residual Certificates Conditions, the Conditions or any other Transaction Documents to which it is a party or in relation to which it holds security or the Issuer entering into new, supplemental or additional documents that the Issuer considers necessary:

14.4.1 for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that in relation to any amendment under this Residual Certificates Condition 14.4:

- (a) the Issuer certifies in writing to the Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria and has been drafted solely to that effect; and
- (b) in the case of any modification of a Transaction Document proposed by the Servicer in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role:
 - (i) the Servicer certifies in writing to the Issuer and the Trustee that such modification is necessary for the purposes described in paragraph (x) and/or (y) in Condition

14.4.1(b) above (and in the case of a certification provided to the Issuer, the Issuer shall certify to the Trustee that it has received the same from the Servicer); and

(ii) either:

- (A) the Servicer obtains from each of the Rating Agencies written confirmation (or certifies in writing to the Issuer and the Trustee that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to any of the Rated Notes by such Rating Agency and would not result in any Rating Agency placing any of the Rated Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer and the Trustee; or
- (B) the Issuer certifies in writing to the Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any of the Rated Notes by such Rating Agency or (y) such Rating Agency placing any Rated Notes on rating watch negative (or equivalent);

14.4.2 for the purposes of complying with, or implementing or reflecting, any changes in Articles 9, 10 and 11 of EMIR or any other obligation which applies to it under EMIR, 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;

14.4.3 for the purpose of complying with any obligation which applies to it (i) under Article 6 of the EU Securitisation Regulation or Article 6 of the UK Securitisation Regulation, including as a result of the adoption of regulatory technical standards in relation to the EU Securitisation Regulation or UK Securitisation Regulation, (ii) CRR Amendment Regulation or (iii) any other risk retention legislation or regulations or official guidance in relation thereto provided that the Issuer certifies in writing to the Trustee that such modification is required solely for such purpose and has been drafted solely to such effect;

14.4.4 for the purpose of complying with any changes in the requirements of the EU Securitisation Regulation or UK Securitisation Regulation, together with any implementing regulation, technical standards and official guidance related thereto, in each case as amended, varied or substituted from time to time after the Closing Date, including as a result of any changes to any secondary legislation or official guidance in relation thereto (including the appointment of a third party to assist with the Issuer's reporting obligations pursuant to the EU Securitisation Regulation or UK 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;

14.4.5 for the purpose of enabling the Listed Notes to be (or to remain) listed on the Stock Exchange, 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;

14.4.6 for the purposes of enabling the Issuer or any of the other Transaction Parties to comply with FATCA, provided that the Issuer or the relevant Transaction Party, as applicable, certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

14.4.7 for the purpose of complying with, or implementing or reflecting, any changes in the manner in which the Notes are held or to the terms of the Notes or the Transaction Documents which would

allow such Notes to be recognised as eligible collateral for the Bank of England's monetary policy and intra-day credit operations by the Bank of England either upon issue or at any or all times during the life of the Notes, provided that the Issuer certifies in writing to the Trustee that such modification is required solely for such purpose and has been drafted solely to such effect; or

14.4.8 for the purpose of changing the reference rate or the base rate that then applies in respect of the Notes (other than the Class Z VFN) to an alternative base rate (including where such base rate may remain linked to SONIA but may be calculated in a different manner) (any such rate, which may include an alternative screen rate, an "**Alternative Base Rate**") and making such other amendments as are necessary or advisable in the commercially reasonable judgement of the Issuer (or the Beneficial Title Seller on its behalf) to facilitate such change (a "**Base Rate Modification**"), **provided that** the Issuer (or the Beneficial Title Seller on its behalf) certifies to the Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:

- (a) such Base Rate Modification is being undertaken due to:
 - (i) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;
 - (ii) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;
 - (iii) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
 - (iv) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA);
 - (v) a public statement by the supervisor for the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
 - (vi) a public statement by the supervisor for the SONIA administrator that means SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; or
 - (vii) the reasonable expectation of the Issuer (or the Beneficial Title Seller on its behalf) that any of the events specified in paragraphs (i) to (vi) above will occur or exist; and
- (b) such Alternative Base Rate is:
 - (i) a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Listed Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);
 - (ii) a base rate utilised in a material number of publicly-listed new issues of Sterling-denominated asset-backed floating rate notes prior to the effective date of such Base Rate Modification;
 - (iii) a base rate utilised in a publicly-listed new issue of Sterling-denominated asset-backed floating rate notes where the underlying assets are buy-to-let mortgage loans in relation to properties located in the United Kingdom; or

- (iv) such other base rate as the Issuer (or the Beneficial Title Seller on its behalf) reasonably determines;
- (v) and in each case, the change to the Alternative Base Rate will not, in its opinion, be materially prejudicial to the interest of the Noteholders; and
- (vi) for the avoidance of doubt, the Issuer (or the Beneficial Title Seller on its behalf) may propose an Alternative Base Rate on more than one occasion provided that the conditions set out in this Residual Certificates Condition 14.4.8 are satisfied;

(the certificate to be provided by the Issuer, the Servicer, the relevant Transaction Party, and/or the Transaction Account Bank, as the case may be, pursuant to this Residual Certificates Condition 14.4 being a "**Modification Certificate**") provided that:

- (A) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Trustee;
- (B) the Modification Certificate or the Base Rate Modification Certificate, as applicable, in relation to such modification shall be provided to the Trustee (and in respect of Residual Certificates Conditions 14.4.1(b)(i) and/or 14.4.1(b)(ii)(A), to the Issuer) both at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (C) the consent of each Secured Creditor which is party to the relevant Transaction Document or whose contractual subordination in any Payments Priorities is affected has been obtained;
- (D) either: (i) the Issuer obtains (and provides to the Trustee) from each of the Rating Agencies written confirmation (or certifies in the Modification Certificate or the Base Rate Modification Certificate that it has been unable to obtain written confirmation but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any class of the Rated Notes by such Rating Agency or (y) such Rating Agency placing any Rated Notes on rating watch negative (or equivalent); or (ii) the Issuer certifies in the Modification Certificate or the Base Rate Modification Certificate, as applicable, that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any class of the Rated Notes by such Rating Agency or (y) such Rating Agency placing any Rated Notes on rating watch negative (or equivalent);
- (E) the Issuer certifies in writing to the Trustee (which certification may be in the Modification Certificate or the Base Rate Modification Certificate, as applicable) that the Issuer has provided at least 30 calendar days' notice to the Residual Certificateholders of the proposed modification in accordance with Residual Certificates Condition 19 (*Notices*) and by publication on Bloomberg on the "Company Filings" screen relating to the Notes, and Residual Certificateholders representing at least 10 per cent. in number of the Most Senior Class then outstanding have not contacted the Trustee in writing (or, in the case of the Global Certificates, otherwise in accordance with the then current practice of any applicable clearing system through which such Global Certificates may be held) within such notification period notifying the Trustee that such Residual Certificateholders do not consent to the modification; and

- (F) if Residual Certificateholders representing at least 10 per cent. in number of the Most Senior Class then outstanding have notified the Trustee in writing (or, in the case of the Global Certificates, otherwise in accordance with the then current practice of any applicable clearing system through which such Global Certificates may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Instrumentholders of the Most Senior Class then outstanding is passed in favour of such modification in accordance with Residual Certificates Condition 13 (*Meetings of Residual Certificateholders*).

14.4.9 Other than where specifically provided in this Residual Certificates Condition 14.4 or any Transaction Document:

- (a) when implementing any modification pursuant to this Residual Certificates Condition 14.4 (save to the extent the Trustee considers that the proposed modification would constitute a Reserved Matter or a matter listed in Residual Certificates Condition 14.1.2 (*Modification*)), the Trustee shall not consider the interests of the Residual Certificateholder, any other Secured Creditor or any other person and shall act and rely solely, and without further enquiry or Liability, on any certificate (including any Modification Certificates or Base Rate Modification Certificates, as applicable) or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Residual Certificates Condition 14.4 and shall not be liable to the Residual Certificateholder, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (b) 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) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the Transaction Documents and/or these Residual Certificates Conditions.

14.4.10 For the avoidance of doubt, nothing in this Residual Certificates Condition 14.4 shall have the effect of waiving an Event of Default.

14.5 Notification

Unless the Trustee otherwise agrees, the Issuer shall cause any waiver or modification to be notified to the Noteholders and the other Secured Creditors in accordance with the Notices Condition and the Transaction Documents, as soon as practicable after it has been made.

14.6 Binding Nature

Any waiver or modification referred to in Residual Certificates Condition 14.1 (*Modification*), Residual Certificates Condition 14.2 (*Waiver*) or Residual Certificates Condition 14.4 (*Additional Right of Modification*) shall be binding on the Instrumentholders and the other Secured Creditors.

15 Prescription

Claims for payment in respect of Residual Certificates shall become void unless the relevant Residual Certificates are presented for payment and surrendered or endorsement within 10 years of the appropriate Relevant Date.

16 Replacement of Residual Certificates

If any Residual Certificate is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar subject to all applicable laws. Replacement of any mutilated, defaced, lost, stolen or destroyed Residual Certificate will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Residual Certificate must be surrendered before a new one will be issued.

If Residual Certificates Condition 18 (*Substitution of Issuer*) is satisfied, the Issuer may, without the consent of the Residual Certificateholders, issue replacement residual certificates to replace the Residual Certificates, which shall have terms and conditions which may differ from the terms and conditions of the Residual Certificates which they replace.

17 Trustee and Agents

17.1 *Trustee's right to Indemnity*

Under the Transaction Documents, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders and/or Residual Certificateholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

17.2 *Trustee not responsible for loss or for monitoring*

The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Charged Property or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Servicer or by any person on behalf of the Trustee. The Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents.

17.3 *Regard to classes of Noteholders and Residual Certificateholders*

In the exercise of its powers and discretions under these Residual Certificates Conditions and the Trust Deed, the Trustee will:

17.3.1 have regard to the interests of the Noteholders and/or Residual Certificateholders as a class and will not be responsible for any consequence for individual Noteholders or Residual Certificateholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and

17.3.2 have regard only to the holders of the Most Senior Class and will not have regard to the interests of the other Secured Creditors except to ensure the application of the Issuer's funds after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Payments Priorities.

17.4 *Paying Agents solely agents of Issuer*

In acting under the Agency Agreement and in connection with the Notes and the Residual Certificates the Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

17.5 *Initial Paying Agents*

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or agent bank and additional or successor paying agents at any time, having given not less than 30 days' notice to such Agent.

17.6 Maintenance of Agents

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Residual Certificates Condition 19 (*Notices*).

18 Substitution of Issuer

18.1 Substitution of Issuer

The Trustee may, without the consent of the Instrumentholders or any other Secured Creditor, subject to:

18.1.1 the consent of the Issuer; and

18.1.2 such further conditions as are specified in the Trust Deed,

agree to the substitution of a Substituted Obligor in place of the Issuer as the principal debtor in respect of the Transaction Documents, the Notes and the Secured Amounts.

18.2 Notice of Substitution of Issuer

Not later than 14 days after any substitution of the Issuer in accordance with this Residual Certificates Condition 18, the Substituted Obligor shall cause notice of such substitution to be given to the Noteholders and the other Secured Creditors in accordance with Residual Certificates Condition 19 (*Notices*) and the other relevant Transaction Documents.

18.3 Change of Law

In the case of a substitution pursuant to this Residual Certificates Condition 18, the Trustee may in its absolute discretion agree, without the consent of the Noteholders, the Residual Certificateholders or the other Secured Creditors to a change of the law governing the Notes or Residual Certificates and/or any of the Transaction Documents provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the holders of the Most Senior Class, provided that the Issuer has notified the Rating Agencies.

18.4 No indemnity

No Noteholder or Residual Certificateholder shall, in connection with any such substitution, be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders.

19 Notices

While the Residual Certificates are represented by a Global Certificate, notices to Residual Certificateholders will be valid if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Residual Certificateholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid, shall be deemed to have been given on the day of such delivery.

While the Residual Certificates are represented by Definitive Certificates, the Trustee shall be at liberty to sanction any method of giving notice to the Residual Certificateholders if, in its opinion, such method is reasonable having regard to market practice then prevailing and provided that notice of such other method is given to the Residual Certificateholders in such manner as the Trustee shall deem appropriate.

20 Governing Law and Jurisdiction

20.1 Governing law

The Trust Documents, the Notes and the Residual Certificates and all non-contractual obligations arising from or connected with them are governed by and shall be construed in accordance with English law.

20.2 Jurisdiction

The courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Residual Certificates and the Trust Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Residual Certificates or the Trust Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes, the Residual Certificates and/or the Trust Documents may be brought in such courts.

USE OF PROCEEDS

The net proceeds from the issue of the Notes after deducting fees, expenses and commissions, if any, will equal £408,000,000 and will be used by the Issuer to pay (i) the purchase price for the Mortgage Portfolio (including funding the Pre-Funding Initial Amount on the Closing Date for the purchase of Additional Mortgage Loans) to the Beneficial Title Seller, (ii) the purchase price for the beneficial interest in the Servicer Float, in each case in accordance with the Mortgage Sale Agreement, and (iii) to fund the General Reserve Fund.

TAXATION

General

The comments below are of a general nature and are not intended to be exhaustive. References in this section ("Taxation") to "Notes" and "Noteholders" exclude the Class Z VFN and Class Z VFN Holder (who should seek its own, independent advice as to its tax position). They assume that there will be no substitution of the Issuer and do not address the consequences of any such substitution (notwithstanding that such substitution may occur under the terms and conditions of the Notes). The following applies only to persons who are the beneficial owners of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Any Noteholders who are in doubt as to their own tax position should consult their professional advisers. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the jurisdiction discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes. This summary does not consider the Residual Certificates.

United Kingdom

The comments in this part are based on current United Kingdom tax law as applied in England and Wales and published HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs), in each case as at the latest practicable date before the date of this prospectus, 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. It does not deal with any other United Kingdom Taxation implications of acquiring, holding or disposing of the Notes.

United Kingdom withholding tax

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 for the purposes of section 987 of the Income Tax Act 2007. The Stock Exchange 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 the regulated market of the Stock Exchange. Provided, therefore, that the Notes carry a right to interest and are and remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom income tax.

In all 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 and 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, Her Majesty's Revenue & Customs can issue a notice to the Issuer to pay interest to the 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).

FATCA WITHHOLDING

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986 (commonly known as "**FATCA**"), a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the US Federal Register. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

"**FATCA Withholding**" means any deduction or withholding pursuant to FATCA.

SUBSCRIPTION AND SALE

National Australia Bank Limited, Banco Santander, S.A. and Standard Chartered Bank (the "**Joint Lead Managers**") have, pursuant to a subscription agreement dated on or about the Closing Date amongst, *inter alios*, the Joint Lead Managers, the Beneficial Title Seller and the Issuer (the "**Subscription Agreement**"), agreed with the Issuer (subject to certain conditions) to subscribe and pay or procure the payment for the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes, the Class B Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class B Notes, the Class C Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class C Notes and the Class D Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class D Notes on the Closing Date. UK Mortgages Corporate Funding Designated Activity Company has, pursuant to the Subscription Agreement, agreed with the Issuer (subject to certain conditions) to subscribe and pay for the Class X Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class X Notes and £21,500,000 of the Class Z VFN at the issue price of 100 per cent. of the aggregate principal amount of the Class Z VFN.

The Issuer and the Beneficial Title Seller have agreed in the Subscription Agreement to indemnify the Joint Lead Managers against certain liabilities in connection with the issue of the Rated Notes.

Other than admission of the Listed Notes to the regulated market of the Stock Exchange, no action will be taken by the Issuer, the Arrangers or the Beneficial Title Seller which would or is intended to permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

Pursuant to the Subscription Agreement, the Beneficial Title Seller has covenanted that it will, *inter alia*, retain a material net economic interest of not less than 5 per cent. in the securitisation in accordance with Article 6 of the EU Securitisation Regulation and Article 6 of the UK Securitisation Regulation. As at the Closing Date, such retention requirement will be satisfied by the Beneficial Title Seller holding the Class Z VFN. Any change to the manner in which such interest is held will be notified to the Noteholders.

United States

The Notes have not been nor will be registered under the Securities Act or any state securities laws and may not be offered, sold or transferred 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 in keeping with the limitations described under "*Transfer Restrictions and Investor Representations*". Accordingly, the Notes are being offered and sold by the Joint Lead Managers solely to non-U.S. persons in offshore transactions in reliance on Regulation S. The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Issuer, the Beneficial Title Seller and the Joint Lead Managers have agreed that, except as permitted by the Subscription Agreement, the Joint Lead Managers will not offer, sell or deliver the Notes (i) as part of their distribution or at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the Closing Date (the "**Distribution Compliance Period**"), within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S) and, it will have sent to each dealer, distributor or person receiving a selling concession, fee or other remuneration (if any) to which it sells Notes during the Distribution Compliance Period a confirmation or other notice substantially to the following effect:

*"The securities covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the*

account or benefit of, U.S. persons, (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 closing date, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S."

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act. Offers and sales of the Notes within the United States or to U.S. persons is further restricted as specified in "*Transfer Restrictions and Investor Representations*" below.

United Kingdom

Each Joint Lead Manager has represented to and agreed with the Issuer that:

- (a) 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 any activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Ireland

Each Joint Lead Manager has represented and agreed with the Issuer that:

- (a) it has not and will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 (as amended), and any codes of conduct or rules issued in connection therewith and any conditions, requirements or enactments, imposed or approved by the Central Bank of Ireland, and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) it has not and will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 to 2018 (as amended) and any codes of practice made under Section 117(1) of the Irish Central Bank Act 1989 (as amended) or any regulations made pursuant to Part 8 of the Central Bank (Supervision and Enforcement) Act 2013 (as amended);
- (c) it has not and will not underwrite the issue of, or place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market or any delegated or implementing acts relating thereto, the European Union (Prospectus) Regulations 2019 of Ireland, the Companies Act 2014 (as amended) and any rules issued under Section 1363 of the Companies Act 2014 (as amended) by the Central Bank of Ireland; and
- (d) it has not and will not underwrite the issue of, or place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the European Union (Market Abuse) Regulations 2016 (as amended), Regulation (EU) No 596/2014 of the European Parliament of the Council of 16 April 2014 on market abuse (as amended) and any rules issued under Section 1370 of the Companies Act 2014 (as amended) by the Central Bank of Ireland.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (11) of EU MiFID II; or
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; or
 - (iii) not a qualified investor as defined in the EU Prospectus Regulation, and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the United Kingdom by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the United Kingdom by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation, and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

General

Each Joint Lead Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of the Notes by it will be made on the same terms.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and Sales by the Joint Lead Managers

The Notes (including interests therein represented by a Global Note, a Definitive Note or a book-entry interest) have not been and will not be registered under the Securities Act or any state securities laws and are subject to U.S. tax law requirements, and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state securities laws. Accordingly, the Joint Lead Managers are offering and selling the Notes solely to non-U.S. persons in offshore transactions pursuant to Regulation S.

Investor Representations and Restrictions on Resale applicable to all Notes

Each purchaser of the Notes (which term for the purposes of this section will be deemed to include any interests in the Notes and the Residual Certificates, including Book-Entry Interests) outside the United States pursuant to Regulation S and each subsequent transferee or purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Prospectus and the Notes will be deemed to have represented and agreed to the following:

- (a) the purchaser is located outside the United States and is not a U.S. person (as defined under Regulation S);
- (b) if the purchaser purchased the Notes during the initial distribution of the Notes, it (1) either (i) is not a Risk Retention U.S. Person or (ii) has obtained a U.S. Risk Retention Waiver from the Beneficial Title Seller and its purchase of the Notes falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, (2) is acquiring such Notes or a beneficial interest therein for its own account and not with a view to distribute such Notes and (3) is not acquiring such Notes or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Notes through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules);
- (c) 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 such Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Notes, then it agrees that it will offer, resell, pledge or transfer such Notes only (i) to a purchaser who is not a U.S. person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. person and who is acquiring the Notes in an "offshore transaction" pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S, (ii) to or for the account or benefit of a U.S. person (as defined in Regulation S), if such person is acquiring the Notes in an "offshore transaction" pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S, or (iii) pursuant to another exemption under the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States; **provided that** in no event under (ii) or (iii) above may Notes be transferred or resold to or for the account of a U.S. person until (A) the expiry of the Distribution Compliance Period, and (B) such Notes are represented by a Global Note; **provided, further** 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;
- (d) unless the relevant legend set out below has ceased to apply, such purchaser shall notify each transferee of Notes from it that (i) such Notes have not been registered under the Securities Act,

(ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraphs (a) and (c) above, (iii) such transferee shall be deemed to have represented that such transferee is acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing; and

- (e) the Issuer, the Joint Lead Managers, and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

The Notes will bear a legend in substantially the form below:

"THIS GLOBAL NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

THE FOREGOING PARAGRAPH SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING.

THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED. ANY UNITED STATES PERSON (AS DEFINED IN THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

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

The Issuer

The Issuer was incorporated in England and Wales as a public company limited by shares under the Companies Act 2006 on 24 September 2020 with registered number 12901495. The registered office of the Issuer is at 1 Bartholomew Lane, London EC2N 2AX, United Kingdom (telephone number +44 (0)20 7398 6300).

The Issuer's legal entity identifier number is 2138006I4BQOMLUWZ843.

Authorisation

The issue of the Notes and the Residual Certificates was authorised by resolution of the board of directors of the Issuer passed on 18 January 2021.

Listing of the Listed Notes

It is expected that admission of the Class A Notes, Class B Notes, Class C Notes, Class D Notes and the Class X Notes (the "**Listed Notes**") to the Official List and trading on its regulated market will be granted on or about 25 January 2021 subject only to the issue of the Global Notes. The listing of the Listed Notes will be cancelled if the Global Notes are not issued. Transactions will normally be effected for settlement in Sterling and for delivery on the third working day after the day of the transaction.

Maples and Calder (Ireland) LLP is acting solely in its capacity as listing agent for the Issuer in connection with the Listed Notes and is not itself seeking admission of the Listed Notes to trading on the regulated market of the Stock Exchange.

The total expenses in relation to admission to trading will be approximately €10,440.

The Class Z VFN will not be listed.

Clearing and settlement

The Listed Notes and the Residual Certificates have been accepted for clearing through Clearstream, Luxembourg and Euroclear under the following ISINs and common codes:

Securities	ISIN	Common Code
Class A Notes	XS2251299249	225129924
Class B Notes	XS2251299595	225129959
Class C Notes	XS2251300195	225130019
Class D Notes	XS2251300351	225130035
Class X Notes	XS2251300435	225130043
Residual Certificates	XS2251300518	225130051

Litigation

The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), since 24 September 2020 (being the date of incorporation of the Issuer) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer (as the case may be).

Accounts

No statutory or non-statutory accounts within the meaning of section 434 of the Companies Act 2006 in respect of any financial year of the Issuer have been prepared. So long as the Notes are admitted to trading on the regulated market, the most recently published audited annual accounts of the Issuer from time to time shall be available at the specified office of the Principal Paying Agent. The Issuer does not publish interim accounts.

The Issuer did not trade during the period from its date of incorporation on 24 September 2020 to the date of this Prospectus nor has it received any income nor did it incur any expense nor pay any dividends. Consequently no profit and loss account has been prepared. Since the date of its incorporation, the Issuer has not commenced operations.

Significant or Material Change

Since the date of its incorporation, the Issuer has not entered into any contract or arrangement not being in the ordinary course of business other than the Transaction Documents and those related to its registration as a public company under the Companies Act 2006.

Since 24 September 2020 (being the date of incorporation of the Issuer), there has been no material adverse change in the financial position or prospects of the Issuer.

Reports

For so long as the Notes are outstanding, the Servicer will, on behalf of the Issuer, prepare on a monthly basis the EU SR Loan Level Report and (save to the extent that the Issuer is permitted by the FCA to provide only an EU SR Loan Level Report) the UK SR Loan Level Report and the BOE Loan Level Report and make available to the Cash Manager, the Issuer and EuroABS the EU SR Loan Level Report, any UK SR Loan Level Report and the BOE Loan Level Report in accordance with the Servicing Agreement.

Without prejudice to its obligations under the Servicing Agreement, the Servicer has no liability or responsibility for any breaches under the EU Securitisation Regulation or the UK Securitisation Regulation, the responsibility for which lies solely with the Issuer and the Beneficial Title Seller.

For so long as the Notes are outstanding, the Issuer will (or will procure another party to):

- (a) on a monthly basis publish the Investor Report, the EU SR Investor Report and (save to the extent that the Issuer is permitted by the FCA to provide only an EU SR Investor Report) the UK SR Investor Report on the EuroABS website at www.euroabs.com; and
- (b) publish on a monthly basis the EU SR Loan Level Report and (save to the extent that the Issuer is permitted by the FCA to provide only an EU SR Loan Level Report) the UK SR Loan Level Report, simultaneously (to the extent required under Article 7(1) of the EU Securitisation Regulation or Article 7(1) of the UK Securitisation Regulation) with the Investor Report, the EU SR Investor Report and any UK SR Investor Report, as applicable on the EuroABS website at www.euroabs.com; and
- (c) publish the EU SR Inside Information and Significant Event Report and (save to the extent that the Issuer is permitted by the FCA to provide only an EU SR Inside Information and Significant Event Report) the UK SR Inside Information and Significant Event Report on the EuroABS website at www.euroabs.com; and
- (d) within 15 days of the issuance of the Notes, make available via the website of EuroABS at www.euroabs.com copies of the Transaction Documents and this Prospectus.

Until the Notes are redeemed in full, a cashflow model shall be made available (directly or indirectly through one or more entities which provide such cashflow models to investors generally) by the Issuer to investors, potential investors and firms that generally provide services to investors. At the date of the Prospectus the cashflow model shall be made available through the EuroABS website at www.euroabs.com.

The Issuer will make available (or procure the availability of) such information to the holders of any of the Notes, relevant competent authorities and, upon reasonable request, to potential investors in the Notes.

Each Investor Report, EU SR Investor Report, UK SR Investor Report, EU SR Loan Level Report, UK SR Loan Level Report, EU SR Inside Information and Significant Event Report and UK SR Inside Information and Significant Event Report will be published by the Issuer (or such third party as determined by the Issuer) by means of a securitisation repository or (where no securitisation repository is registered in accordance with

Article 10 of the EU Securitisation Regulation) by means of the website of EuroABS at www.euroabs.com, being a website which conforms to the requirements set out in Article 7(2) of the EU Securitisation Regulation, or any other website which may be notified by the Issuer from time to time provided that such replacement or additional website conforms to the requirements set out in Article 7(2) of the EU Securitisation Regulation. None of the reports or the website or the contents thereof form part of this Prospectus.

Information required to be made available prior to pricing to potential investors in the Notes pursuant to Article 7 of the EU Securitisation Regulation was made available by means of the website of EuroABS at www.euroabs.com.

For the purposes of Article 7(2) of the EU Securitisation Regulation and Article 7(2) of the UK Securitisation Regulation, the Issuer has been designated as the entity responsible for compliance with the requirements of Article 7 and will either fulfil such requirements itself or shall procure that such requirements are complied with on its behalf.

Cashflow models and loan level data

The Issuer will, from the Closing Date until the earlier of redemption in full of the last Note or the Final Maturity Date, make available a cashflow model to Noteholders, either directly or indirectly through one or more entities that provide cashflow models to investors generally.

The Issuer will, on or about the Closing Date until the earlier of redemption in full of the last Note of the Final Maturity Date, make available loan level data to investors and update such information on a regular basis.

Underlying Assets

On the Closing Date the assets backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service payments due and payable on the Notes. However, regard should be had to the characteristics of the Mortgage Portfolio and the risks to which they (and the Issuer and the Notes) may be exposed. Prospective Noteholders should consider the detailed information set out elsewhere in this document, including without limitation under "*Risk Factors*" and "*Credit Structure*".

Documents Available

From the Closing Date until the redemption in full of the last outstanding Note of the Final Maturity Date, electronic copies of the following documents will be available on the website of EuroABS at www.euroabs.com and physical copies of the following documents (excluding any schedule containing personal information) may be inspected at the offices of the Issuer at 1 Bartholomew Lane, London EC2N 2AX, United Kingdom during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) and will be available in such manner for so long as the Listed Notes are admitted to trading on the regulated market of the Stock Exchange and the guidelines of the Stock Exchange so require:

- (a) Memorandum and Articles of Association of the Issuer;
- (b) this Prospectus;
- (c) prior to the Closing Date, drafts (subject to amendment) and after the Closing Date copies of the following documents:
 - (i) the agency agreement dated on or about the Closing Date between the Issuer, the Agents and the Trustee (the "**Agency Agreement**");
 - (ii) the cash management agreement dated on or about the Closing Date between the Issuer, the Cash Manager and the Trustee (the "**Cash Management Agreement**");
 - (iii) the corporate services agreement dated on or about the Closing Date between the Corporate Services Provider, the Share Trustee and the Issuer (the "**Corporate Services Agreement**");

- (iv) the portfolio option deed poll dated on or about the Closing Date, executed by the Issuer, in favour of the Portfolio Option Holder (the "**Deed Poll**");
- (v) the mortgage sale agreement dated on or about the Closing Date between the Issuer, the Beneficial Title Seller, the Legal Title Holder and the Trustee (the "**Mortgage Sale Agreement**");
- (vi) the security deed dated on or about the Closing Date between the Issuer and the Trustee (including any security documents supplemental thereto) (the "**Security Deed**");
- (vii) the power of attorney granted by the Beneficial Title Seller on or about the Closing Date in favour of the Issuer and the Trustee, substantially in the form set out in Part 2 (*Form of Beneficial Title Seller Power of Attorney*) of Schedule 3 of the Mortgage Sale Agreement (the "**Beneficial Title Seller Power of Attorney**");
- (viii) the power of attorney granted by the Legal Title Holder in favour of the Issuer and the Trustee substantially in the form in Part 1 (*Form of Legal Title Holder Power of Attorney*) of Schedule 3 of the Mortgage Sale Agreement (the "**Legal Title Holder Power of Attorney**");
- (ix) the servicing agreement dated on or about the Closing Date between, amongst others, the Issuer, the Servicer and the Trustee (the "**Servicing Agreement**");
- (x) the declaration of trust dated on or about the Closing Date given by the Servicer (the "**Collection Account Declaration of Trust**");
- (xi) the 2002 ISDA Master Agreement, Schedule, Credit Support Annex and Confirmation each dated on or about the Closing Date between the Issuer and the Interest Rate Swap Provider (the "**Interest Rate Swap Agreement**");
- (xii) the transaction account agreement dated on or about the Closing Date between the Issuer, the Cash Manager, the Transaction Account Bank and the Trustee (the "**Transaction Account Agreement**"); and
- (xiii) the trust deed dated on or about the Closing Date between the Issuer and the Trustee (the "**Trust Deed**"),

together with any document designated as such by the Issuer and the Trustee, the "**Transaction Documents**", and, any person who is a party to a Transaction Document, a "**Transaction Party**".

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ISSUER

Hops Hill No.1 plc
1 Bartholomew Lane
London EC2N 2AX
United Kingdom

ORIGINATOR

Keystone Property Finance Limited
17 Kings Hill Avenue
Kings Hill, West Malling
Kent ME19 4UA
United Kingdom

BENEFICIAL TITLE SELLER

**UK Mortgages Corporate Funding Designated Activity
Company**
5 George's Dock
I.F.S.C.
Dublin 1
Ireland

SERVICER

Pepper (UK) Limited
Harman House
1 George St
Uxbridge UB8 1QQ
United Kingdom

ARRANGERS

National Australia Bank Limited
52 Lime Street
London EC3M 7AF United Kingdom

Santander Corporate and Investment Banking
2 Triton Square
Regent's Place
London NW1 3AN
United Kingdom

JOINT LEAD MANAGERS

National Australia Bank Limited
52 Lime Street
London EC3M 7AF

**Santander Corporate and Investment
Banking**
2 Triton Square
Regent's Place
London NW1 3AN
United Kingdom

Standard Chartered Bank
One Basinghall Avenue
London EC2V 5DD
United Kingdom

CASH MANAGER, ACCOUNT BANK AND PRINCIPAL PAYING AGENT/AGENT BANK

Citibank N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

TRUSTEE

Citicorp Trustee Company Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

LEGAL ADVISERS TO THE BENEFICIAL TITLE SELLER

as to English law

Linklaters LLP
One Silk Street
London
EC2Y 8HQ
United Kingdom

as to Irish law

Maples and Calder (Ireland) LLP
75 St. Stephen's Green
Dublin 2
Ireland

LEGAL ADVISERS TO THE ORIGINATOR AND LEGAL TITLE HOLDER

Ashurst LLP
London Fruit & Wool Exchange
1 Duval Square
London
E1 6PW
United Kingdom

**LEGAL ADVISERS TO THE ARRANGERS AND THE
JOINT LEAD MANAGERS**

as to English law
Allen & Overy LLP
One Bishops Square
London
E1 6AD
United Kingdom

LEGAL ADVISERS TO TRUSTEE

as to English law
Allen & Overy LLP
One Bishops Square
London
E1 6AD
United Kingdom

LISTING AGENT

Maples and Calder (Ireland) LLP
75 St. Stephen's Green
Dublin 2
Ireland