

## KIRKBY RMBS PLC

### IMPORTANT NOTICE

**NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S. EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED BELOW) IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT.**

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

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

SOLELY FOR THE PURPOSES OF THE 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 (AS AMENDED, "**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 NOTES (A DISTRIBUTOR) SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER'S TARGET MARKET ASSESSMENT. HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

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

THE PROSPECTUS FOLLOWING THIS PAGE HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THE PROSPECTUS MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED AND YOU MAY NOT, NOR ARE YOU AUTHORISED TO, DELIVER THE PROSPECTUS TO ANY OTHER PERSON. BY ACCESSING THE PROSPECTUS, YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT (A) YOU HAVE UNDERSTOOD AND AGREE TO THE TERMS SET OUT HEREIN, (B) YOU CONSENT TO

DELIVERY OF THE PROSPECTUS BY ELECTRONIC TRANSMISSION, (C) YOU ARE EITHER (I) NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT) OR ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND THE ELECTRONIC MAIL ADDRESS THAT YOU HAVE GIVEN TO US AND TO WHICH THIS E-MAIL HAS BEEN DELIVERED IS NOT LOCATED IN THE UNITED STATES OR ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS) OR (II) A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN EACH CASE ACTING FOR YOUR OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS AND (D) IF YOU ARE A PERSON IN THE UNITED KINGDOM, THEN YOU ARE A PERSON WHO (I) HAS PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS OR (II) IS A HIGH NET WORTH ENTITY FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT (FINANCIAL PROMOTION) ORDER 2005.

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTORS IN THE EUROPEAN ECONOMIC AREA ("**EEA**"). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF MIFID II; (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC (AS AMENDED, THE "**PROSPECTUS DIRECTIVE**"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, 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.

The 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 Kirkby RMBS plc (the "**Issuer**") or Goldman Sachs International (the "**Arranger**" and a "**Joint Lead Manager**") or Goldman Sachs & Co. LLC (a "**Joint Lead Manager**" and together with Goldman Sachs International the "**Joint Lead Managers**") nor any person who controls any such person nor any director, officer, employee or agent of any such person or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

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 Prospectus is personal to each offeree to whom it has been delivered by the Issuer and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of the Prospectus to any persons other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited. Each prospective investor in the United States, by accepting delivery of the Prospectus, agrees to the foregoing and to make no photocopies of the Prospectus or any documents related hereto and, if the offeree does not purchase any note or the offering is terminated, to return the Prospectus and all documents attached hereto to the Joint Lead Managers.

The Notes are offered subject to prior sale or withdrawal, cancellation or modification of this offering without notice. The Issuer and the Joint Lead Managers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason and to allot to any prospective purchaser less than the full amount of Notes sought by such investor.

Each transferee or owner of a beneficial interest in the Notes will be deemed to have made certain representations regarding ERISA. See "*Certain ERISA Considerations*" in the Prospectus.

You acknowledge that you have been afforded an opportunity to request from the Issuer, and have received and reviewed, all additional information considered by you to be necessary to verify the

accuracy of, or to supplement, the information contained in the Prospectus. You also acknowledge that you have not relied on the Joint Lead Managers or any person affiliated with the Joint Lead Managers in connection with the investigation of the accuracy of such information or your investment decision. The contents of the Prospectus are not to be construed as legal, business or tax advice. Each prospective purchaser should consult its own attorney, business adviser and tax adviser for legal, business and tax advice relating to an investment in the Notes.

The Prospectus summarises documents and other information in a manner that does not purport to be complete, and these summaries are subject to, and qualified in their entirety by reference to, all of the provisions of such documents. In making an investment decision, you must rely on your own examination of these documents (copies of which are available from the Issuer upon request), the Issuer and the terms of the offering and the Notes, including the merits and risks involved.

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

The Notes have not been and nor will they be registered under the Securities Act or the securities laws of any state of the United States and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act ("Reg S") except to persons that are qualified institutional buyers ("QIBs") as defined in Rule 144A under the Securities Act ("Rule 144A"), acting for their own account or for the account of one or more QIBs in reliance on Rule 144A, or in transactions that occur outside the United States to persons other than U.S. persons in accordance with Reg S or in other transactions exempt from the registration requirements under the Securities Act and, in each case, in compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes will be subject to restrictions on resale and transfer. See "*Subscription, Sale and Selling Restrictions*" and "*Transfer Restrictions and Investor Representations*".

**KIRKBY RMBS PLC**

(incorporated in England and Wales with limited liability under registered number 11215449)

Class	Initial Principal Amount (GBP)	Issue Price <sup>1</sup>	Interest Rate/Reference Rate <sup>2</sup>	Margin or Fixed Rate of Interest (as applicable)	Final Maturity Date
Class A	£701,300,000	100.0000%	3m LIBOR	0.80%	22 February 2045
Class B	£131,500,000	100.0000%	3m LIBOR	2.00%	22 February 2045
Class C	£42,600,000	68.7649%	N/A (Fixed Rate)	2.25% (Fixed Rate)	22 February 2045
Class X Certificate <sup>3</sup>	N/A <sup>4</sup>	N/A	N/A <sup>5</sup>	N/A	N/A
Class Y Certificate <sup>3</sup>	N/A <sup>4</sup>	N/A	N/A <sup>5</sup>	N/A	N/A

<sup>1</sup> The Joint Lead Managers may offer the Notes at prices independently negotiated at the time of sale.

<sup>2</sup> The rate of interest payable on each respective class of the Floating Rate Notes and each accrual period will be based on a per annum rate equal to the Reference Rate plus a certain Margin as described above, except in respect of the first Interest Period, where the Reference Rate will be the linear interpolation of LIBOR for three and six month deposits in Sterling.

<sup>3</sup> The Certificates are being issued to the Seller. They will be issued on the Closing Date to the Seller and represent a right to deferred consideration for the sale of the Portfolio by the Seller to the Issuer. On the Closing Date, the Seller expects to transfer 95% of its interest in the Class Y Certificates to a third party investor and 5% of its interest in the Certificates to the Retention Holder. The Retention Holder will be required to retain no less than 5% of the nominal value of each Class of Notes and Certificates under the U.S. Credit Risk Retention Requirements, and no less than 5% of the nominal value of each class of Notes under the EU Risk Retention Requirements. See "*U.S. Credit Risk Retention Requirements*", and "*EU Risk Retention Requirements*".

<sup>4</sup> The Certificates will not have a principal amount outstanding. See "*Overview of the Terms and Conditions of the Notes and Certificates*".

<sup>5</sup> No interest is earned on the Certificates. Payments on the Certificates will be payable in arrears on each Interest Payment Date.

Arranger

**Goldman Sachs International**

Joint Lead Managers

**Goldman Sachs International**

**Goldman Sachs & Co. LLC, New York**

The date of this Prospectus is 8 May 2018

**Issue:** The Issuer will issue £701,300,000 Class A Residential Mortgage Backed Floating Rate Notes due February 2045 (the "**Class A Notes**"), £131,500,000 Class B Residential Mortgage Backed Floating Rate Notes due February 2045, (the "**Class B Notes**" and together with the Class A Notes, the "**Floating Rate Notes**"), £42,600,000 Class C Residential Mortgage Backed Fixed Rate Notes due February 2045 (the "**Class C Notes**" or the "**Fixed Rate Notes**") and, together with the Floating Rate Notes, the "**Notes**"), the Class X Certificate and the Class Y Certificates (together with the Class X Certificate, the "**Certificates**") on or about 8 May 2018 (the "**Closing Date**"). The Margin for each relevant Class of Floating Rate Notes and the Fixed Rate of Interest for the Class C Notes will not change following the Optional Redemption Date.

"**Class**" in relation to the Notes means each or any of the Class A Notes, the Class B Notes and the Class C Notes, and in relation to the Certificates means each or any of the Class X Certificate and the Class Y Certificates, as the case may be, or to the respective holders thereof.

The Notes will not be rated but will be listed on the Official List of Euronext Dublin and cleared through Euroclear and/or Clearstream Luxembourg.

**Stand-alone/programme issuance:** Stand-alone issuance.

**Underlying Assets:** The Issuer will make payments on the Notes from, *inter alia*, payments of principal and revenue received from a portfolio comprising mortgage loans, the equitable interest in which will be sold to the Issuer by Goldman Sachs International Bank (the "**Seller**") and which were purchased by the Seller from Redstone Mortgages Limited (the "**Vendor**"), and secured over residential properties located in the United Kingdom (the "**Mortgage Portfolio**"). The mortgage loans comprise of residential owner-occupied and buy-to-let mortgage loans. The Mortgage Portfolio will be purchased by the Issuer from the Seller on the Closing Date. Please refer to the section entitled "*The Mortgage Portfolio*" for further information.

"**Mortgage Loan**" means unless specified otherwise any mortgage loan which is sold and (as applicable) assigned by the Seller to the Issuer pursuant to the terms of the Mortgage Sale Agreement and referenced by its mortgage loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other monies due or owing with respect to that Mortgage Loan under the relevant Mortgage Conditions to which such Mortgage Loan is subject by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same but excluding (for the avoidance of doubt) each Mortgage Loan and its Related Security which is transferred to the Vendor pursuant to the VMSA and is no longer beneficially owned by the Issuer, and "**Mortgage Loans**" shall be construed accordingly.

**Credit Enhancement:** Credit enhancement features:

- (a) subordination of junior ranking Classes of Notes and Certificates; and

- (b) excess Available Revenue Receipts reducing any Principal Deficiency Ledger entries and Available Principal Receipts.

Please refer to sections entitled "*Overview of Credit Structure and Cashflows*" and "*Credit Structure*" for further information.

**Liquidity Support:**

Liquidity support is provided through:

- (a) the subordination of junior ranking Classes of Notes and Certificates; and
- (b) the application of Available Principal Receipts to cure Revenue Shortfalls.

Please refer to the section entitled "*Overview of Credit Structure and Cashflows*" for further information.

**Redemption Provisions:**

Information on any optional and mandatory redemption of the Notes is summarised on page 43 (*Overview of the Terms and Conditions of the Notes and Certificates*) and is set out in full on page 81 (*Redemption of Notes and cancellation of Certificates*).

**Credit Rating Agencies:**

The Issuer has not requested a rating of any Class of Notes from any credit rating agency.

**Listing:**

This prospectus (the "**Prospectus**") comprises a prospectus for the purposes of Directive 2003/71/EC (as amended) (the "**Prospectus Directive**"). This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as the competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (the "**MiFID II**"). Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Notes to be admitted to the official list (the "**Official List**") and trading on its regulated market (the "**Main Securities Market**"). Euronext Dublin's Main Securities Market is a regulated market for the purposes of MiFID II. The Certificates will not be listed or admitted to trading. This Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision of or rule under the Securities Act.

**Benchmarks**

Interest payable under the Notes may be calculated by reference to LIBOR, provided by ICE Benchmark Administration Limited. At the date of this Prospectus, ICE Benchmark Administration Limited appears on the public register of administrators and benchmarks established and maintained by ESMA in accordance with article 36 of Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**").

**Obligations:**

The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of the Arrangers, the Joint Lead Managers or any Transaction Party other than the Issuer.

**The Notes:**

The Notes have not been and will not be registered under the United States Securities Act 1933, as amended (the "**Securities**").

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

### **The Certificates**

In addition to the Notes, the Issuer will issue the Certificates on the Closing Date. The Certificates represent the right to receive the Class X Payment (in respect of the Class X Certificate) and the Class Y Payment (in respect of the Class Y Certificates), in accordance with the Terms and Conditions of the Certificates. The Class Y Certificates represent the right of the Portfolio Option Holder to exercise the Portfolio Purchase Option. The Class X Certificate and the Class Y Certificates also will be issued on the Closing Date to the Seller and represent the right to deferred consideration payable for the sale of the Portfolio by the Seller to the Issuer. The Seller expects to transfer 95 per cent. of its interest in the Class Y Certificates to a third party investor and shall retain 5 per cent. of its interest in the Class Y Certificates in its capacity as the Retention Holder.

The Certificates are being issued to the Seller. Any transferee of any Certificate is prohibited from relying on this Prospectus in connection with any such transaction.

The Certificates will not be listed or rated but will be cleared through Euroclear and/or Clearstream, Luxembourg, as set out in "*Description of the Certificates in Global Form*" below.

### **The Volcker Rule:**

The Issuer is not, and after giving effect to any offering and sale of Notes and the application of the proceeds thereof will not be, a "covered fund" for the purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the "**Volcker Rule**"). In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and under the Volcker Rule and its related regulations, may be available, the Issuer has relied on the determinations that (i) it may rely on an exemption from the definition of "investment company" under Section 3(c)(5)(C) of the Investment Company Act and (ii) it is not structured to be a "covered fund" as defined for the purposes of the Volcker Rule. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

**EU Retention Undertaking:**

On the Closing Date, Goldman Sachs International Bank (the "**Retention Holder**") will, as an originator for the purposes of the CRR, the AIFM Regulation and the Solvency II Regulation (each as defined below), retain a material net economic interest of not less than 5 per cent. in the securitisation in accordance with the text of each of Article 405(1)(a) of Regulation (EU) No 575/2013 (the "**Capital Requirements Regulation**" or "**CRR**"), Article 254(2)(a) of Regulation (EU) No. 2015/35 (the "**Solvency II Regulation**") and Article 51(1)(a) of Regulation (EU) No 231/2013 (the "**AIFM Regulation**" or "**AIFMR**") (together, the "**EU Risk Retention Requirements**") (which, in each case, does not take into account any corresponding national measures) (the "**Retention**"). As at the Closing Date, the Retention will comprise the Retention Holder holding no less than 5 per cent. of the nominal value of each Class of Notes sold or transferred to investors, in each case on the Closing Date, as required by the text of each of Article 405(1)(a) of the CRR, Article 254(2)(a) of the Solvency II Regulation and Article 51(1)(a) of the AIFMR. Any change in the manner in which the interest is held may only be made in accordance with the applicable laws and regulations and will be notified to the Noteholders. See the section entitled "*EU Risk Retention Requirements*" for further information.

**U.S. Credit Risk Retention Requirements:**

The Retention Holder, in its capacity as sponsor (the "**Sponsor**") of the securitisation transaction effected under the Transaction Documents, is required under Section 15G of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the final rules promulgated thereunder (the "**U.S. Credit Risk Retention Requirements**"), to acquire and retain on the Closing Date an economic interest in the credit risk of the assets collateralising the issuance of "asset-backed securities" by the Issuer in an amount of not less than 5 per cent. The Sponsor intends to satisfy the U.S. Credit Risk Retention Requirements by acquiring and retaining either directly or through a majority owned affiliate, an eligible vertical interest (an "**EVI**") equal to a minimum of 5 per cent. in each Class of Notes and Certificates on the Closing Date. See the section entitled "*U.S. Credit Risk Retention Requirements*" for further information.



**Significant Investor:**

It is expected that on the Closing Date:

- (a) the Retention Holder will acquire from the Issuer at least 5 per cent. of the nominal value of each Class of Notes in compliance with its risk retention requirements as described above; and
- (b) the Seller will acquire 100 per cent. of the Certificates (following which, on the same day, the Seller will (i) transfer 95 per cent. of the Class Y Certificates to a consortium of related third party investors consisting of certain funds, acting directly or through an affiliate (the "**Consortium**") and (ii) hold 5 per cent. of the Class Y Certificates in its capacity as Retention Holder, (such interest, together with 5 per cent. of its interest in the Class X Certificate and the retained interest set out in paragraph (a) above being the "**Retained Interest**").

In addition, on the Closing Date it is expected that 95 per cent. of the Class A Notes, 95 per cent. of the Class B Notes and 95 per cent. of the Class C Notes will be pre-placed with the Consortium.

**A "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 NOTICES**

**THE NOTES AND THE CERTIFICATES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES AND THE CERTIFICATES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE SELLER, THE RETENTION HOLDER, THE SPONSOR, THE LEGAL TITLE HOLDER, THE VENDOR, THE VENDOR GUARANTOR, THE ARRANGER, THE JOINT LEAD MANAGERS, THE REPLACEMENT SERVICER FACILITATOR, THE REPLACEMENT CASH MANAGER FACILITATOR, THE SERVICER, THE CASH MANAGER, THE ISSUER ACCOUNT BANK, THE CORPORATE SERVICES PROVIDER, THE AGENT BANK, THE REGISTRAR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE (EACH AS DEFINED HEREIN), ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY SUCH ENTITIES OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS (TOGETHER, THE "RELEVANT PARTIES"). NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES AND THE CERTIFICATES SHALL BE ACCEPTED BY ANY OF THE RELEVANT PARTIES OR BY ANY PERSON OTHER THAN THE ISSUER.**

The Class A Notes, the Class B Notes and the Class C Notes will each be represented on issue by a global note certificate in registered form (a "**Global Note**"). The Class A Notes, the Class B Notes and the Class C Notes may be issued in definitive registered form under certain circumstances.

The Certificates will each be represented on issue by a global certificate in registered form (a "**Global Certificate**"). The Certificates may be issued in definitive registered form in certain circumstances.

The Notes and the Certificates are intended upon issue to be held in a manner which will allow European System of Central Banks eligibility as the term is used in the Governing Council of the European Central Bank ("**Eurosystem**"). This simply means that the Notes and the Certificates are intended to be deposited with one of the Euroclear and/or Clearstream, Luxembourg (each an "**ICSD**" and together the "**ICSDs**") as common safekeeper (the "**Common Safekeeper**") and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that any of the Notes or the Certificates will be recognised as eligible collateral for Eurosystem monetary policy and intra-day operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank (the "**ECB**") being satisfied that all Eurosystem eligibility has been met (and for the avoidance of doubt, such Eurosystem eligibility are not, as at the Closing Date, expected to be satisfied by any Notes or Certificates). See further "*Risk Factors – Eurosystem eligibility*".

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY PART HEREOF NOR ANY OTHER OFFERING DOCUMENT, PROSPECTUS, FORM OF APPLICATION, ADVERTISEMENT OR OTHER OFFERING MATERIAL OR INFORMATION MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, (INCLUDING THE UNITED KINGDOM) EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER AND THE ARRANGER TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE JOINT LEAD MANAGERS, THE RETENTION HOLDER AND EACH PURCHASER AND SUBSEQUENT PURCHASER OF THE NOTES WILL BE DEEMED BY ITS ACCEPTANCE OF SUCH NOTES TO HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS INTENDED TO RESTRICT THE RESALE OR OTHER TRANSFER OF THE NOTES AS SET OUT IN THE SUBSCRIPTION AGREEMENT AND DESCRIBED IN THIS PROSPECTUS AND, IN CONNECTION THEREWITH, MAY BE REQUIRED TO PROVIDE CONFIRMATION OF ITS COMPLIANCE WITH SUCH RESALE AND OTHER TRANSFER RESTRICTIONS IN CERTAIN CASES. SEE "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*". NONE OF THE ISSUER NOR ANY RELEVANT PARTY 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.

SOLELY FOR THE PURPOSES OF THE JOINT LEAD MANAGERS' (THE "**MANUFACTURERS**") 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 (AS AMENDED, "**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 NOTES (A DISTRIBUTOR) SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER'S TARGET MARKET ASSESSMENT. HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

THE ISSUER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF ITS KNOWLEDGE (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. ANY INFORMATION SOURCED FROM THIRD PARTIES CONTAINED IN THIS PROSPECTUS HAS BEEN ACCURATELY REPRODUCED (AND IS CLEARLY SOURCED WHERE IT APPEARS IN THIS PROSPECTUS) AND, AS FAR AS THE ISSUER IS AWARE AND IS ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

GSIB IN ITS CAPACITY AS SELLER AND RETENTION HOLDER ACCEPTS RESPONSIBILITY FOR THE INFORMATION RELATING TO IT SET OUT IN THE SECTION HEADED "*THE SELLER AND THE RETENTION HOLDER*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE SELLER (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE) THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE SELLER AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTIONS HEADED "*THE SELLER AND THE RETENTION HOLDER*") OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE SERVICER ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE SERVICER AND THE LEGAL TITLE HOLDER*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE SERVICER (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE) THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE SERVICER AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN THE SECTION REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE CASH MANAGER ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE CASH MANAGER*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE CASH MANAGER (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND

NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE CASH MANAGER AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE IN THIS PARAGRAPH) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE ISSUER ACCOUNT BANK ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE ISSUER ACCOUNT BANK*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE ISSUER ACCOUNT BANK (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE ISSUER ACCOUNT BANK AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE IN THIS PARAGRAPH) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE NOTE TRUSTEE AND THE SECURITY TRUSTEE ACCEPT RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE NOTE TRUSTEE AND THE SECURITY TRUSTEE*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE NOTE TRUSTEE AND THE SECURITY TRUSTEE AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTIONS REFERRED TO ABOVE IN THIS PARAGRAPH) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE CORPORATE SERVICES PROVIDER, THE REPLACEMENT CASH MANAGER FACILITATOR AND THE REPLACEMENT SERVICER FACILITATOR ACCEPT RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE CORPORATE SERVICES PROVIDER, THE REPLACEMENT CASH MANAGER FACILITATOR AND THE REPLACEMENT SERVICER FACILITATOR*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF THE CORPORATE SERVICES PROVIDER (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY EACH OF THE CORPORATE SERVICES PROVIDER, THE REPLACEMENT SERVICER FACILITATOR OR THE REPLACEMENT CASH MANAGER FACILITATOR, AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE IN THIS PARAGRAPH) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

NO PERSON IS AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFERING OR SALE OF THE NOTES OTHER THAN THOSE CONTAINED IN OR CONSISTENT WITH THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ANY OTHER RELEVANT PARTY OR ANY OF THEIR RESPECTIVE AFFILIATES OR ADVISERS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE OR ALLOTMENT MADE IN CONNECTION WITH THE OFFERING OF THE NOTES SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION OR CONSTITUTE A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR ANY OTHER RELEVANT PARTY IN THE OTHER INFORMATION CONTAINED HEREIN SINCE THE DATE HEREOF. THE INFORMATION

CONTAINED IN THIS PROSPECTUS WAS OBTAINED FROM THE ISSUER OR FROM OTHER SOURCES IDENTIFIED HEREIN (SUCH SOURCES OTHER THAN FROM THE ISSUER, THE "**THIRD PARTY INFORMATION**"), BUT NO ASSURANCE CAN BE GIVEN BY THE ISSUER AS TO THE ACCURACY OR COMPLETENESS OF SUCH THIRD PARTY INFORMATION. THE ISSUER HAS NOT SEPARATELY VERIFIED ANY SUCH THIRD PARTY INFORMATION. NO RELEVANT PARTY HAS VERIFIED THE INFORMATION CONTAINED HEREIN EXCEPT WHERE THAT PARTY HAS PROVIDED SUCH RELEVANT INFORMATION. ACCORDINGLY, NONE OF THE APPROPRIATE RELEVANT PARTIES MAKES ANY REPRESENTATION, EXPRESS OR IMPLIED, OR ACCEPTS ANY RESPONSIBILITY, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION IN THIS PROSPECTUS OR ANY RESPONSIBILITY FOR ANY ACTS OR OMISSIONS OF THE ISSUER OR ANY OTHER PERSON IN CONNECTION WITH THE ISSUE AND OFFERING OF THE NOTES (OTHER THAN THE CASH MANAGER, THE ISSUER ACCOUNT BANK, THE SERVICER, THE REPLACEMENT CASH MANAGER FACILITATOR, THE REPLACEMENT SERVICER FACILITATOR AND THE CORPORATE SERVICES PROVIDER IN THE SECTIONS HEADED "*THE CASH MANAGER*", "*THE ISSUER ACCOUNT BANK*", "*THE NOTE TRUSTEE AND THE SECURITY TRUSTEE*", "*RISK FACTORS - SERVICING AND THIRD PARTY RISK*", "*THE VENDOR, AND THE VENDOR GUARANTOR*", "*THE SELLER AND THE RETENTION HOLDER*", "*THE SERVICER AND LEGAL TITLE HOLDER*" AND "*THE CORPORATE SERVICES PROVIDER, THE REPLACEMENT CASH MANAGER FACILITATOR AND THE REPLACEMENT SERVICER FACILITATOR*" RESPECTIVELY). NONE OF THE VENDOR, THE VENDOR GUARANTOR, THE ARRANGER NOR ANY JOINT LEAD MANAGER HAS SEPARATELY VERIFIED THE INFORMATION CONTAINED IN THIS PROSPECTUS AND, ACCORDINGLY, NONE OF THOSE PARTIES MAKES ANY REPRESENTATION, RECOMMENDATION OR WARRANTY, EXPRESS OR IMPLIED, REGARDING THE ACCURACY, ADEQUACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS PROSPECTUS OR IN ANY FURTHER NOTICE OR OTHER DOCUMENT WHICH MAY AT ANY TIME BE DELIVERED, PREPARED OR PUBLISHED IN CONNECTION WITH THE NOTES OR CERTIFICATES, AS THE CASE MAYBE, OR THEIR DISTRIBUTION OR ACCEPTS ANY RESPONSIBILITY OR LIABILITY THEREFOR. NONE OF THE ARRANGER NOR ANY JOINT LEAD MANAGER HAS UNDERTAKEN TO REVIEW THE FINANCIAL CONDITION OR AFFAIRS OF THE ISSUER DURING THE LIFE OF THE ARRANGEMENTS CONTEMPLATED BY THIS PROSPECTUS NOR TO ADVISE ANY INVESTOR OR POTENTIAL INVESTOR IN THE NOTES OR CERTIFICATES OF ANY INFORMATION COMING TO THE ATTENTION OF ANY OF THE AFOREMENTIONED PARTIES WHICH IS NOT INCLUDED IN THIS PROSPECTUS. EACH OF THE VENDOR, THE VENDOR GUARANTOR, THE ARRANGER AND EACH JOINT LEAD MANAGER ACCEPTS NO LIABILITY OR RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS. THE ISSUER DOES NOT MAKE ANY REPRESENTATION, EXPRESS OR IMPLIED, OR ACCEPT ANY RESPONSIBILITY, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE THIRD PARTY INFORMATION INCLUDED IN THIS PROSPECTUS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE CONTENTS OF THIS PROSPECTUS SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL, BUSINESS, ACCOUNTING, REGULATORY OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL, BUSINESS, ACCOUNTING, REGULATORY AND TAX ADVISERS PRIOR TO MAKING A DECISION TO INVEST IN THE NOTES.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF ANY RELEVANT PARTY OR ANY OF THEM TO SUBSCRIBE FOR OR PURCHASE ANY OF THE NOTES OR CERTIFICATES IN ANY JURISDICTION WHERE SUCH ACTION WOULD BE UNLAWFUL AND NEITHER THIS PROSPECTUS, NOR ANY PART THEREOF, MAY BE USED FOR OR IN CONNECTION WITH ANY OFFER TO, OR SOLICITATION BY, ANY PERSON IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

PAYMENTS OF INTEREST AND PRINCIPAL AND OTHER PAYMENT AMOUNTS IN RESPECT OF THE NOTES AND PAYMENTS ON THE CERTIFICATES WILL BE SUBJECT TO ANY

APPLICABLE WITHHOLDING TAXES WITHOUT THE ISSUER OR ANY OTHER PERSON BEING OBLIGED TO PAY ADDITIONAL AMOUNTS THEREFOR.

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

In this Prospectus all references to "**Euro**", "**EUR**" and "**€**" are references to the lawful currency for the time being of Ireland.

In this Prospectus all references to "**Sterling**", "**GBP**" and "**£**" are references to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland (the "**United Kingdom**" or "**UK**").

In this Prospectus all references to the "**FCA**" are to the United Kingdom Financial Conduct Authority and all references to the "**PRA**" are to the United Kingdom Prudential Regulation Authority, which together replaced the Financial Services Authority (the "**FSA**") pursuant to the provisions of the UK Financial Services Act 2012.

In this Prospectus, words denoting the singular number only shall include the plural number and *vice versa* and words denoting one gender shall include the other genders, as the context may require. A defined term in the plural which refers to a number of different items or matters may be used in the singular or plural to refer to any (or any set) of those items or matters.

## AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any of the Class A Notes, the Class B Notes and the Class C Notes offered pursuant to Rule 144A (together, the "**Rule 144A Notes**") remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will furnish, upon the request of a holder or of any beneficial owner of such a Rule 144A Note or of any prospective purchaser designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act.

## UNITED STATES DISTRIBUTION RESTRICTIONS

THE NOTES AND THE CERTIFICATES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THEREFORE MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR FEDERAL SECURITIES LAWS. ACCORDINGLY, (A) THE RULE 144A NOTES ARE BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO QUALIFIED INSTITUTIONAL BUYERS ("**QIBS**") PURSUANT TO RULE 144A UNDER THE SECURITIES ACT IN EACH CASE ACTING FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, AND (B) THE REG S NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFERS, SEE "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR ANY OTHER U.S. REGULATORY AUTHORITY AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

PURCHASERS AND TRANSFEREES OF NOTES AND CERTIFICATES WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS REGARDING THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"). ALL INVESTORS, ESPECIALLY U.S. INVESTORS, ARE URGED TO STUDY "*CERTAIN ERISA CONSIDERATIONS*" IN THIS PROSPECTUS, INCLUDING THE DEEMED REPRESENTATIONS CONTAINED IN THAT SECTION, BEFORE MAKING AN INVESTMENT DECISION.

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

### **Enforceability of Judgments**

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

of judgments of U.S. courts, of civil liabilities predicated solely upon the federal securities laws of the United States.

### **Forward-Looking Statements**

Certain matters contained herein are statements which constitute forward-looking statements within the meaning of Section 27A of the Securities Act. Such statements appear in a number of places in this Prospectus, including, but not limited to, statements made under the caption "*Risk Factors*" 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 materially from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. None of the Relevant Parties has attempted to verify any such statements, 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. None of the Relevant Parties assumes any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.



**PRIIPS REGULATION**

The Notes are not intended, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by 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.

## CONTENTS

	<b>Page</b>
RISK FACTORS .....	1
DIAGRAMMATIC OVERVIEW OF TRANSACTION .....	34
DIAGRAMMATIC OVERVIEW OF ON-GOING CASHFLOWS .....	35
OWNERSHIP STRUCTURE DIAGRAM.....	36
TRANSACTION OVERVIEW.....	37
OVERVIEW OF THE CAPITAL STRUCTURE OF THE NOTES AND CERTIFICATES .....	40
OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES AND CERTIFICATES .....	43
OVERVIEW OF RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS .....	50
OVERVIEW OF CREDIT STRUCTURE AND CASHFLOWS .....	58
OVERVIEW OF THE MORTGAGE PORTFOLIO AND SERVICING.....	63
TRIGGERS TABLE.....	68
FEES .....	71
EU RISK RETENTION REQUIREMENTS.....	74
U.S. CREDIT RISK RETENTION REQUIREMENTS .....	76
ESTIMATED WEIGHTED AVERAGE LIVES OF THE NOTES.....	77
EARLY REDEMPTION OF THE NOTES .....	79
USE OF PROCEEDS .....	82
THE ISSUER .....	83
HOLDINGS .....	85
THE SELLER AND THE RETENTION HOLDER.....	86
THE VENDOR AND THE VENDOR GUARANTOR.....	87
THE SERVICER AND LEGAL TITLE HOLDER .....	88
THE CASH MANAGER AND THE ISSUER ACCOUNT BANK .....	89
THE COLLECTION ACCOUNT BANK.....	90
THE NOTE TRUSTEE AND SECURITY TRUSTEE.....	91
THE CORPORATE SERVICES PROVIDER, THE REPLACEMENT CASH MANAGER FACILITATOR AND THE REPLACEMENT SERVICER FACILITATOR .....	92
STATISTICAL INFORMATION ON THE MORTGAGE PORTFOLIO AS OF THE CUT-OFF DATE .....	93
LOAN LEVEL INFORMATION ON THE MORTGAGE PORTFOLIO.....	102
HISTORICAL PERFORMANCE.....	103
THE MORTGAGE PORTFOLIO.....	112
SALE OF THE MORTGAGE PORTFOLIO.....	120
SERVICING OF THE MORTGAGE PORTFOLIO .....	126
CREDIT STRUCTURE .....	139
CASHFLOWS AND CASH MANAGEMENT.....	141
SECURITY AND NOTE TRUST DEED .....	154
DESCRIPTION OF THE NOTES IN GLOBAL FORM.....	157
DESCRIPTION OF CERTIFICATES IN GLOBAL FORM.....	163
TERMS AND CONDITIONS OF THE NOTES .....	167
TERMS AND CONDITIONS OF THE CERTIFICATES .....	199
UNITED KINGDOM TAXATION .....	220
CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS .....	222
CERTAIN ERISA CONSIDERATIONS.....	227

SUBSCRIPTION, SALE AND SELLING RESTRICTIONS.....	230
TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS .....	234
LISTING AND GENERAL INFORMATION .....	242
INDEX OF DEFINED TERMS .....	244

## RISK FACTORS

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

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

*The Issuer believes that the risks described below are the material risks inherent in the transaction for Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks relating to the Notes are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts in respect of the Notes.*

*Before making an investment decision, prospective purchasers of the Notes should (i) ensure that they understand the nature of the Notes and the extent of their exposure to risk, (ii) consider carefully, in the light of their own financial circumstances and investment objectives (and those of any accounts for which they are acting) and in consultation with such legal, financial, regulatory and tax advisers as it deems appropriate, all the information set out in this Prospectus so as to arrive at their own independent evaluation of the investment and (iii) confirm that an investment in the Notes is fully consistent with their respective financial needs, objectives and any applicable investment restrictions and is suitable for them. The Notes are not a conventional investment and carry various unique investment risks, which prospective investors should understand clearly before investing in them. In particular, an investment in the Notes involves the risk of a partial or total loss of investment.*

### **Credit Structure**

#### ***Notes obligations of Issuer only***

The Notes will be obligations solely of the Issuer and will not be the responsibility of, or guaranteed by, any person other than the Issuer. No person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

#### ***Limited source of funds***

The ability of the Issuer to meet its obligations to pay principal and interest or other amounts due on the Notes, payments due on the Certificates and its operating and administrative expenses will be dependent solely on Revenue Receipts and Principal Receipts in respect of the Mortgage Loans in the Mortgage Portfolio, interest earned on the Issuer Accounts and limited recourse against the Vendor for breaches of a VMSA Mortgage Loan Warranty under the VMSA and other claims under the VSMA, the benefit of which will be assigned by the Seller to the Issuer on the Closing Date. Other than the foregoing, the Issuer will not have any other funds available to it to meet its obligations under the Notes, the Certificates and/or any other payment obligation of the Issuer under the applicable Priority of Payments. If such funds are insufficient, any such insufficiency will be borne by the Noteholders, the Certificateholders and the other Secured Creditors, subject to the applicable Priority of Payments.

#### ***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 12.3 (*Limited Recourse*). The Certificates are limited recourse obligations of the Issuer, and are subject to a final write-off, which is described in more detail in Certificate Condition 11.3 (*Limited Recourse*). In accordance with Condition 12.2 (*Limitations on Enforcement*) and Certificate Condition 11.2 (*Limitations on Enforcement*), no Noteholder or Certificateholder may proceed directly against the Issuer unless the Note Trustee or the Security Trustee, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

***Credit risk***

The Issuer is subject to the risk of default in payment by the Borrowers and upon such default in payment, the failure by the Servicer, on behalf of the Issuer, to realise or recover sufficient funds from the Borrowers under the arrears and default procedures in respect of the Mortgage Loans and their Related Security in order to discharge all amounts due and owing by the relevant Borrowers under the Mortgage Loans. This risk may adversely affect the Issuer's ability to make payments on the Notes and/or the Certificates but is mitigated to some extent by certain credit enhancement features which are described in the section entitled "*Overview of the Capital Structure of the Notes and the Certificates*". However, no assurance can be made as to the effectiveness of such credit enhancement features or that such credit enhancement features will protect the Noteholders from all risk of loss. Should there be credit losses arising 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 and other amounts due on the Notes.

***Liquidity risk***

The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of payments being made late by Borrowers after the end of the Calculation Period immediately preceding each relevant Interest Payment Date. This risk may adversely affect the Issuer's ability to make payments on the Notes and/or the Certificates but is mitigated to some extent by the provision of liquidity from alternative sources as described in the section entitled "*Credit Structure – Liquidity Support for the Notes and the Certificates provided by Available Revenue Receipts and Available Principal Receipts*". However, no assurance can be made as to the effectiveness of such liquidity support features, or that such liquidity support features will protect the Noteholders from all risk of loss.

***Payments to the holders of the Notes and Certificates are subordinated and may be delayed or reduced in certain circumstances***

The Class X Certificate will rank ahead of the Class A Notes with respect to payments of interest, Class B Notes with respect to payments of interest, Class C Notes with respect to payments of interest and the Class Y Certificates with respect to payments of the Class Y Payment as provided in the Conditions and the Transaction Documents.

The Class A Notes will rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate in relation to payments of interest only to the Class X Certificate with respect to payments of the Class X Payment, as provided in the Conditions and the Transaction Documents.

The Class B Notes will rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate in relation to payments of interest only to the Class X Certificate with respect to payments of the Class X Payment, and in relation to payments of interest and principal, the Class A Notes, as provided in the Conditions and the Transaction Documents.

The Class C Notes will rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate in relation to payments of interest only to the Class X Certificate with respect to payments of the Class X Payment, and in relation payments of interest and principal the Class A Notes and the Class B Notes, as provided in the Conditions and the Transaction Documents.

The Class Y Certificates will rank *pari passu* without preference or priority among themselves in relation to payment of the Class Y Payment, but subordinate to the Class X Certificate with respect to payments of the Class X Payment and in relation to payments of interest only the Class A Notes, the Class B Notes and the Class C Notes, as provided in the Conditions and the Transaction Documents.

In addition to the above, payments on the Notes and Certificates are subordinate to payments of certain fees, costs and expenses payable to the other Secured Creditors (including, amongst others, the Note Trustee, the Security Trustee, the Issuer Account Bank, the Corporate Services Provider, the Servicer, the Cash Manager, the Paying Agents, the Registrar and the Agent Bank) and certain third parties. For further information on the likely costs payable to such Secured Creditors, please see the section entitled "*Fees*".

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

***There may be insufficient funds available to repay in full the Notes as a result of income or principal deficiencies***

If, on any Interest Payment Date prior to the service of an Enforcement Notice, as a result of shortfalls in Available Revenue Receipts there would be a Revenue Shortfall, the Issuer shall apply Available Principal Receipts (if any) in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments to cure such Revenue Shortfall.

The aggregate of (i) all Available Principal Receipts applied in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments and (ii) all Losses on the Mortgage Loans will be recorded in sequential order to the Class C Principal Deficiency Sub-Ledger, the Class B Principal Deficiency Sub-Ledger and the Class A Principal Deficiency Sub-Ledger, in each case until the balance of the relevant Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class C Notes, the Class B Notes, the Class A Notes respectively.

During the course of the life of the Notes, some but not necessarily all principal deficiencies (should they arise) will be recouped from Available Revenue Receipts. Available Revenue Receipts will be applied, after meeting prior ranking obligations as set out under the Pre-Enforcement Revenue Priority of Payments, to credit *first* the Class A Principal Deficiency Sub-Ledger, *second* the Class B Principal Deficiency Sub-Ledger and *third* the Class C Principal Deficiency Sub-Ledger.

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:

- (a) the Available Revenue Receipts and Available Principal Receipts 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
- (b) there may be insufficient Available Revenue Receipts and Available Principal Receipts to repay the Notes on or prior to the Final Maturity Date of the Notes.

***If the Issuer has insufficient funds on an Interest Payment Date, there will be a deferral of interest payments on certain Notes and deferral of payment amounts on certain Certificates***

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) due on the Notes and/or all amounts due in respect of the Certificates (other than the Class X Payment and interest in respect of the Most Senior Class of Notes then outstanding) that would otherwise be payable absent the deferral provisions in respect of any Class of Notes or Certificates (other than the Class X Payment and interest in respect of the Most Senior Class of Notes then outstanding) after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer will be entitled under Condition 17 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as the relevant Class of Notes becomes due and repayable in full, or is cancelled (as applicable) in accordance with the Conditions. Any such deferral in accordance with the Conditions will not constitute an Event of Default.

In the event that amounts are not paid in full on the Notes or the Certificates (other than the Class X Payment and interest in respect of the Most Senior Class of Notes then outstanding) as noted above such failure will not constitute an Event of Default until the Final Maturity Date or such earlier date on which the Notes are redeemed in accordance with Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*) (and the Note Trustee and the Security Trustee will not be able to accelerate the Notes until the Final Maturity Date or such earlier date on which the Notes are redeemed in accordance with the Conditions set out above and prior to such date will not be able to take any action to enforce the Security or to effect a sale or disposal of the Mortgage Portfolio).

Failure to pay the Class X Payment in respect of the Class X Certificate and interest in respect of the Most Senior Class of Notes then outstanding shall constitute an Event of Default under the Notes or the Certificates which may result in the Security Trustee enforcing the Security.

Failure to pay interest on any Class of Notes or pay amounts due in respect of any Class of Certificates (other than the Class X Payment and interest in respect of the Most Senior Class of Notes then outstanding) shall not constitute an Event of Default except in the circumstances described above.

### ***Interest Rate Risk***

The Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of the Mortgage Loans and the rate of interest payable in respect of the Notes. Some of the Mortgage Loans in the Mortgage Portfolio pay or will pay (i) a rate set by reference to the base rate from time to time of the Bank of England (the "**Bank of England Base Rate**") or (ii) the Legal Title Holder's SVR, while the Issuer's liabilities under the Notes are based on LIBOR for the relevant period. There can be no guarantee that the Legal Title Holder will change its SVR in line with changes to LIBOR. Some of the Mortgage Loans in the Mortgage Portfolio pay or will pay a rate on the basis of LIBOR plus a margin. There can be no guarantee that any changes to LIBOR in respect of the Mortgage Loans will mirror changes to LIBOR in the Conditions. Further, as at the date of this Prospectus, the Issuer has not entered into any interest rate swap or other hedging transaction in relation to any of the Mortgage Loans, and as a result there is no hedge in respect of the risk of any variance in the rates charged on any Mortgage Loans which in turn may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations to the Noteholders and the other Secured Creditors.

The Issuer has granted the Legal Title Holder full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine, set and change the interest rate(s) applicable to the Mortgage Loans in accordance with the relevant Mortgage Conditions (including as a result of a change in the Bank of England Base Rate) and Applicable Law. The Issuer and the Legal Title Holder have further undertaken to only increase the applicable interest rate of the Variable Rate Mortgage Loans if there is an increase in the Bank of England Base Rate. The Servicer will implement those interest rates set by the Legal Title Holder.

### ***Projections, Forecasts and Estimates***

Any projections, forecasts and estimates provided to prospective purchasers of the Notes are forward looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only an estimate. Actual results may vary from the projections, and the variations may be material.

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

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

### ***Yield and prepayment considerations***

The yield to maturity of the Notes of each class will depend on, among other things, the amount and timing of payment of principal and interest (including prepayments, sale proceeds arising on enforcement of a Mortgage Loan and payments of an indemnity amount required to be made under the Mortgage Sale Agreement (or transfers of affected Mortgage Loans, as applicable)) on the Mortgage Loans and the price paid by the holders of the Notes of each class. Such yield may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing programmes, local and regional economic conditions and homeowner mobility. Subject to the terms and conditions of the Mortgage Loans (which may require in some cases notification to the Seller and in other cases the consent of the Seller), a Borrower may "overpay" or prepay principal on any day in specified circumstances. No assurance can be given as to the level of prepayments that the Mortgage Portfolio will experience. See also the section entitled "*The Mortgage Portfolio – Early Repayment of Mortgages and Mortgage Prepayment Charges*".

In addition, on and from the Optional Redemption Exercise Date the Issuer may, in certain circumstances and following receipt of funds pursuant to the Portfolio Purchase Option, redeem all of the Notes and cancel the Certificates. The holder of the majority of the Class Y Certificates or an entity representing the holder of the majority of the Class Y Certificates (for the avoidance of doubt excluding those Class Y Certificates held directly or indirectly by the Retention Holder), or its representative and nominee (the "**Portfolio Option Holder**") has the option pursuant to the Deed Poll, to elect to purchase the Mortgage Loans from the Issuer subject to certain restrictions as detailed in the section entitled "*Early Redemption of the Notes*". There are no conditions or restrictions on the exercise by the Portfolio Option Holder of the Portfolio Purchase Option. Additionally, no make whole amount or other early repayment fee will be paid to the Noteholders or Certificateholders if any such option is exercised by the Portfolio Option Holder. However the Portfolio Option Holder is not obligated to exercise its rights in respect of the Portfolio Purchase Option on the Optional Redemption Date or at any time thereafter and accordingly, no assurance can be given that the Notes and the Certificates will be redeemed in full or cancelled (as applicable) on or following the Optional Redemption Exercise Date as a result of a purchase or sale of the Mortgage Portfolio.

Following enforcement of the Security, there is no guarantee that the Issuer will have sufficient funds to redeem the Notes in full.

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

#### ***The Notes are not rated***

As at the Closing Date, the Notes will not be rated by any credit rating agency. However, the Issuer may seek to obtain (but is not obliged to do so) a rating of all or some Classes of Notes in the future or rating agencies could seek to rate the Notes based on the transaction structure described herein and such ratings (whether solicited or unsolicited) could have an adverse impact on the market value of the Notes.

#### ***Absence of secondary market for the Notes***

There can be no assurance that there is an active and liquid market for the Notes and no assurance is provided that a secondary market for the Notes will develop or, if it does develop, that such market will provide Noteholders with liquidity of investment for the life of the Notes or that such market will subsequently continue to exist. Any investor in the Notes must be prepared to hold its Notes for an indefinite period of time or until the Final Maturity Date or alternatively such investor may only be able to sell its Notes at a discount to the original purchase price of those Notes.

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

#### ***General market volatility and post-UK referendum uncertainty***

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

In particular, prospective investors should note that, pursuant to a referendum held in June 2016, the UK has voted to leave the European Union. As a result, there are a number of areas of uncertainty in connection with the future of the UK and its relationship with the European Union, and the negotiation of the UK's exit terms and related matters may take several years. Given this uncertainty and the range of



possible outcomes, it is not currently possible to determine the impact that the referendum, the UK's departure from the European Union and/or any related matters may have on general economic conditions in the UK, including the performance of the UK housing market. It is also not possible to determine the impact that these matters will have on the business of the Issuer (including the performance of the underlying loans), any other party to the transaction documents and/or any Borrower in respect of the Mortgage Loans, or on the regulatory position of any such entity or of the transactions contemplated by the transaction documents under EU regulations or more generally (including whether or not the Retention Holder will continue to hold any permissions required under Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("**MiFID II**") in order to be a sponsor for the purposes of the EU Risk Retention Requirements).

No assurance can be given that any of the matters outlined above would not adversely affect the ability of the issuing entity to satisfy its obligations under the Notes or Certificates and/or the market value or liquidity of the Notes or Certificates.

#### ***Risks relating to the discontinuation of LIBOR***

The London Interbank Offered Rate ("**LIBOR**") and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. Any changes to LIBOR will also require compliance with the EU Benchmarks Regulation (Regulation (EU) 2016/1011).

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

In addition, the sustainability of LIBOR has been questioned by the FCA as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks.

Investors should note the various circumstances in which a modification may be made to the Conditions or any other Transaction Documents for the purpose of changing the Screen Rate or such other related or consequential amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change (a "**LIBOR Modification**"). These circumstances broadly relate to the disruption or discontinuation of LIBOR, but also specifically include, *inter alia*, any public statements by the LIBOR administrator or certain regulatory bodies that LIBOR will be discontinued or may no longer be used, and a LIBOR Modification may also be made if the Issuer reasonably expects any of these events to occur within six months of the proposed effective date of the LIBOR Modification, subject to certain conditions. There can be no assurance that any such amendment will mitigate the interest rate risk or result in an effective replacement methodology for determining the reference rate on the Notes. Investors should note the various circumstances in which a LIBOR Modification may be made, which are specified in paragraph (i)(A) of Condition 13.7 (*Additional Right of Modification in Relation to LIBOR Cessation*) and should also note the various options permitted as a "LIBOR Replacement Rate" specified in paragraph (i)(B) of Condition 13.7 (*Additional Right of Modification in Relation to LIBOR Cessation*).

Further, investors should note that the significant majority of Mortgage Loans in the Mortgage Portfolio have an interest rate determined on the basis of LIBOR plus a margin. The LIBOR Modification provisions do not apply to the Mortgage Loans and there can be no guarantee that any changes to LIBOR in respect of the Mortgage Loans will mirror any changes to the Conditions in respect of LIBOR, which may create an interest rate mismatch: see the risk factor entitled "*Interest Rate Risk*" above in respect of such risks.

These reforms and other pressures may cause such benchmarks to disappear entirely or to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Generally, any such modification or potential consequence of the discontinuation of LIBOR could have a material adverse effect on the value of and return on any of the Notes.

## **Rights of Noteholders, Certificateholders and Secured Creditors**

### ***Conflict between Noteholders and Certificateholders***

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

If, in the opinion of the Note Trustee, there is a conflict between the interests of holders of different classes of Notes and/or Certificates, the Note Trustee will have regard only to the interests of the holders of the Most Senior Class.

So long as there are Notes or Certificates outstanding or in issue (as applicable), the Note Trustee need only have regard to the interest of the Noteholders and/or the Certificateholders and shall pay no regard to the interests of the other Secured Creditors.

As a result, (other than in respect of a Basic Terms Modification and in relation to the Directing Certificateholder) holders of Notes and/or Certificates other than the Most Senior Class may not have their interests taken into account by the Note Trustee or the Security Trustee when the Note Trustee or the Security Trustee exercises discretion.

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

Further, the Directing Certificateholder will, pursuant to the terms of certain Transaction Documents, have certain consultation and decision-making rights with respect to the termination of the appointment of the Servicer and the appointment of a replacement Servicer (see further "*Servicing of the Mortgage Portfolio*"). Failure by the Directing Certificateholder to enforce such rights under the Servicing Agreement may affect the value of the Mortgage Loans and therefore the value of the Notes. The Directing Certificateholder will have no obligation to consider the interests of any Noteholder or the Retention Holder in connection with any action it takes under the Transaction Documents. Investors in the Notes should consider that certain decisions of the Directing Certificateholder may not be in the best interests of the Noteholders or the Retention Holder.

Investors should be aware that the Retention Holder will on the Closing Date purchase a minimum of 5 per cent. of each Class of the Notes issued by the Issuer in order to comply with EU Risk Retention Requirements and a minimum of 5 per cent. of each Class of the Notes and Certificates issued by the Issuer in order to comply with U.S. Credit Risk Retention Requirements. The 5 per cent. required risk retention holdings in each Class of the Notes and Certificates represent significant holdings. The Retention Holder or its affiliates are under no obligation to consider the interests of other Noteholders when exercising their rights under the Notes and/or the Certificates (with respect to not only the 5 per cent. required risk retention, but also any other Notes and/or Certificates which they may own) and may exercise voting rights in respect of the Notes and/or Certificates held by them in a manner that may be prejudicial to other Noteholders. As such, the Retention Holder will be a Relevant Person. See section "*Overview of Rights of Noteholders and Certificateholders and Relationship with Other Secured Creditors - Relevant Person as Noteholder or Certificateholder*".

### **Recourse to the Mortgage Portfolio and not third parties**

The investment decision of any investor and any investment in the Notes should be based on an analysis of the characteristics and performance of the Mortgage Portfolio as described in this Prospectus and not on the assumption that there would be any recourse to any Transaction Party or third party for, in particular but without limitation, any breach of representation and warranty relating to the Mortgage Loans constituting the Mortgage Portfolio. See further "*VMSA Mortgage Loan Warranties given by Vendor*" below and "*Limitation of Vendor's Liability*" below.

### **Non-Disclosure of Broker Commissions**

The Originators originated the Mortgage Loans (in all but a small minority of cases) through intermediaries, including mortgage brokers and mortgage advisers. In line with market practice, the Originators paid commission to such intermediaries in consideration for such activities in the form of a procurement fee. The Seller understands from the Vendor that certain Originators took steps in relation to the substantial majority of Mortgage Loans to ensure that Borrowers were made aware of the payment of commissions to brokers in line with relevant guidelines published at the time. The substantial majority of Mortgage Loans were originated after the MCOB rules came into force, which has certain requirements in respect of disclosure of the existence and amount of broker commissions.

Where (a) only the existence but not the amount of the commission was disclosed to a Borrower, (b) the existence and amount of the commission was disclosed to a Borrower, but such amount was excessive or (c) the existence of the commission was not disclosed to a Borrower before the Mortgage Loan was originated then, depending on the circumstances of the case, that Borrower may have a claim against the Legal Title Holder. If a claim in relation to (a) above was successful, it is likely that a court would order payment to such Borrower of the amount of commission paid in respect of the affected Mortgage Loan together with interest on that amount (although the court does have discretion as to the remedy that it would award the Borrower in the circumstances). If a claim in relation to (b) and (c) above was successful, the award to such Borrower is likely to be greater.

### **Searches, Investigations and Warranties in Relation to the Mortgage Loans**

#### ***VMSA Mortgage Loan Warranties given by Vendor***

The Seller was not the originator of any of the Mortgage Loans comprised in the Portfolio and has acquired its interest in the Mortgage Loans and their Related Security under a mortgage sale agreement entered into between the Vendor and the Seller on 29 December 2017 (the "**VMSA**"), under which the Vendor made the VMSA Mortgage Loan Warranties in favour of the Seller. The Seller will, on the Closing Date, assign the benefit of the VMSA Mortgage Loan Warranties (other than in respect of any loss suffered by the Seller while it was beneficial owner of the Portfolio) to the Issuer. The Seller does not itself make any representation or warranty in respect of the Portfolio other than the MSA Mortgage Loan Warranty. In addition, since the Vendor did not itself originate the Mortgage Loans (other than a small proportion of the Mortgage Loans representing the Redstone Mortgage Loans), certain of the VMSA Mortgage Loan Warranties are qualified by reference to the awareness of the Vendor. It may be practically difficult for the Vendor, the Seller or the Issuer to detect a breach of warranty in respect of the Mortgage Loans, to the extent that the same relates to a matter outside of the immediate knowledge of the relevant parties, as (i) there is no ongoing active involvement of the Vendor or the Seller in monitoring or notifying any defect in relation to the circumstances of the Mortgage Loans and (ii) the Seller or the Servicer may only detect a breach of VMSA Mortgage Loan Warranty if that is evident from the face of the Servicing Report or it otherwise becomes aware of a breach (e.g. following the taking of specific enforcement or other action with respect to a Mortgage Loan). Although the Arranger and Lead Manager have conducted limited due diligence on the Mortgage Loans, there is no ongoing active involvement of the Arranger or the Lead Manager to monitor or notify any defect in relation to the circumstances of the Mortgage Loans.

If any of the VMSA Mortgage Loan Warranties (which, for the avoidance of doubt, do not address all of the potential risks that may arise in relation to the Mortgage Loans) proves to have been untrue on the VMSA Closing Date, the Servicer shall provide reasonable assistance to the Issuer in preparing a claim (if available) against the Vendor in respect of breach of a VMSA Mortgage Loan Warranty, the benefit of which has been assigned to the Issuer by the Seller pursuant to the Mortgage Sale Agreement.

As the amount of any compensation payable by the Vendor for the breach of a VMSA Mortgage Loan Warranty is based in part upon the amount of, *inter alia*, actual costs, damages or losses suffered by the Issuer, such liabilities may not be known or have been incurred at the time at which the breach of the VMSA Mortgage Loan Warranty is discovered and further additional time (which could be months or years) may be required before such actual loss (including the quantum of such loss) can be determined. Accordingly, any compensation payment required to be made by the Vendor in respect of any breach of a VMSA Mortgage Loan Warranty may be significantly delayed or affected by the limit on duration of the Vendor's liability, which may impact the ability of the Issuer to meet its payment obligations under the Notes.

The liability of the Vendor to make payment by way of compensation in respect of any breach of the VMSA Mortgage Loan Warranties is limited in both amount and duration and is subject to certain minimum threshold amounts and other more general limitations on liabilities. For further information, see "*Sale of the Mortgage Portfolio – Limitations on Liability under the VMSA*". UniCredit Bank AG, London branch (the "**Vendor Guarantor**") has provided a guarantee in respect of the obligations of the Vendor under the VMSA (the "**Vendor Guarantee**").

***Limited Due Diligence undertaken by the Seller for its own account***

The Seller has conducted certain limited due diligence on the Mortgage Portfolio for its own account in relation to its acquisition of the Mortgage Portfolio (as further described in the section "*The Mortgage Portfolio*"). The Issuer has not received the benefit of the acquisition due diligence undertaken by the Seller but did separately receive certain due diligence reports as set out in the section "*The Mortgage Portfolio – Scope of due diligence*".

***Restrictions contained in the Deed of Covenant***

In order to take advantage of the assignment of the Seller's rights under the VMSA, the Issuer has entered into the Deed of Covenant. This requires the Issuer to comply with certain obligations of the Seller under the VMSA, including in relation to the treatment of Borrowers. It is a requirement under the Deed of Covenant that any transferee of the Mortgage Loans from the Issuer or (following the delivery of an Enforcement Notice) the Security Trustee also agrees to comply with such obligations. This restriction could adversely affect the proceeds that the Security Trustee may be able to obtain should it seek to realise the Portfolio following delivery of an Enforcement Notice.

***Neither the Seller nor the Vendor originated the Mortgage Loans***

Neither the Seller nor the Vendor originated the Mortgage Loans (other than, in the case of the Vendor, the Redstone Mortgage Loans), and therefore they cannot provide any assurances as to the manner in which they were originated or that the relevant Originator's lending criteria applicable to the Mortgage Loans were applied at the time of origination of the Mortgage Loans or whether different criteria were applied. As described above, the VMSA Mortgage Loan Warranties are limited in time and scope and, in particular, only very limited warranties were given in relation to the origination of the Mortgage Loans and no representations will be provided in relation to the applicable lending criteria.

***Limitation of Vendor's Liability***

If any of the VMSA Mortgage Loan Warranties proves to have been untrue on the VMSA Closing Date and if such breach is not capable of remedy or, if capable of remedy, is not remedied as soon as practicable and in any event within 30 days of giving notice of such breach as specified in the VMSA, then notice will be served on the Vendor requiring the Vendor to indemnify the Issuer pursuant to the VMSA (the "**VMSA Mortgage Loan Warranty Indemnification Amount**") **provided that**, if such VMSA Mortgage Loan Indemnification Amount is greater than the Current Balance of the relevant Mortgage Loan(s) as at the date of such indemnification, the Vendor may, following indemnification of the Issuer, elect to call for the transfer of the affected Mortgage Loan and its Related Security (and any other Mortgage Loan secured or intended to be secured by the same Related Security or any part of it) on the relevant transfer date for a transfer price equal to the Current Balance of such Mortgage Loan(s) as of the date of completion of such transfer plus any expenses in connection with the servicing of the Mortgage Loan(s) payable thereon to such relevant transfer date.

Any VMSA Mortgage Loan Warranty Indemnification Amounts will be calculated on the basis of losses incurred by the Issuer for such breaches of VMSA Mortgage Loan Warranty, as determined by the

Servicer. Accordingly, such losses may not be known at the time at which the breach of VMSA Mortgage Loan Warranty is discovered and further additional time (which could be months or years) may be required before such actual loss can be determined. Any indemnity payment required to be made by the Seller in respect of any breach of VMSA Mortgage Loan Warranty may be significantly delayed or may not fully compensate the Issuer or equate to the then Current Balance of the affected Mortgage Loans which may impact the ability of the Issuer to meet its payment obligations under the Notes.

The Seller shall have no liability for any breach of the VMSA Mortgage Loan Warranties. Investors should note that any claim for breach of VMSA Mortgage Loan Warranty shall be against the Vendor or the Vendor Guarantor (pursuant to the Vendor Guarantee), such claim to be brought by the Servicer on behalf of the Issuer. There can be no assurance that the Vendor will honour or have the financial resources to honour its obligations under the VMSA. Such obligations are not the responsibility of any person other than the Vendor and the Vendor Guarantor and neither the Issuer, the Note Trustee nor the Security Trustee will have recourse to any other person in the event that the Vendor or the Vendor Guarantor, for whatever reason, fails to meet such obligations.

## **The Mortgage Loans**

### ***Issuer may not have direct rights against third parties***

The Seller has assigned its causes and rights of actions against solicitors and valuers to the Issuer pursuant to the Mortgage Sale Agreement in respect of the Mortgage Loans; to the extent that they are assignable (the Seller itself having acquired such rights from the Vendor pursuant to the VMSA). However, the Seller was not the originator of the Mortgage Loans and the said rights may not have been effectively assigned to it by the Vendor or held on trust for it by the Vendor. The Issuer may therefore not have any direct rights against any solicitors or valuers who, when acting for the originator in relation to the origination of any Mortgage Loan, may have been negligent or fraudulent.

### ***The Legal Title Holder to retain legal title to the Mortgage Loans***

The Seller only acquired a beneficial interest in the Mortgage Loans and their Related Security pursuant to the VMSA.

On the Closing Date, pursuant to the VMSA, the Vendor conveyed legal title to the Mortgage Loans to Topaz Finance Limited ("**Topaz**" and the "**Legal Title Holder**").

The sale by the Seller to the Issuer of the Mortgage Loans and their Related Security also therefore takes effect in equity only. This means that legal title to the Mortgage Loans and their Related Security in the Mortgage Portfolio will remain with the Legal Title Holder from the Closing Date until the occurrence of a Perfection Trigger Event, following which legal title to the Mortgage Loans will be transferred to the Issuer (or a nominee of the Issuer) as soon as reasonably practicable.

The sale of Scottish Mortgage Loans and their Related Security will take effect as a contractual sale only on the Closing Date. The transfer of such Scottish Mortgage Loans and their related Mortgages from the Seller to the Issuer will be given effect by the Scottish Declaration of Trust by which the beneficial interest in such Scottish Mortgage Loans and their related Security will be granted in favour of the Issuer. The holding of a beneficial interest under a Scottish trust has broadly equivalent legal consequences in Scotland to the holding of an equitable interest in England and Wales (namely, the Issuer's interest in the property held on trust may become subject to the interests of *bona fide* third party purchasers who have perfected title to the relevant property).

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

Also, for so long as the Issuer has not obtained legal title, it must join the Legal Title Holder as a party to any legal proceedings which it may wish to take against any Borrower to enforce its rights under the relevant Mortgage Loan and its Related Security. In this respect, the Legal Title Holder will, pursuant to the Mortgage Sale Agreement, undertake for the benefit of the Issuer and the Security Trustee that it will lend its name to, and take such steps as may reasonably be required by the Issuer or the Security Trustee in relation to, any legal proceedings in respect of the Mortgage Loans and their Related Security.

### **Remediation of Mortgage Loans**

The Mortgage Loans may be subject to remediation exercises from time to time as a result of review by the FCA. Further, and in particular, there can be no guarantee that the FCA will not, in future, challenge the recent remediation exercises undertaken as a result of *BoS v Rea* litigation and require the Legal Title Holder to undertake further remediation exercises by making further Compensation Payments to the relevant Borrowers and/or adjusting the Current Balance of the affected Mortgage Loans. Any such remediation exercise may therefore have an adverse effect on the ability of the Issuer to make payments of interest and/or principal due on the Notes and amounts due on the Certificates.

### **Servicing and Third Party Risk**

#### *Issuer reliance on other third parties*

The Issuer is a party to contracts with a number of third parties who have agreed to perform services in relation to the Issuer and/or Notes. In particular, but without limitation, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer pursuant to the Corporate Services Agreement, the Servicer has agreed to provide certain administration services in respect of the Mortgage Portfolio pursuant to the Servicing Agreement, the Servicer has agreed to provide certain administration services in respect of the Mortgage Portfolio pursuant to the Servicing Agreement, the Issuer Account Bank has agreed to provide the Issuer Accounts pursuant to the Issuer Account Bank Agreement, the Cash Manager has agreed to provide cash management services pursuant to the Cash Management Agreement and the Paying Agents, the Registrar and the Agent Bank have all agreed to provide services with respect to the Notes pursuant to the Agency Agreement. In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party and/or are removed or if such a party resigns without a sufficiently experienced substitute or any substitute being appointed in their place promptly thereafter, collections on the Mortgage Portfolio and/or payments to Noteholders may be disrupted and Noteholders may be adversely affected.

Investors should also be aware that there are third parties, on which the Issuer relies, that may be adversely impacted by the general economic climate and/or, depending on the terms of the exit of the UK from the EU, may become unable to perform their obligations resulting from changes in regulation, including the loss of existing regulatory rights to do cross-border business. Global markets have in recent times been negatively impacted by the then prevailing global credit market conditions as further described above in "*Absence of secondary market for the Notes*". If such conditions were to return or a third party were to lose its right to deliver services on a cross-border basis, these factors affecting transaction parties specifically, as well as market conditions generally, could adversely affect the performance of the Notes. In addition there can be no assurance that governmental or other actions would improve market conditions in the future should conditions deteriorate.

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

Upon the occurrence of an Event of Default, which in certain circumstances, may or may not be subject to a materiality threshold in the opinion of the Note Trustee, the Note Trustee in its absolute discretion may, and if so directed in writing by the holders of not less than 25% in aggregate Principal Amount Outstanding of the Most Senior Class, as applicable or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class shall (subject, in each case, to being indemnified and/or pre-funded and/or secured to its satisfaction), give an Enforcement Notice to the Issuer that all amounts due in respect of all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued interest thereon and all other amounts due in respect of the Notes, as applicable, as provided in a note trust deed between the Issuer, the Security Trustee and the Note Trustee (the "**Note Trust Deed**").

The Note Trustee may, at any time, at its discretion and without notice, take (and direct the Security Trustee to take) such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes, the Certificates or the Note Trust Deed (including the Conditions and the Certificate Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) the other Transaction Documents to which it is a party or in respect of which (in the case of the Security Trustee) it holds security. In respect of and at any time after the service of an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the

Security. However, neither the Note Trustee nor the Security Trustee shall be bound to take any such proceedings or steps (including, but not limited to, the giving of an Enforcement Notice in accordance with Condition 11 (*Events of Default*) and Certificate Condition 10 (*Events of Default*)) unless it should have been directed to do so by the holders of the Most Senior Class (in the case of the Note Trustee) and it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

See further "*Terms and Conditions of the Notes – Condition 12 (Enforcement)*" and "*Terms and Conditions of the Certificates – Condition 11 (Enforcement)*" below.

In addition, each of the Note Trustee and the Security Trustee benefits from indemnities given to them by the Issuer pursuant to the Transaction Documents which rank in priority to the payments of interest and principal and other amounts due on the Notes.

In relation to the covenant to be given by the Retention Holder to the Issuer and the Note Trustee in the Mortgage Sale Agreement in accordance with the CRR, AIFM Regulation and the Solvency II Regulation regarding the material net economic interest to be retained by it and (in respect of CRR only) certain requirements as to providing investor information in connection therewith, neither the Note Trustee nor the Security Trustee will be under any obligation to monitor the compliance by the Retention Holder with such covenant and will not be under any obligation to take any action in relation to non-compliance with such covenant.

### ***Change of counterparties***

The parties to the Transaction Documents who receive and hold monies or provide support to the transaction pursuant to the terms of such documents (such as the Issuer Account Bank) are required to satisfy certain criteria in order to remain a counterparty to the Issuer.

These criteria may include requirements in relation to the short-term and long-term unguaranteed and unsecured ratings ascribed to such party by certain rating agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. This may reduce amounts available to the Issuer to make payments of interest on the Notes.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may (but shall not be obliged to) agree to amend or waive certain of the terms of such document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. The consent of Noteholders may not be required in relation to such amendments and/or waivers.

### ***Certain material interests and potential for conflicts in respect of Goldman Sachs***

The Seller, the Retention Holder, the Arranger and/or the Joint Lead Managers and/or their Affiliates (the "**Goldman Sachs Parties**") will play various roles in relation to the offering of the Notes and the sale of the Mortgage Loans to the Issuer, as described below.

Goldman Sachs International Bank ("**GSIB**") negotiated the terms of the Deed of Covenant, the Mortgage Loan Warranties and the Servicing Agreement in connection with its purchase of the Mortgage Loans from the Vendor. The negotiation was, in part, influenced by discussions with the Consortium as well terms agreed on recently comparable transactions. There is no assurance that other investors would agree with the negotiation positions taken by GSIB (or the views of the Consortium) or that the resulting negotiated position will provide any holder of the Notes or Certificates or any particular Class of them with adequate protection against potential losses (or recourse for those losses) arising with respect to the Mortgage Loans. Furthermore, GSIB and the Consortium do not have any obligation to monitor the performance of the Mortgage Loans or any potential breach of the Mortgage Loan Warranties or any related actions of the Issuer or its agents as result of any participation in the negotiation.

GSIB and its affiliates are and will be entitled to certain fees and other income streams in connection with the acquisition and disposal of the Mortgage Loans and the structuring and arrangement of the transactions contemplated by this Prospectus. GSIB has received certain income arising from interest and

principal payments made by Borrowers during the period it has owned the Mortgage Loans. It may also receive income on the Notes and Certificates held by it for the purposes of the Retained Interest and any other Notes or Certificates held by it or its affiliates from time to time.

The proceeds from the sale of the Mortgage Loans paid by the Issuer to GSIB may be applied to reimburse certain costs and expenses incurred by GSIB and the Consortium as part of the original acquisition of the Mortgage Portfolio from the Vendor and/or in connection with the establishment of the transactions contemplated by this Prospectus.

The Goldman Sachs Parties may assist other clients and counterparties in transactions related to the Notes (including assisting other clients in future purchases and sales of the Notes and hedging transactions) and such would expect to earn fees and other revenues from these transactions.

The activities and interests of the Goldman Sachs Parties its clients and respective officers, members and employees will not necessarily align with, and may in fact be directly contrary to, those of the interests in the Notes. In addition to the Retained Interest, the Goldman Sachs Parties may purchase a certain proportion of the Notes on or after the Issue Date which they may hold and/or subsequently trade. Any such purchase and holding and/or subsequent trade by any Goldman Sachs Parties will be for their own account as Noteholders. The holding or any sale of the Notes by these parties may adversely affect the liquidity of the Notes and may also affect the prices of the Notes in the primary or secondary market. In carrying out its obligations no Goldman Sachs Party shall be under any duty to disclose to the Issuer, the Note Trustee, the Security Trustee any Noteholder or prospective investor or any other person, any non-public information acquired in the course of carrying on any business for, or in connection with, the provision of services to any other party.

The Goldman Sachs Parties are part of a global banking, investment banking and securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. As such, they actively make markets in and trade financial instruments for their own account and for the accounts of customers in the ordinary course of their business. The Arranger, the Joint Lead Managers and their Affiliates and/or their respective clients may have positions in or may have arranged financing in respect of the Notes or the Mortgage Loans in the Mortgage Portfolio and may have provided or may be providing investment banking services and other services to the other transaction parties or the Vendor.

The Goldman Sachs Parties may have positions in and will likely have placed or underwritten certain of the Notes when they were originally issued. In addition, the Goldman Sachs Parties and their clients may invest in debt obligations and securities that are senior to, or have interests different from or adverse to, the Notes. Each of the Goldman Sachs Parties will act in its own commercial interest in its various capacities without regard to whether its interests conflict with those of the holders of the Notes or any other party.

The Goldman Sachs Parties activities include, among other things, executing large block trades and taking long and short positions directly and indirectly, through derivative instruments or otherwise. These activities (subject to the Risk Retention Requirements) may also include buying or selling credit protection in respect of the Notes, taking long and short positions on (and thereby make a profit from) the Notes, assisting purchasers of the Notes to hedge their investments; facilitating transactions for other clients or counterparties that may have business objectives or investment strategies that are inconsistent with or contrary to those of investors in the Notes, and/or hedging any exposure of a Goldman Sachs Parties to the Notes on the Issue Date or any time in the future. The securities and instruments in which any Goldman Sachs Parties takes positions, or expect to take positions may include the Notes or similar securities or products. Market-making is an activity where a Goldman Sachs Party buys and sells on behalf of customers, or for their own account, to satisfy the expected demand of customers. By its nature, market-making involves facilitating transactions among market participants that have differing views of securities and instruments. As a result, Noteholders should expect that one or more of the Goldman Sachs Parties will take positions that are inconsistent with, or adverse to, the investment objectives of investors in the Notes. In no circumstances will the Goldman Sachs Parties need to account to any Noteholder or any other person for any fee, profit or gain made from any such activities.

As a result of Goldman Sachs Parties' various financial market activities, including acting as a research provider, investment advisor, market maker or principal investor, Noteholders should expect that



personnel in various businesses of the Goldman Sachs Parties will have and express research or investment views and make recommendations that are inconsistent with, or adverse to, the objectives of investors in the Notes.

Goldman Sachs Parties do not disclose specific trading positions or their hedging strategies, including whether they are in long or short positions in any Notes or obligations referred to in this Prospectus except where required in accordance with the applicable law. Nonetheless, in the ordinary course of business, (subject to the Risk Retention Requirements) Goldman Sachs Parties and employees or customers of a Goldman Sachs Party may actively trade in and/or otherwise hold long or short positions in the Notes or enter into transactions similar to referencing the Notes for their own accounts and for the accounts of their customers. If a Goldman Sachs Party becomes an owner of any of the Notes, through market making activity or otherwise, any actions that it takes in its capacity as owner, including voting, providing consents or otherwise will not necessarily be aligned with the interests of other owners of the same Class or other Classes of the Notes. There is no obligation for any Goldman Sachs Party to purchase or retain any of the Notes (other than the Retained Interest). To the extent one or more of the Goldman Sachs Parties makes a market in the Notes (which it is under no obligation to do), it would expect to receive income from the spreads between its bid and offer prices for the Notes. In connection with any such activity, it will have no obligation to take, refrain from taking or cease taking any action with respect to these transactions and activities based on the potential effect on an investor in the Notes. The price at which a Goldman Sachs Party may be willing to purchase Notes, if it makes a market, will depend on market conditions and other relevant factors and may be significantly lower than the issue price for the Notes. As a result of Goldman Sachs Parties' various financial market activities, a Goldman Sachs Party may take an action (or fail to take an action) that is inconsistent with, or adverse to, the objectives of investors in the Notes.

Furthermore, the Goldman Sachs Parties expect that a completed offering will enhance its ability to assist clients and counterparties in transactions related to the Notes and in similar transactions (including assisting clients in additional purchases and sales of the Notes and hedging transactions). Certain of the Goldman Sachs Parties expect to derive fees and other revenues from these transactions. In addition, participating in a successful offering and providing related services to clients may enhance the Goldman Sachs Parties' relationships with various parties, facilitate additional business development, and enable it to obtain additional business and to generate additional revenue.

Prospective investors should note that certain of the Goldman Sachs Parties have provided financing directly to the purchaser. 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 Initial Consideration in respect of the Mortgage Loans and Related Security in the Mortgage Portfolio. Other than where required in accordance with applicable law, the Arranger, the Joint Lead Managers and their Affiliates have no obligation to act in any particular manner as a result of their prior, indirect involvement with the Mortgage Portfolio and any information in relation thereto. With respect to the refinancing, each of the Arranger, the Joint Lead Managers and their Affiliates will act in its own commercial interest.

By purchasing a Note, each investor will be deemed to have acknowledged the material interests described above and the existence of the conflicts of interest inherent to this transaction, including as described herein, and to have waived any claim with respect to any liability arising from the existence thereof.

### **The Mortgage Portfolio**

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

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. Although interest rates are currently low, this may change in the future and an increase in interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their Mortgage Loans. 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, divorce and other similar factors may lead to an increase in delinquencies by, and bankruptcies (and analogous arrangements) 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 exercise a power of sale in respect of a mortgaged buy-to-let property, the relevant mortgagee may (but not necessarily will) first need to obtain vacant possession of the relevant property in order to maximise the price received for the property. Vacant possession of a tenanted property under a buy-to-let mortgage 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. The court has a wide discretion and may adopt a sympathetic attitude towards a tenant faced with eviction. Any possession order given in favour of the lender may be suspended or postponed to allow the tenant more time to find another residence. In addition, if possession has been obtained, a reasonable period must be allowed for marketing the property and for discharging the obligation to take reasonable care to obtain a proper price. If obtaining possession of a property 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 a property permitted by law are restricted in the future. There can be no assurance that the level of Mortgage Loans in arrears will remain at their current levels and not increase.

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

Borrowers with a Mortgage Loan subject to a variable rate of interest may be exposed to increased monthly payments if the related mortgage interest rate adjusts upward following an increase in the Bank of England Base Rate or in LIBOR. This increase in Borrowers' monthly payments may ultimately result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid increased monthly payments (caused by, for example, the expiry of an initial fixed rate, or a rise in the related variable interest rates) by refinancing their Mortgage Loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave Borrowers with insufficient equity in their homes to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates, slower prepayment rates and higher losses on the Mortgage Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and/or principal on the Notes.

***Declining property values***

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

The Issuer cannot give any assurance that the value of a Property will remain at the same level as on the date of origination of the related Mortgage Loan. A fall in property prices resulting from a deterioration in the housing market could result in losses being incurred by lenders where the net recovery proceeds are insufficient to redeem any outstanding loans secured on such properties. If the value of the Related Security backing the Mortgage Loans is reduced this may ultimately result in losses to Noteholders if the Security is required to be enforced and the resulting proceeds are insufficient to make payments on all Notes.

Borrowers may have insufficient equity in their homes to refinance their Mortgage Loans with lenders other than the Vendor and may (as a result of the circumstances described in "*Delinquencies or default by Borrowers in paying amounts due on their Mortgage Loans*" or otherwise) have insufficient resources to pay amounts in respect of their loans as and when they fall due. This could lead to higher delinquency rates and to losses, which in turn may adversely affect payments on the Notes.

***Risk of losses associated with buy-to-let Mortgage Loans***

The Mortgage Loans in the Mortgage Portfolio include buy-to-let Mortgage Loans. The Borrower's ability to make payments in respect of the Mortgage Loans is likely to depend on the Borrower's ability to let the relevant Properties on appropriate terms. It is intended that the Properties which secure such Mortgage Loans will be let by the relevant Borrower to tenants but there can be no guarantee that each such Property 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 the rental income achievable from tenancies of the relevant Property over time will be sufficient to provide the Borrower with sufficient income to meet the Borrower's obligations in respect of the Mortgage Loan.

Consequently, the Security for the Notes may be affected by the condition of the private residential rental market in the United Kingdom. The condition of the market will influence both the ability of the Borrower to find tenants and the level of rental income which may be achieved in letting. The obligations of a Borrower to make payment under the Mortgage Loan are unconditional without regard to whether the Property is let or the amount of rent received by the Borrower from the relevant tenant.

Upon enforcement of a Mortgage Loan in respect of a Property which is the subject of an existing tenancy, the Servicer may not be able to obtain vacant possession of that Property until the end of the tenancy. If the Servicer enforces while the tenancy is continuing and sells the Property as an investment property with one or more tenants *in situ*, this may affect the amount which may be realised in the sale, although the existence of any such tenant paying rent in full on a timely basis may not have an adverse effect on the amount of such realisation. However, in the UK it is common for tenancies to be only for six or 12 months, so a tenanted property will often be vacated sooner than an owner-occupied property. Additionally, enforcement procedures in relation to such Mortgage Loans include the ability to appoint a receiver of rent, in which case such a receiver would collect any rents payable in respect of such property and apply them in payment of any arrears of principal and interest under the Mortgage Loan.

The Mortgage Loans have been underwritten in accordance with certain lending criteria. These underwriting standards consider, among other things, the type of property, an assessment of monthly rental income achievable and the LTV ratio of the Mortgage Loan to the Property.

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, from 6 April 2017.

Higher rates of stamp duty land tax ("**SDLT**") apply in certain circumstances. In particular, from 1 April 2016, a higher rate of SDLT has generally been payable on the purchase by an individual of an additional residential property (such as a buy-to-let property). The current additional rate is 3 per cent. above the standard SDLT rate for residential property. 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.

The introduction of these measures may adversely affect the private residential rental market in England and Wales 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 Mortgage Loans. For an overview of the proportion of buy-to-let loans that comprise the Mortgage Loans as at the Cut-Off Date, see "*Statistical Information on the Mortgage Portfolio as of the Cut-Off Date — Mortgage Loan Type*".

***Risk of losses associated with Interest Only Mortgage Loans***

Approximately 77 per cent. by value of the Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date constitute Interest Only Mortgage Loans (as defined in the section entitled "*The Mortgage Portfolio*"). Interest Only Mortgage Loans are originated with a requirement that the Borrower pay scheduled interest payments only. There is no scheduled amortisation of principal.

Consequently, upon the maturity of an Interest Only Mortgage Loan, the relevant Borrower will be required to make a "bullet" payment that will represent the entirety of the principal amount outstanding. The ability of such a Borrower to repay an Interest Only Mortgage Loan at maturity frequently may depend on such Borrower's ability to sell the Property, refinance the Property or obtain funds from another source such as savings accounts, a pension policy, investment plan, repayment vehicle, personal equity plans or an endowment policy. None of the Issuer, the Security Trustee, the Seller or the Servicer has verified that the Borrower has any such other source of funds and none of them has obtained security over the Borrower's right in respect of any such other source of funds. 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 of the Borrower, tax laws and general economic conditions at the 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. Moreover, the Mortgage Conditions in respect of Interest Only Mortgage Loans do not require a Borrower to put in place alternative funding arrangements.

Borrowers may have insufficient equity to refinance their Mortgage Loans and may have insufficient resources to pay amounts in respect of their Mortgage Loans as and when they fall due. This could lead to higher delinquency rates and losses which in turn may adversely affect payments on the Notes.

#### ***Geographic Concentration Risks***

Mortgage Loans in the Mortgage Portfolio may also be subject to geographic concentration risks within certain regions of the United Kingdom. To the extent that specific geographic regions within the United Kingdom have experienced, or may in the future experience, weaker regional economic conditions and housing markets than other regions in the United Kingdom, a concentration of the Mortgage Loans in such a region may be expected to exacerbate the risks relating to the Mortgage Loans described in this section. Certain geographic regions within the United Kingdom rely on different types of industries. Any downturn in a local economy or a particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or in the region that relies most heavily on that industry. Any natural disasters in a particular region may reduce the value of affected Properties. This may result in a loss being incurred upon the sale of such Properties. These circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Mortgage Loans as at the Cut-Off Date, see "*Statistical Information on the Mortgage Portfolio as of the Cut-Off Date — Geographical Distribution of Properties*".

#### ***Buildings insurance***

No assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable buildings insurance contracts 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.

#### ***Lending Criteria***

The lending criteria will have applied at the time of approval in respect of the Mortgage Loans comprising the Mortgage Portfolio. The criteria should have considered, among other things, a Borrower's credit history, employment history and status, repayment ability and net income criteria, as well as the value of the relevant property. There can be no assurance that the lending criteria were not varied at the time. As the Seller is not the originator of the Mortgage Loans and the loan file audit was conducted on a sample pool basis, the origination documentation and applicable terms and conditions with respect to the Mortgage Loans may be incomplete or missing or disappplied and the loan data may have been incorrectly recorded in the systems. This could, in some cases, potentially affect the enforceability of the Mortgage Loans and the Related Security. In addition, there can be no assurance that the lending criteria were applied in all cases or that Mortgage Loans originated under different criteria have not been included in the Mortgage Portfolio. See "*The Mortgage Portfolio*" section below.

### **Certain Insolvency Risks relating to the Issuer**

#### ***Limitation on the Security Trustee's ability to enforce the Security due to company voluntary arrangement and small companies moratorium***

Under the company voluntary arrangement procedure set out in the Insolvency Act 1986, certain "small companies" are permitted to seek court protection from their creditors by way of a moratorium for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the Secretary of State may, by order, extend or reduce the duration of either period).

A "small company" is defined by reference to whether the company meets certain tests contained in Section 382(3) of the Companies Act 2006, relating to a company's balance sheet total, turnover and average number of employees in a particular period. The position as to whether or not a company is a "small company" may change from financial period to financial period, depending on its financial position and average number of employees during that particular period. The Secretary of State may, by regulation, also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a "small company". Accordingly, the Issuer may, at any given time, come within the ambit of the "small companies" provisions, such that the Issuer may (subject to the exemptions referred to below) be eligible to seek a moratorium, in advance of a company voluntary arrangement.

During the period for which a moratorium is in force in relation to a company, *inter alia*, no winding-up may be commenced or administrator appointed to that company, no administrative receiver of that company may be appointed, no security created by that company over its property may be enforced (except with the leave of the court) and no other proceedings or legal process may be commenced or continued in relation to that company (except with the leave of the court). In addition, if the holder of security (the chargee) created by that company consents or if the court gives leave, the company may dispose of the secured property as if it were not subject to the security. Where the property in question is subject to a floating charge, the chargee will have the same priority in respect of any property of the company directly or indirectly representing the property disposed of as he would have had in respect of the property subject to the floating charge. Where the security in question is that other than a floating charge, it shall be a condition of the chargee's consent or the leave of the court that the net proceeds of the disposal shall be applied towards discharging the sums secured by the security. Further, during the period for which a moratorium is in force in respect of a company it may not make any payments with respect to debts or liabilities existing prior to the date of filing for a moratorium unless (i) there are reasonable grounds for believing the payment will benefit the company, and (ii) the payment is approved by a committee of creditors of the company if established or, if not, by the nominee of the proposed company voluntary arrangement.

Certain companies which qualify as small companies for the purposes of these provisions may be, nonetheless, excluded from being so eligible for a moratorium under the provisions of the Insolvency Act 1986 (Amendment No. 3) Regulations 2002. Companies excluded from eligibility for a moratorium include those which are party to a capital market arrangement, under which a debt of at least £10,000,000 is incurred and which involves the issue of a capital market investment. The definitions of "capital market arrangement" and "capital market investment" are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10,000,000 of debt, the granting of security to a trustee, and the issue of a rated, listed or traded debt instrument, is excluded from being eligible for a moratorium. The Secretary of State may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible.

Accordingly, the provisions described above will serve to limit the Security Trustee's ability to enforce the security to the extent that: first, if the Issuer falls within the criteria for eligibility for a moratorium at the time a moratorium is sought; secondly, if the directors of the Issuer seek a moratorium in advance of a company voluntary arrangement; and, thirdly, if the Issuer is considered not to fall within the capital market exception (as expressed or modified at the relevant time) or any other applicable exception at the relevant time; in those circumstances the enforcement of any security by the Security Trustee will be for a period prohibited by the imposition of the moratorium. In addition, the other effects resulting from the imposition of a moratorium described above may impact the transaction in a manner detrimental to the Noteholders.

### ***Security and insolvency considerations***

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see "*Security and Note Note Trust Deed – Deed of Charge*"). If certain insolvency proceedings (including administrations or liquidations) are commenced in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired.

The Insolvency Act 1986 allows for the appointment of an administrative receiver in relation to certain transactions in the capital markets. Although there is as yet no case law on how these provisions will be interpreted, it should be applicable to the floating charge created by the Issuer and granted by way of security to the Security Trustee. However, as this is partly a question of fact, were it not to be possible to appoint an administrative receiver in respect of the Issuer, the Issuer would be subject to administration if it became insolvent. In such circumstances, the primary emphasis may be to rescue the Issuer as a going concern which may lead to the ability to realise the Security being delayed, the value of the Security being impaired and/or conflict with the interests of the Noteholders.

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

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

### ***Fixed charges may take effect under English law as floating charges***

The law in England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment) may take effect under English law as floating charges only, if, for example, it is determined that the Security Trustee does not exert sufficient control over the Charged Assets (although it should be noted that there is no equivalent concept of recharacterisation of fixed security as floating charges under Scots law). If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets.

The interest of the Secured Creditors in property and assets over which there is a floating charge will rank behind the expenses of any administration or liquidator and the claims of certain preferential creditors on enforcement of the Security. Section 250 of the Enterprise Act 2002 abolishes Crown preference in relation to all insolvencies (and thus reduces the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge) but Section 176A of the Insolvency Act 1986 requires a "prescribed part" (up to a maximum amount of £600,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors.

### ***Liquidation expenses payable out of floating charge assets in priority to the claims of the floating charge-holder***

Prior to the House of Lords' decision in the case of *Re Leyland Daf* [2004] UKHL 9 ("**Re Leyland Daf**"), the general position was that, in a liquidation of a company, the liquidation expenses ranked ahead of

unsecured debts and floating chargees' claims. *Re Leyland Daf* reversed this position so that liquidation expenses could no longer be recouped out of assets subject to a floating charge. However, Section 176ZA of the Insolvency Act 1986, which came into force on 6 April 2008, effectively reversed by statute the House of Lords' decision in *Re Leyland Daf*. As a result costs and expenses of a liquidation will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to the approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to rules 4.218A to 4.218E of the Insolvency Rules 1986. In general, the reversal of *Re Leyland Daf* applies in respect of all liquidations commenced on or after 6 April 2008.

Therefore, floating charge realisations upon the enforcement of the floating charge security to be granted by the Issuer which would otherwise have been available to the Secured Creditors would be reduced by the amount of all, or 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.

### ***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 UK incorporated entities, including authorised deposit-taking institutions and investment firms and powers to recognise and give effect to 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. A relevant transaction party for these purposes means the Seller.

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 certain 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 systems of the United Kingdom. The Banking Act includes provisions relating to compensation in respect of transfer 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 instrument or order may (among 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 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, powers may apply to require a relevant instrument or order (and related events) to be disregarded in determining whether certain widely defined "default events" have occurred. 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 as 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 relevant entities referred to above and there has been no indication that it will make any such instrument or order, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such instrument or order if made. While there is provision for compensation in certain circumstances under the 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 EEA-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 EEA state other than the UK and/or certain group companies (such as the Issuer Account Bank) 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.

## **Risks relating to the Servicer**

### ***Risk inherent in the business of the Servicer***

The business of the Servicer depends on the ability of the Servicer to process a large number of transactions efficiently and accurately. Losses can result from inadequate or failed internal control processes, and systems, human error, fraud or from external events that interrupt normal business operations. In the event that the Servicer fails to perform or observe all or any of its material obligations under the Servicing Agreement, to the extent which, taken in the aggregate with all other such failures, is materially prejudicial in the context of the transaction contemplated by the Transaction Documents, the Issuer may be required to appoint a replacement Servicer. Depending on market circumstances, it may be difficult to appoint a replacement Servicer in such circumstances and the fees charged by any replacement Servicer will be payable in priority to all other parties, with the exception of the Security Trustee and Note Trustee and certain administrative costs of the Issuer.

## **Certain Regulatory Considerations**

### ***Regulation of buy-to-let mortgage loans***

Buy-to-let mortgage loans can fall under several different regulatory regimes. They can be:

- (a) unregulated;
- (b) 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**");
- (c) regulated by the Financial Services and Markets Act 2000 (the "**FSMA**") as a regulated mortgage contract – as defined by article 61 of the RAO (a "**Regulated Mortgage Contract**"); or
- (d) 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 Mortgage Loan**").

Although the Mortgage Loans should be unregulated there is no guarantee that they are unregulated. If any of the Mortgage Loans are in fact Regulated Credit Agreements, Regulated Mortgage Contracts or Consumer Buy-to-Let Mortgage Loans, 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 Mortgage 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, its delegates and the Servicer (so long it is also the Legal Title Holder) have permission for the regulated activities of debt administration and debt collection which are necessary in respect of servicing unregulated loans, consumer buy-to-let mortgage loans and Regulated Credit Agreements. The Issuer would not be regarded as carrying on the regulated activities of debt administration and debt collection in respect of any unregulated loan, consumer buy-to-let loan or Regulated Credit Agreement pursuant to an exclusion that applies to lenders under these agreements.

### ***Unfair relationships***

Under the Consumer Credit Act, the "extortionate credit" regime was replaced by an "unfair relationship" test. The "unfair relationship" test applies to all existing and new credit agreements, except Regulated Mortgage Contracts under the FSMA. 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 relevant Originator, or any assignee such as the Issuer, to repay amounts received from such borrower. In applying the "unfair relationship" test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the creditor's and the lender's conduct 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 UTCCR (as defined below). The courts may, but are not obliged to, look solely to the CCA 2006 for guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the FSA and, as of 1 April 2013, the FCA on that principle and by the Office of Fair Trading (the "OFT") on the unfair relationship test, may also be relevant. Under the CCA, once the debtor alleges that an "unfair relationship" exists, the burden of proof is on the creditor to prove the contrary.

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 Lender 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 Portfolio and/or the Issuer's ability to make payment in full on the Notes when due.

### ***Distance Marketing***

In the United Kingdom, the Financial Services (Distance Marketing) Regulations 2004 apply to, among other things, credit agreements entered into on or after 31 October 2004 by a "consumer" within the meaning of these regulations by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower). Certain credit agreements may be cancellable under these regulations if the borrower does not receive the prescribed information at the prescribed time, or in any event for certain unsecured lending. Where the credit agreement is cancellable under these regulations, the borrower may send notice of cancellation at any time before the end of the fourteenth day after the day on which the cancellable agreement is made, where all the prescribed information has been received or, if later, the borrower receives the last of the prescribed information.

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

- (i) the borrower is liable to repay the principal, and any other sums paid by the originator to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower sending the notice of cancellation or, if later, the originator receiving notice of cancellation;

- (ii) the borrower is liable to pay interest, or any early repayment charge or other charge for credit under the cancelled agreement, only if the borrower received certain prescribed information at the prescribed time and if other conditions are met; and
- (iii) any security provided in relation to the contract is to be treated as never having had effect.

If a significant portion of the Mortgage Loans are characterised as being cancellable under these regulations, then there could be an adverse effect on the Issuer's receipts in respect of the Mortgage Loans, affecting the Issuer's ability to make payments in full on the Notes when due.

#### ***Unfair Terms in Consumer Contracts Regulations and the CRA***

In the United Kingdom, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the "**1999 Regulations**"), together with (in so far as applicable) the Unfair Terms in Consumer Contracts Regulation 1994 (together with the 1999 Regulations, the "**UTCCR**"), applies to agreements made on or after 1 July 1995 but prior to 1 October 2015 by a "consumer" within the meaning of the UTCCR, where the terms have not been individually negotiated. The Consumer Rights Act 2015 (the "**CRA**") has revoked the UTCCR 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 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 variations of interest rates under contracts.

No assurance can be given that any changes to available regulatory guidance on fairness under the CRA (or UTCCR), will not have a material adverse effect on the Originators, the Sellers, the Issuer, the Relevant Servicers or their respective businesses and operations.

Under each of the UTCCR and the CRA, it is possible for a consumer (which would include a borrower under all or almost all of the Mortgage Loans) to challenge a term in a consumer contract on the basis that it is unfair and therefore not binding on the consumer or for the regulator to take enforcement action to stop the use of terms which are considered to be unfair (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term).

The UTCCR and CRA will not generally affect terms which define the main subject matter of the contract, such as the borrower's obligation to repay the principal, **provided that** these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention. The UTCCR and CRA may affect terms that are not considered to be terms which define the main subject matter of the contract, such as the lender's power to vary the interest rate and certain terms imposing early repayment charges and mortgage exit administration fees. For example, if a term permitting the lender to vary the interest rate (as the relevant Originator is permitted to do) is found to be unfair, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower under the loan or any other loan agreement that the borrower has taken with the lender. Any such non-recovery, claim or set-off may adversely affect the Issuer's ability to make payments on the Notes.

Unlike the UTCCR, the CRA will also apply to a notice exercising a contractual power of variation such as a notice of variation of interest rates under the Mortgage Loans. Such a notice will be unfair if, contrary to the requirement of good faith, it causes a significant imbalance in the parties' rights and obligations to the detriment of the consumer. If the notice is found to be unfair, it will not be binding on the consumer.

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

even if the consumer has not raised the issue, where the court has available to it the legal and factual elements necessary for that task. Such reforms are also included in the CRA.

Historically the OFT, FSA and FCA (as appropriate) have issued guidance on the UTCCR. This has included: (i) OFT guidance on fair terms for interest variations in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on the fairness of terms in consumer contracts dated May 2005; (iii) an FSA statement of good practice on mortgage exit administration fees dated January 2007; and (iv) FSA finalised guidance on unfair contract terms and improving standards in consumer contracts dated January 2012. However, 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 extremely broad and general wording of the CRA and UTCCR makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Mortgage Loans which have been made to Borrowers covered by the UTCCR or CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Mortgage Loans entered into between 1 October 1999 and 30 September 2015 is found to be unfair for the purpose of the UTCCR, this may reduce the amounts available to meet the payments due in respect of the Notes.

None of the Mortgage Loans was originated on or after 1 October 2015, but it is possible that some of the Mortgage Loans have been subject to a material variation since 1 October 2015 such that they are treated as new contracts falling within the scope of the CRA. If any term of the Mortgage Loans or a notice of variation exercising a contractual power of variation in respect of the Mortgage Loans (such as a notice of variation of interest) 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 Seller, the Originators, the Issuer and/or the Relevant Servicers 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.

#### ***Financial Ombudsman Service***

Under the FSMA, the Ombudsman is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance. Transitional provisions exist by which certain complaints relating to breaches of the Mortgage Code issued by the Council of Mortgage Lenders occurring before the 31 October 2004 may be dealt with by the Ombudsman.

Complaints brought before the Ombudsman for consideration must be decided on a case by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman. As the Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a monetary award to a complaining borrower, it is not possible to predict how any future decision of the Ombudsman would affect the ability of the Issuer to make payments to Noteholders. The Seller has confirmed that, in respect of the Mortgage Loans, there have been 28 successful borrower complaints brought before the Ombudsman in the last five years.

#### ***The Mortgage Repossession (Protection of Tenants etc.) Act 2010***

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

***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 is brought into force; however, some tenancies will not be converted with retrospective effect (including those which have Rent Act 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.

***Home Owner and Debtor Protection (Scotland) Act 2010***

The Scottish Parliament has passed the Home Owner and Debtor Protection (Scotland) Act 2010 (the "**2010 Act**"), Part 1 of which came into effect on 30 September 2010 and contains provisions imposing additional requirements on heritable creditors (the Scottish equivalent to mortgagees) in relation to the enforcement of standard securities over residential property in Scotland. The 2010 Act amends the provisions of the Conveyancing and Feudal Reform (Scotland) Act 1970 which permitted a heritable creditor to proceed to sell the secured property where the notice period specified in a calling up notice or notice of default in respect of the relevant standard security had expired without challenge (or where a challenge had been made). In terms of the 2010 Act the heritable creditor is now required to obtain a court order to exercise its power of sale (in addition to initiating the enforcement process by the service of a two-month "calling up" notice), unless the borrower and certain other occupiers have surrendered the property voluntarily. In addition, the 2010 Act requires the heritable creditor in applying for a court order to demonstrate that it has taken various preliminary steps to seek to resolve the borrower's position, as well as imposing further procedural requirements. This may restrict the ability of the Legal Title Holder as heritable creditor in respect of the Scottish Mortgages to exercise its power of sale and this could affect the Issuer's ability to make payments on the Notes.

***The Private Housing (Tenancies) (Scotland) Act 2016***

The Scottish Parliament passed the Private Housing (Tenancies) (Scotland) Act 2016 which is expected to come fully into force in 2018. One of the changes made by this legislation will be to introduce a new form of tenancy in Scotland known as a "private residential tenancy" which will (except in a very limited number of exceptions) provide tenants with security of tenure by restricting a landlord's ability to regain possession of the property to a number of specific eviction grounds.

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

The above-mentioned Act 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 lower recoveries and may affect the ability of the Issuer to make payments under the Notes.

***General***

No assurance can be given that additional regulations or guidance from the FCA, the Competition and Markets Authority (the "**CMA**"), the PRA, the Ombudsman or any other regulatory authority will not arise with regard to the mortgage market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller. Any such action or developments or compliance costs may have a material adverse effect on the Mortgage Loans, the Seller, the Issuer and/or the Relevant Servicers and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full on the Notes when due.

***Potential effects of any additional regulatory changes***

In the United Kingdom and elsewhere, there is continuing political and regulatory scrutiny of the banking industry and, in particular, retail banking. In the United Kingdom, the FSA (and in relation to current enquiries, the FCA and the PRA) and the CMA have recently carried out, or are currently conducting, several enquiries. In recent years there have been several issues in the UK financial services industry in which the FCA has intervened directly, including the sale of personal pensions and the sale of mortgage-related endowments. No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the mortgage market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the group and its businesses and operations. This may adversely affect the Issuer's ability to make payments in full when due on the Notes.

***UK Taxation position of the Issuer***

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (as introduced by the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296)), and, as such, should be taxed only on the amount of its "retained profit" (as that term is defined in the Securitisation Regulations), for so long as it satisfies the conditions of the Securitisation Regulations. However, if the Issuer does not satisfy the conditions to be taxed in accordance with the Securitisation 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 this Prospectus. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and the Certificates and may result in investors receiving less interest and/or principal than expected.

***The proposed financial transactions tax ("FTT")***

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each other than Estonia, a "**participating Member State**"). However, Estonia has ceased to participate.

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

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

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

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

***Withholding Tax may result in Noteholders receiving less as a result of such withholding or deduction***

In the event that any withholding or deduction for or on account of tax is imposed on payments on the Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate the Noteholders for such withholding or deduction. However, in such circumstances, the Issuer will, in accordance with Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) of the Notes, be required to use reasonable endeavours to take steps to avoid the effect of the requirement to make such withholding or deduction (including the appointment of a Paying Agent in another jurisdiction or using reasonable endeavours to arrange for the substitution of a company incorporated and/or tax resident in another jurisdiction).

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

### ***Book-Entry Interests***

Unless and until Definitive Notes are issued in exchange for the Book-Entry Interests, holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of the Notes under the Note 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 in respect of the Notes to Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of Book-Entry Interests.

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

Except as noted in the previous paragraph, payments of principal and interest on, and other amounts due in respect of, the Global Notes will be made by the Principal Paying Agent to a nominee of the Common Safekeeper for Euroclear and Clearstream, Luxembourg. 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 Note Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

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

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

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

Certain transfers of Notes or interests therein may only be effected in accordance with, and subject to, certain transfer restrictions and certification requirements and in accordance with the rules and regulations of any applicable clearing system. In order for a Noteholder to effect a transfer of Notes to a potential purchaser, the Noteholder and the potential purchaser will need to comply with the applicable transfer restrictions (see "*Transfer Restrictions and Investor Representations*" below). To the extent such transfer restrictions cannot be complied with, a Noteholder should be prepared to hold its Notes until the Final Maturity Date or until it can effect a transfer to a potential purchaser that complies with the requirements of the applicable transfer restrictions. In order to comply with any applicable laws and regulations in respect of such transfer, potential purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered.

***Meetings of Noteholders and Certificateholders, modification and waiver***

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

The Note Trust Deed provides that, subject to certain provisions relating to the conflicts of interest between different Classes of Notes and/or Certificates, without the consent or sanction of the Noteholders, Certificateholders or any of the other Secured Creditors, the Note Trustee may (and may direct the Security Trustee to):

- (a) concur with the Issuer and/or any other person, in making any modification to the Conditions, the Certificate Conditions or the Transaction Documents:
  - (i) (other than a Basic Terms Modification or any provision of the Trust Documents referred to in the definition of Basic Terms Modification) which, in the opinion of the Note Trustee, will not be materially prejudicial to the interests of the Noteholders and/or the Certificateholders;
  - (ii) (including a Basic Terms Modification) which, in the opinion of the Note Trustee, is of a formal, minor or technical nature, or is made to correct a manifest error; or
  - (iii) which, is required for the Issuer to enter into any new and/or amended Issuer Account Bank Agreement or collection account agreement (including (i) where the unsecured, unsubordinated and unguaranteed debt obligations of the Issuer Account Bank or Collection Account Bank are downgraded below any relevant rating level as set out in the relevant Transaction Document, and the Issuer is required to take certain remedial action (as set out in the relevant Transaction Documents) and/or (ii) following the Closing Date, any collection account agreement, Issuer Account Bank Agreement and/or declaration of trust in respect of any collection account by Topaz in its capacity as Legal Title Holder for the benefit of the Issuer;
- (b) authorise or waive, on such terms and conditions (if any) as it may decide, any proposed breach or breach of any Transaction Document, if in the Note Trustee's opinion, the interests of the Noteholders and/or Certificateholders will not be materially prejudiced thereby;
- (c) determine that any Event of Default shall not be treated as such, if in the Note Trustee's opinion, the interests of the Noteholders and/or Certificateholders will not be materially prejudiced thereby;
- (d) concur with the Issuer after providing notice to the Noteholders on the basis of negative consent in making any modification to the Conditions or the Transaction Documents (other than a Basic Terms Modification) in relation to certain matters including but not limited to the CRR, AIFMD, the Securitisation Regulations and the Consumer Protection Act; and
- (e) concur with the Issuer after providing notice to the Noteholders on the basis of negative consent in making a LIBOR Modification,

**provided always that** the Note Trustee shall not exercise any powers under paragraphs (b) or (c) above in contravention of any express direction given by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or Certificates then outstanding or in issue (as applicable) or 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 or Certificates then outstanding or in issue (as applicable) (but no such direction or request shall affect any authorisation, waiver or determination previously given or made).

The Note Trustee may also, and may direct the Security Trustee to, without the consent of any of the Noteholders, Certificateholders or other Secured Creditors, concur with the Issuer in substituting in place of the Issuer a substituted obligor as the principal debtor in respect of the Transaction Documents **provided that** certain conditions as set out in the Note Trust Deed are satisfied.

Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any matter, which, in the opinion of the Note Trustee, would have the effect of exposing it to any Liability against which it has not been or may not be indemnified and/or secured and/or pre-funded to its satisfaction. Neither the Note Trustee nor the Security Trustee shall be held liable for the consequences of exercising its discretion or taking any action, step or proceeding (or not exercising its discretion or taking any action, step or proceeding as the case may be) and may do so without having regard to the effect of such action on individual Noteholders, Certificateholders or Secured Creditors.

In the case of a request for consent to a waiver, modification substitution or any other matter including those outlined in paragraphs (a) to (c) above, and in other situations detailed in the Note Trust Deed and Deed of Charge, the Note Trustee and Security Trustee shall be entitled to obtain legal, financial or other expert advice, at the expense of the Issuer, and rely on such advice in connection with determining whether or not to give such consent as it sees fit.

#### ***Change of law***

The structure of the transaction as described in this Prospectus and, *inter alia*, the issue of the Notes are based on the law and administrative practice in effect as at the date of this Prospectus as it affects the parties to the transaction and the Mortgage Portfolio, and having regard to the expected tax treatment of the transaction under such law and practice. No assurance can be given as to the impact of any possible change to such law (including any change in regulation which may occur without a change in primary legislation) and practice or tax treatment after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes.

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

The Basel III reform package (referred to as "**Basel III**") (a regulatory capital and liquidity framework approved by the Basel Committee on Banking Supervision (the "**Basel Committee**")) 2011 has been implemented in the European Economic Area (the "**EEA**") through the CRR and an associated directive (the re-cast Capital Requirements Directive (the "**CRD**") (and, together with the CRR, "**CRD IV**")), which was published in the Official Journal of the European Union on 27 June 2013. The CRR establishes a single set of harmonised prudential rules for financial institutions and certain minimum liquidity standards (referred to as the liquidity coverage ratio) and the net stable funding ratio which apply directly to all credit institutions in the EEA, with the CRD containing less prescriptive provisions which (unlike the CRR, which applies across the European Union without the need for any member state-level legislation) are required to be transposed into national law. Together the CRR and CRD reinforce capital standards and establish a leverage ratio backstop. Full implementation began from 1 January 2014, with particular elements being phased in over a period of time (the requirements will be largely effective by 2019 and some minor transitional provisions provide for phase-in until 2024). As CRD IV allows certain national discretions, the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation. The Basel Committee has also published certain proposed revisions to the securitisation framework, including changes to the approaches to calculating risk weights and a new risk weight floor of 15 per cent.

The changes under CRD IV and Basel III, as described above, may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes, therefore impacting investors



that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Notes.

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

### *European Securitisation Regulations*

On 20 November 2017, the Council of the European Union approved the final versions of the EU Securitisation Regulation and the associated CRR Amending Regulation (the "**Securitisation Regulations**"), and on 28 December 2017 the Securitisation Regulations were published in the Official Journal of the European Union.

The majority of the Securitisation Regulations will not apply as it will apply only to securitisations, the securities of which are issued, on or after 1 January 2019. However, the CRR Amending Regulation will apply to securities issues prior to 1 January 2019.

The Securitisation Regulations provide, in a securitisation context, that qualifying simple, transparent and standardised ("**STS**") securitisations should be subject to less onerous capital treatment; that certain aspects of existing legislation (including the Solvency II Regulation and AIFMR) should be repealed and replaced with a single EU-wide securitisation regulation; and that the onus of demonstrating that a securitisation meets STS criteria is not solely the responsibility of the originator.

The Securitisation Regulations also included revised risk retention and transparency requirements (now imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation), new due diligence requirements imposed on certain institutional investors in a securitisation and a potential ban on the securitisation of self-certified loans. In general, the requirements imposed under the proposed final draft of the Securitisation Regulations are more onerous and have a wider scope than those imposed under current legislation.

A securitisation, the securities of which were issued before 1 January 2019, can qualify as STS if (i) it met, at the time of issuance, the criteria relating to true sale, perfection triggers, eligibility criteria, homogeneous assets, no securitisation positions, no assets in default, at least one payment, no reliance on sales, risk retention and interest rates and (ii) it meets, at the time of notification of STS eligibility to ESMA, the criteria relating to no encumbrances and underwriting standards, as well as the remaining standardisation criteria and all the transparency criteria.

Prospective investors should be aware that the regulatory technical standards prepared by the European Banking Authority and the European Securities and Markets Authority which will provide guidance on certain aspects of regulation relating to STS have not been finalised. Accordingly, uncertainty remains when and in what form such final regulatory technical standards will be adopted. No assurance can be given by the Issuer, the Security Trustee, the Seller or the Arranger to any investors that the securitisation will at any time in the future be designated an STS securitisation.

Notably, the risk weights attached to securitisation exposures for credit institutions and investment firms will in general increase substantially under the new securitisation framework implemented under the Securitisation Regulations. Investors should carefully consider (and, where appropriate, take independent advice) in relation to the capital charges associated with an investment in the Notes. In particular, investors should carefully consider the effects of the change (and likely increase) to the capital charges associated with an investment in the Notes for credit institutions and investment firms expected to take effect from 1 January 2020. These effects may include, but are not limited to, a decrease in demand for the Notes in the secondary market, which may lead to a decreased price for the Notes. It may also lead to decreased liquidity and increased volatility in the secondary market.

### *Effects of the Volcker Rule on the Issuer, the Notes and the holders of the Notes*

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which was signed into law on 21 July 2010, imposed a new regulatory framework over the U.S. financial services industry and the U.S. consumer credit markets in general. On 10 December 2013, U.S. regulators adopted final regulations to implement Section 619 of the Dodd-Frank Act. Section 619 of the

Dodd-Frank Act added a new section 13 to the Bank Holding Company Act of 1956, commonly referred to as the "Volcker Rule".

The Volcker Rule generally prohibits "banking entities" (broadly defined to include U.S. banks, bank holding companies and foreign banking organizations, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in, or sponsoring, a "covered fund", and (iii) entering into certain relationships with such funds, subject to certain exceptions and exclusions. See "*The Volcker Rule*" on the cover of this prospectus for information on the Issuer's status under the Volcker Rule.

Significant questions remain regarding the proper interpretation of many of these regulations. In addition, there is also uncertainty regarding the nature and timing of additional regulations that are required under the Dodd-Frank Act but have yet to be promulgated. Given the broad scope and sweeping nature of these changes, the potential impact of these actions on the Issuer, any of the Notes or any owners of interests in the Notes is unknown, and no assurance can be made that the impact of such changes would not have a material adverse effect on the prospects of the Issuer or on the value or marketability of the Notes. In particular, the costs of compliance with such rules and regulations could have a material adverse effect on the Issuer and the Noteholders. Any prospective investor in the Notes or Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

***Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes***

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of both the asset-backed securities ("ABS") and mortgage-backed securities ("MBS") markets. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in ABS/MBS securitisation exposures and/or the incentives for certain investors to such securities, and may thereby have a negative impact on such investors' liquidity in such instruments. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Joint Lead Managers, the Arranger, the Seller, the Note Trustee, the Security Trustee, the Paying Agent, the Cash Manager, the Issuer Account Bank, the Registrar, the Servicer, the Retention Holder or the Servicer makes any representation to any prospective investor or purchaser of the Notes and/or the Certificates regarding the regulatory capital treatment of their investment on the Closing Date or at any time in the future.

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

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

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes and Certificates. Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes and/or Certificates. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance with the relevant EU risk retention and due diligence requirements should seek guidance from their regulator and/or independent advice on the issue. In this regard investors should be aware that although the Notes and Certificates to be held by the Retention Holder are transferable instruments, the Retention Holder has covenanted to maintain its retention, on an ongoing basis, of a net economic interest of not less than 5 per cent. in the securitisation constituted by the transaction. (See the section entitled "*EU Risk Retention Requirements*" for further details).

With respect to the commitment of the Retention Holder to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer or another relevant party, please see the statements set out in the section of this Prospectus headed "*EU Risk Retention Requirements*". Relevant investors are required to independently assess and determine the sufficiency of the information or arrangement described above for the purposes of complying with any relevant requirements and none of the Issuer, the Servicer, the Retention Holder, the Note Trustee, the Security Trustee, any Paying Agent, the Cash Manager, the Registrar, the Seller, the Arranger or the Joint Lead Managers or any other party makes any representation that the information described above is sufficient in all circumstances for such purposes. In addition each prospective Noteholder should ensure that it complies with the implementing provisions in respect of Articles 405 to 410 of the CRR, Section 5 of the AIFMR and Article 256 of the Solvency II Regulation in their relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator.

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

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

In the U.S., on 21 October 2014, the Federal Deposit Insurance Corporation (the "**FDIC**"), the Federal Housing Finance Agency (the "**FHFA**") and the Office of the Comptroller of the Currency (the "**OCC**") adopted a final rule implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act for asset-backed securities (the "**U.S. Credit Risk Retention Requirements**"). The following day, the Board of Governors of the Federal Reserve System, the Securities and Exchange Commission (the "**SEC**") and the Department of Housing and Urban Development (collectively with the FDIC, FHFA and OCC, the "**Joint Regulators**") adopted the U.S. Credit Risk Retention Requirements. As required by the Dodd-Frank Act, the U.S. Credit Risk Retention Requirements generally require "**securitisers**" to retain not less than 5 per cent. of the credit risk of the assets collateralising the issuance of "asset-backed securities" and generally prohibit a securitiser from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitiser is required to retain. The U.S. Credit Risk Retention Requirements became effective for residential mortgage-backed securities on 24 December 2015. As described under "*U.S. Credit Risk Retention Requirements*", it is intended that the U.S. Credit Risk Retention Requirements will be satisfied by designating the Retention Holder as the sponsor that will hold the required credit risk by holding a minimum of 5 per cent. of the nominal value of each Class of Notes and Certificates issued by the Issuer on the Closing Date. If the Retention Holder fails to retain credit risk in accordance with the U.S. Credit Risk Retention Requirements, the value and liquidity of the Notes may be adversely impacted.

Prospective investors should make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes.

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

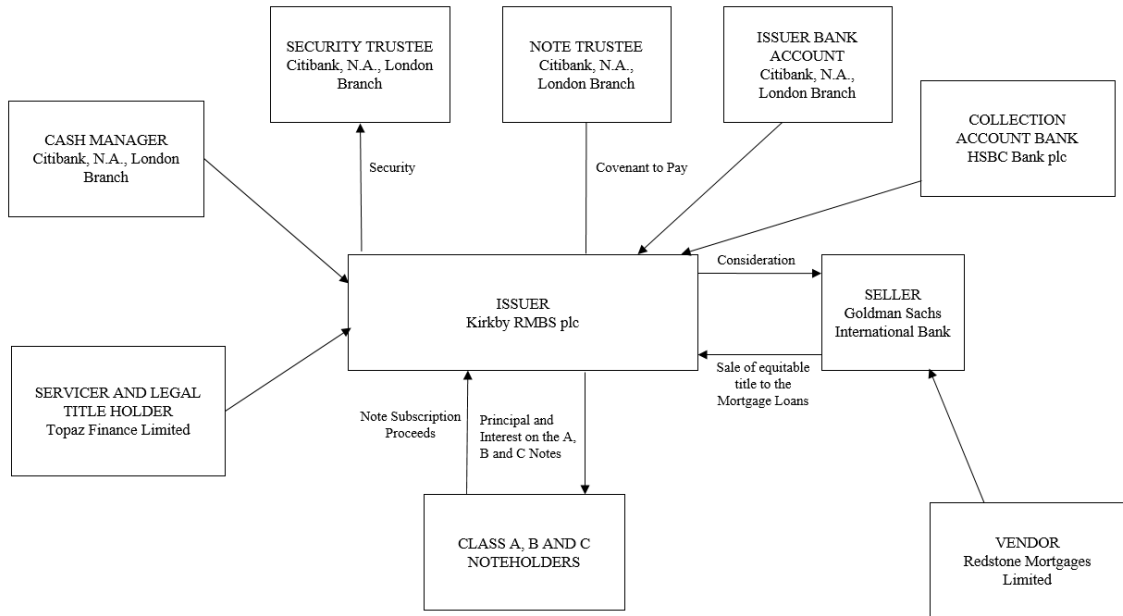
**Risks related to alternative characterisation of Rule 144A notes as an equity interest in the Issuer for US federal income tax purposes**

The Issuer is incorporated as a public limited company under the laws of England and Wales. It is a special purpose company and will be mostly passive. See "*The Issuer*". Under current US federal income tax law, the Issuer is treated as an association that is taxable as a corporation for US federal income tax purposes. The characterisation of Rule 144A Notes as debt or equity for US federal income tax purposes depends on many factors, including the form of such Notes, the terms of such Notes and the debt-to-equity ratio of the Issuer. The Issuer intends to treat the Class A Notes and the Class B Notes as debt for U.S. federal income tax purposes. However, there is a risk that the U.S. Internal Revenue Service (the "**IRS**") could assert that any Class of Notes should be treated as an equity interest in the Issuer (and, potentially as an interest in a passive foreign investment company ("**PFIC**") or a controlled foreign corporation ("**CFC**") rather than as debt for US federal income tax purposes. A Rule 144A Note that is treated as an equity interest in a PFIC or CFC rather than a debt instrument for US federal income tax purposes would have certain timing and character consequences to a United States holder and could require certain elections (accompanied by certain disclosures) that would need to be made shortly after acquisition to mitigate potentially adverse US tax consequences. The Issuer does not intend to provide the necessary information required in order to make those elections (or disclosures). See "*Certain United States Federal Income Tax Considerations – Tax Treatment of Rule 144A Notes Classified as Equity*".

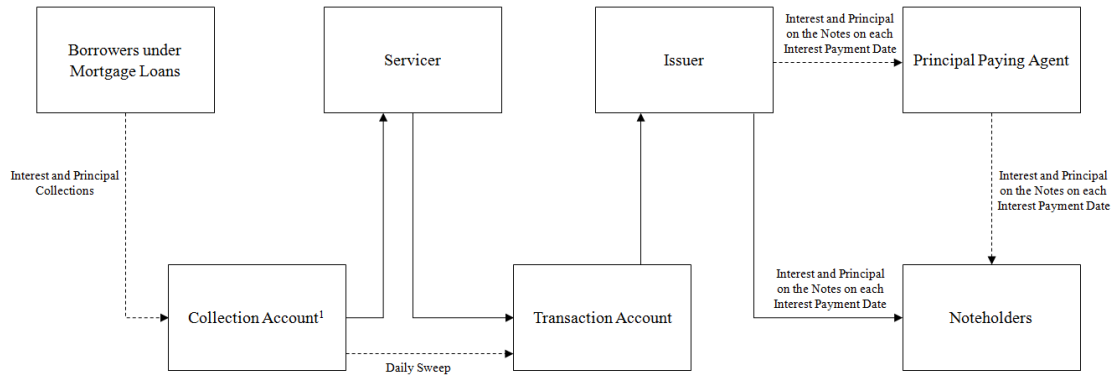
**Eurosystem eligibility**

The Notes are intended to be held in a manner which would allow Eurosystem eligibility. This simply means that the Notes will be deposited with one of the ICSDs as common safekeeper. However, the deposit of the Notes with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that any of the Notes 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.

DIAGRAMMATIC OVERVIEW OF TRANSACTION



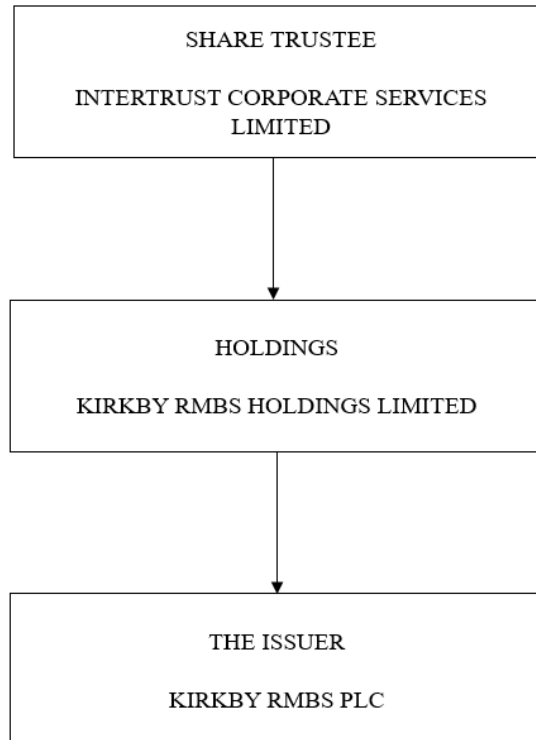
**DIAGRAMMATIC OVERVIEW OF ON-GOING CASHFLOWS**



<sup>1</sup> Held in the name of the Legal Title Holder

**OWNERSHIP STRUCTURE DIAGRAM**

The Issuer is a wholly-owned subsidiary of Kirkby RMBS Holdings Limited ("**Holdings**"). The entire issued share capital of Holdings is legally owned by Intertrust Corporate Services Limited (the "**Share Trustee**") on discretionary trust, the benefit of which is expressed to be for charitable purposes.



## TRANSACTION OVERVIEW

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

## TRANSACTION PARTIES ON THE CLOSING DATE

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>Issuer</b>	Kirkby RMBS plc	35 Great St. Helen's London EC3A 6AP	N/A  See section entitled " <i>The Issuer</i> " for further information
<b>Holdings</b>	Kirkby RMBS Holdings Limited	35 Great St. Helen's London EC3A 6AP	N/A  See section entitled " <i>Holdings</i> " for further information
<b>Seller</b>	Goldman Sachs International Bank	Peterborough Court, 133 Fleet Street, London EC4A 2BB	See section entitled " <i>The Seller and the Retention Holder</i> " for further information
<b>Servicer and Legal Title Holder</b>	Topaz Finance Limited	The Pavilions, Bridgwater Road, Bristol BS13 8AE	Servicing Agreement  See section entitled " <i>The Servicer and Legal Title Holder</i> " for further information
<b>Replacement Servicer Facilitator</b>	Intertrust Management Limited	35 Great St. Helen's London EC3A 6AP	See section entitled " <i>The Corporate Services Provider, the Replacement Cash Manager Facilitator and the Replacement Servicer Facilitator</i> " for further information.  Servicing Agreement
<b>Cash Manager</b>	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf London E14 5LB	Cash Management Agreement  See section entitled " <i>Cashflows and Cash Management</i> " and " <i>The Cash Manager</i> " for further information
<b>Replacement Cash Manager Facilitator</b>	Intertrust Management Limited	35 Great St. Helen's London EC3A 6AP	See section entitled " <i>The Corporate Services Provider, the Replacement Cash Manager Facilitator and the Replacement Servicer Facilitator</i> " for further information



<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
			Cash Management Agreement  See section entitled " <i>Cashflows and Cash Management</i> " for further information
<b>Note Trustee and Security Trustee</b>	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary wharf London E14 5LB	Note Trust Deed and Deed of Charge  See the section entitled " <i>Terms and Conditions of the Notes</i> " and " <i>Terms and Conditions of the Certificates</i> " for further information
<b>Share Trustee</b>	Intertrust Corporate Services Limited	35 Great St. Helen's London EC3A 6AP	Share Trust Deed  See section entitled " <i>The Issuer</i> " for further information
<b>Principal Paying Agent</b>	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary wharf London E14 5LB	See the section entitled " <i>Terms and Conditions of the Notes</i> " and " <i>Terms and Conditions of the Certificates</i> " for further information
<b>Registrar</b>	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf London E14 5LB	Agency Agreement
<b>Issuer Account Bank</b>	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf London E14 5LB	Issuer Account Bank Agreement  See the sections entitled " <i>The Cash Manager and the Issuer Account Bank</i> " and " <i>Cashflows and Cash Management</i> " for further information
<b>Agent Bank</b>	Citibank, N.A., London Branch	Citigroup Centre, Canada Square, Canary Wharf London E14 5LB	Agency Agreement
<b>Collection Account Bank</b>	HSBC Bank plc	8 Canada Square, London E14 5HQ	See the sections entitled " <i>The Collection Account Bank</i> " and " <i>Cashflows and Cash Management</i> " for further information

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>Arranger</b>	Goldman Sachs International	Peterborough Court, 133 Fleet Street, London EC4A 2BB	N/A
<b>Joint Lead Manager</b>	Goldman Sachs International	Peterborough Court, 133 Fleet Street, London EC4A 2BB	Subscription Agreement  See the section entitled " <i>Subscription, Sale and Selling Restrictions</i> " for further information
<b>Joint Lead Manager</b>	Goldman Sachs & Co. LLC, New York	200 West Street, 29 <sup>th</sup> Floor, New York, NY 10282	Subscription Agreement  See the section entitled " <i>Subscription, Sale and Selling Restrictions</i> " for further information
<b>Retention Holder</b>	Goldman Sachs International Bank	Peterborough Court, 133 Fleet Street, London EC4A 2BB	Risk Retention Letter  See section entitled " <i>The Seller and the Retention Holder</i> " for further information
<b>Corporate Services Provider</b>	Intertrust Management Limited	35 Great St. Helen's London EC3A 6AP	See section entitled " <i>The Corporate Services Provider, the Replacement Cash Manager Facilitator and the Replacement Servicer Facilitator</i> " for further information

**OVERVIEW OF THE CAPITAL STRUCTURE OF THE NOTES AND CERTIFICATES**

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

**FULL CAPITAL STRUCTURE OF THE NOTES AND CERTIFICATES**

	<b>Class X Certificate</b>	<b>Class A Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>	<b>Class Y Certificates</b>
<i>Currency</i>	GBP	GBP	GBP	GBP	GBP
<i>Initial Principal Amount</i>	N/A	£701,300,000	£131,500,000	£42,600,000	N/A
<i>Credit Enhancement</i>	Over collateralisation funded by the Notes	Over collateralisation funded by the Notes and excess Available Revenue Receipts and Available Principal Receipts	Over collateralisation funded by the Notes (other than the Class A Notes) and excess Available Revenue Receipts and Available Principal Receipts	Over collateralisation funded by excess Available Revenue Receipts and Available Principal Receipts	N/A
<i>Liquidity Support</i>	Subordination in payment of interest of the Class A Notes, the Class B Notes and the Class C Notes, and payment of the Class Y Payment in respect of the Class Y Certificates and the application of Available Principal Receipts to cure Revenue Shortfalls	Subordination in payment of interest of the Class B Notes and the Class C Notes and payment of the Class Y Payment in respect of the Class Y Certificates, excess Available Revenue Receipts and Available Principal Receipts and the application of Available Principal Receipts to cure Revenue Shortfalls.	Subordination in payment of interest of the Class C Notes and payment of the Class Y Payment in respect of the Class Y Certificates, excess Available Revenue Receipts and Available Principal Receipts and the application of Available Principal Receipts to cure Revenue Shortfalls.	Subordination in payment of the Class Y Payment in respect of the Class Y Certificates, excess Available Revenue Receipts and Available Principal Receipts and the application of Available Principal Receipts to cure Revenue Shortfalls.	N/A
<i>Issue Price</i>	N/A	100.0000%	100.0000%	68.7649%	N/A

OVERVIEW OF THE CAPITAL STRUCTURE OF THE NOTES AND CERTIFICATES

	<b>Class X Certificate</b>	<b>Class A Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>	<b>Class Y Certificates</b>
<i>Interest Rate or Payment Amount</i>	Class X Payment <sup>1</sup>	3 month LIBOR	3 month LIBOR	N/A (Fixed Rate)	Class Y Payment <sup>2</sup>
<i>Margin or Fixed Rate of Interest (as applicable)</i>	N/A	0.80%	2.00%	2.25% (Fixed Rate)	N/A
<i>Calculation Date</i>	N/A	The last day in the calendar month immediately preceding an Interest Payment Date			N/A
<i>Interest Payment Dates</i>	N/A	The 22 <sup>nd</sup> day of February, May, August and November or if not a Business Day, the next succeeding Business Day.			N/A
<i>First Interest Payment Date</i>	N/A	The Interest Payment Date falling in August 2018			N/A
<i>First Interest Period</i>	N/A	The period from the Closing Date to the Interest Payment Date falling in August 2018			N/A
<i>Optional Redemption Date</i>	N/A	The Interest Payment Date following the date on which the aggregate Current Balance of the Mortgage Portfolio as at such date becomes equal to or less than 20 per cent. of the Current Balance of the Mortgage Portfolio as at the Cut-Off Date			N/A
<i>Final Maturity Date</i>	N/A	The Interest Payment Date falling in February 2045			N/A
<i>Form of the Notes/Certificates</i>	Registered				
<i>Application for Listing</i>	Ireland, Regulated Market				
<i>Reg S ISIN</i>	XS1800172329	XS1789787303	XS1789787725	XS1789788616	XS1800172592
<i>Reg S Common Code</i>	180017232	178978730	178978772	178978861	180017259
<i>Rule 144A ISIN</i>	XS1800088889	XS1789787568	XS1789788533	XS1789788889	XS1800027234
<i>Rule 144A Common Code</i>	180008888	178978756	178978853	178978888	180002723
<i>Minimum Denomination</i>	N/A	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	N/A

<sup>1</sup> No interest is earned on the Class X Certificate. Payments on the Class X Certificate will be made in arrear on each Interest Payment Date.

<sup>2</sup> No interest is earned on the Class Y Certificates. Payments on the Class Y Certificates will be made in arrear on each Interest Payment Date.

## OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES AND CERTIFICATES

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

**Issuance of Notes:** The Class A Notes, Class B Notes and the Class C Notes (the "Notes") will be issued in registered form. Each class of Notes will be issued pursuant to Regulation S and Rule 144A and the Global Notes will be cleared through Euroclear and/or Clearstream, Luxembourg as set out on page 157 "Description of the Notes in Global Form" below.

**Issuance of Certificates** On the Closing Date, the Issuer will also issue the Class X Certificate and the Class Y Certificates as certificates constituted under the Note Trust Deed (together the Certificates and the holders thereof, the Certificateholders) representing the right to receive, in respect of the Class X Certificate, the Class X Payment, and in respect of the Class Y Certificates, the Class Y Payment.

The Certificates will be issued in registered form. The Certificates are being issued to the Seller and will not be listed or rated. The Certificates will be cleared through Euroclear and/or Clearstream/Luxembourg, as set out in "Description of the Certificates in Global Form" below.

**Sequential order:** The Class X Certificate will rank ahead of the Class A Notes with respect to payments of interest, Class B Notes with respect to payments of interest, Class C Notes with respect to payments of interest and the Class Y Certificates with respect to payments of the Class Y Payment as provided in the Conditions and the Transaction Documents.

The Class A Notes will rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate in relation to payments of interest only to the Class X Certificate with respect to payments of the Class X Payment, as provided in the Conditions and the Transaction Documents.

The Class B Notes will rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate in relation to payments of interest only to the Class X Certificate with respect to payments of the Class X Payment, and in relation to payments of interest and principal, the Class A Notes, as provided in the Conditions and the Transaction Documents.

The Class C Notes will rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate in relation to payments of interest only to the Class X Certificate with respect to payments of the Class X Payment, and in relation to payments of interest and principal the Class A Notes and the Class B Notes, as provided in the Conditions and the Transaction Documents.

The Class Y Certificates will rank *pari passu* without preference or priority among themselves in relation to payment of the Class Y Payment, but subordinate to the Class X Certificate with respect to payments of the Class X Payment and in relation to payments of interest only the Class A Notes, the Class B Notes and the Class C Notes, as provided in the Conditions and the Transaction Documents.

In addition to the above, payments on the Notes and Certificates are subordinate to payments of certain fees, costs and expenses payable to the other Secured Creditors (including the Note Trustee, the Security Trustee, the Issuer Account Bank, the Corporate Services Provider, the Servicer, the Cash Manager, the Paying Agents, the Registrar and the Agent Bank) and

certain third parties. For further information on the likely costs payable to such Secured Creditors, please see "*Fees*".

"**Paying Agents**" means the Principal Paying Agent and any further or other paying agents appointed under the Agency Agreement.

"**Transaction Documents**" means the Deed of Charge, the Scottish Supplemental Charge, the Note Trust Deed, the Agency Agreement, the Master Framework Agreement, the Cash Management Agreement, the Pricing Term Sheet, the Deed Poll, the Risk Retention Letter, the Mortgage Sale Agreement, the Scottish Declaration of Trust, the Servicing Agreement, the Collection Accounts Declaration of Trust, Deed of Covenant, the Issuer Account Bank Agreement, the Corporate Services Agreement and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes and/or Certificates or are designated by the Issuer and the Security Trustee as a "Transaction Document".

**Security:**

The Issuer's obligations in respect of the Notes are secured and will share the same Security together with the other secured obligations of the Issuer in accordance with the Deed of Charge as described in further detail in Condition 4.2 (*Security*). The security granted by the Issuer includes, pursuant to the Deed of Charge, *inter alia*:

- (a) a first fixed charge over the benefit of the Issuer's rights, title and interest in each Issuer Account, any bank or other accounts in which the Issuer may at any time have or acquire any benefit and (to the extent of its interest) all monies now or in the future standing to the credit of or accrued or accruing on such accounts; and
- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, present and future, to and under the Transaction Documents (other than any Scottish Supplemental Charge and any Scottish Declaration of Trust) and any sums derived therefrom;
- (c) an assignment by way of security of (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) (in each case, subject to the subsisting rights of redemption of the relevant Borrowers) the Issuer's interest in the English Mortgage Loans and their Related Security and other related rights comprised in the Mortgage Portfolio (other than in respect of Scottish Mortgage Loans) and any sums derived therefrom;
- (d) an assignment by way of security of (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge) over the Issuer's Benefit in the Insurance Contracts assigned to the Issuer pursuant to the Mortgage Sale Agreement;
- (e) an assignment by way of security (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) (but subject to the right of reassignment) the Benefit in the Issuer's Share of the Collection Accounts Trust (created pursuant to the Collection Accounts Declaration of Trust);
- (f) a charge by way of first fixed charge over the Issuer's rights, title, interests and benefit, present or future, to and under or in respect of

any Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf; and

- (g) a charge by way of first floating charge over the whole of the Issuer's undertaking and all its property and assets, rights and revenues, whatsoever and wheresoever, both present and future, other than its share capital but including its uncalled capital, including any fixed charges which may take effect as floating charges, except those assets not otherwise subject to the charges referred to above or otherwise secured under the Deed of Charge.

**"Authorised Investments "** means:

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

**provided that** in all cases such investments do not constitute securitisation positions and will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and either:

- (i) such investments (A) have a maturity date of 60 days or less and mature before the next following Interest Payment Date or within 60 days, whichever is sooner (and in each case for at least the price paid for the relevant investment), (B) may be broken or demanded by the Issuer (at no cost to the Issuer and for at least the price paid for the relevant investment) before the next following Interest Payment Date or within 60 days, whichever is sooner, (C) are rated at least P-1 by Moody's (and A2 (long term) by Moody's if the investments have a long-term rating) and F1+ by Fitch (and AA- by Fitch if the investments have a long-term rating) and A-1 by S&P and (D) are not the proceeds of or income from a Matured Authorised Investment which has yet to be paid into the Transaction Account in accordance with the Cash Management Agreement; or
- (ii) such investments (A) have a maturity date of 90 days or less and mature before the next following Interest Payment Date or within 90 days, whichever is sooner (and in each case for at least the price paid for the relevant investment), (B) may be broken or demanded by the Issuer (at no cost to the Issuer and for at least the price paid for the relevant investment) before the next following Interest Payment Date or within 90 days, whichever is sooner, (C) are rated at least P-1 by Moody's (and A2 (long term) by Moody's if the investments have a long-term rating) and F1+ by Fitch (and AA- by Fitch if the investments have a long-term rating) and A-1+ by S&P (and AA- (long term) by S&P if the investments have a long-term rating) and (D) are not the proceeds of or income from a Matured Authorised Investment which has yet to be paid into the Transaction Account in accordance with the Cash Management Agreement.

For the avoidance of doubt, investments consisting in whole or in part, actually or potentially of tranches or other asset backed securities, credit-linked rates, swaps or other derivatives instruments, synthetic securities or similar claims and/or where investments would be in a money market fund or would result in the recharacterisation of the Notes or any transaction as a "re-securitisation" or a "synthetic securitisation" as defined in Articles 4(63) and 242(11), respectively, of Regulation (EU) No 575/2013 (as amended and/or supplemented from time to time), such investments shall not qualify



as Authorised Investments.

**"English Mortgage"** means a charge by way of legal mortgage over freehold or leasehold property located in England or Wales.

**"English Mortgage Loan"** means a loan secured by an English Mortgage.

**"Insurance Contracts"** means in relation to any Mortgage Loan, any insurance contract or policy arranged by the lender or a Borrower from time to time and in which the lender has an interest relating to that Mortgage Loan excluding each group insurance contract and policy and general mortgagee contingency contract and policy referred to in the VMSA.

**"Related Security"** means, in relation to a Mortgage, the Mortgage Deed and:

- (a) where such Mortgage is an Amber Mortgage, a Beacon Mortgage, a Platform Mortgage or a Rooftop Mortgage, each guarantee and assignment or assignation and charge over an insurance policy (if any) which constitute(s) all or part of the security in respect of the relevant Mortgage Loan and was assigned to the Vendor; and
- (b) where such Mortgage is a Redstone Mortgage, each guarantee and assignment or assignation and charge over an insurance policy (if any) which constitute(s) all or part of the security in respect of the relevant Mortgage Loan.

**"Scottish Mortgage"** means a standard security (in terms of the Conveyancing and Feudal Reform (Scotland) Act 1970 (as amended)) over heritable property located in Scotland.

**"Scottish Mortgage Loan"** means a loan secured by a Scottish Mortgage.

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

## Scottish Security

The Issuer's obligations in respect of the Notes are secured and will share the same Security together with the other secured obligations of the Issuer in accordance with the Scottish Supplemental Charge and Scottish Declaration of Trust as described in further detail in Condition 4.2 (*Security*). The security granted by the Issuer includes, pursuant to the Scottish Supplemental Charge, *inter alia*:

- (a) an assignation in security of the Issuer's rights, title, interest and benefit in, present and future, to and under the Scottish Declaration of Trust and any sums derived therefrom; and
- (b) a charge by way of first floating charge over the whole of the Issuer's undertaking and all its property and assets, rights and revenues, whatsoever and wheresoever, both present and future, other than its share capital but including its uncalled capital, including any fixed charges which may take effect as floating charges, except those assets not otherwise subject to the charges referred to above or otherwise secured under the Scottish Supplemental Charge.

**"Originator"** means any of Redstone Mortgages Limited, Beacon Homeloans Limited, Amber Homeloans Limited, Platform Funding Limited, and Rooftop Mortgages Limited.

**Interest payable on the Notes and Payment Amounts payable in respect of the Certificates:** The interest rates applicable to each Class of Notes and the Payment Amounts payable in respect of each of the Class X Payment and the Class Y Payment are described in the sections "*Full Capital Structure of the Notes and Certificates*", "*Terms and Conditions of the Notes*" and "*Terms and Conditions of the Certificates*".

**Deferral:** Interest due and payable but unpaid on the Notes (other than interest in respect of the Most Senior Class of Notes then outstanding) may be deferred in accordance with Condition 17 (*Subordination by Deferral*).

Payments in respect of the Class Y Payment are not deferrable as in circumstances where the Issuer has insufficient proceeds available to meet its obligations ranking senior to the Class Y Certificate, the amount due under the Class Y Certificate shall be zero.

**No Gross-up:** None of the Issuer, the Note Trustee or any other person will be obliged to pay any additional amounts to the Noteholders or the Certificateholders if there is any withholding or deduction for or on account of taxes from a payment made under the Notes or the Certificates (as applicable).

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

- (a) mandatory redemption of the Notes in whole, and cancellation of the Certificates on the Final Maturity Date, as fully set out in Condition 8 (*Redemption*);
- (b) mandatory redemption in part on any Interest Payment Date prior to the delivery of an Enforcement Notice subject to availability of Available Principal Receipts (to the extent not applied to cover any Revenue Shortfall), as fully set out in Condition 8 (*Redemption*);
- (c) mandatory redemption of the Notes in whole on any Interest Payment Date on or after the Optional Redemption Date following the exercise by the Portfolio Option Holder of the Portfolio Purchase Option, as fully set out in Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*);
- (d) mandatory redemption of the Notes in whole on any Interest Payment Date after the Issuer notifies the Portfolio Option Holder of its right to exercise its call option pursuant to and within the time limits specified in Condition 8.3(d) (*Optional Redemption for Taxation or Other Reasons*) if the Portfolio Option Holder chooses to exercise the Portfolio Purchase Option, as fully set out in Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*); and
- (e) optional redemption of the Notes in whole exercisable by the Issuer for tax reasons, as fully set out in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*).

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

Upon all of the Notes being redeemed in full, the Notes will be cancelled.

Upon all of the Notes being redeemed in full and the Notes being cancelled,

the Certificates will be cancelled.

**Expected Average Lives of the Notes:**

The actual average lives of the Notes cannot be stated, as the actual rate of repayment of the Mortgage Loans and redemption of the Mortgage Loans and a number of other relevant factors are unknown. However, calculations of the possible average lives of the Notes can be made based on certain assumptions as described under "*Estimated Weighted Average Lives of the Notes*" below.

**Events of Default:**

As fully set out in Condition 11 (*Events of Default*) and Certificate Condition 10 (*Events of Default*), which includes, among other events (where relevant, subject to the applicable grace period):

- non-payment of interest and/or principal and/or Payment Amounts in respect of the Most Senior Class of Notes or Certificates then outstanding or in issue (as applicable) where such non-payment continues for a period of 7 Business Days in the case of interest or Payment Amounts and 14 Business Days in the case of principal;
- breach of any contractual obligations by the Issuer under the Transaction Documents which, in the opinion of the Note Trustee, is materially prejudicial to the interests of the holders of the Most Senior Class if such breach is incapable of remedy or, if it is capable of remedy, has not been remedied within the applicable grace period;
- any material representation made by the Issuer is incorrect when given if the matters giving rise to such misrepresentation are, in the opinion of the Note Trustee, materially prejudicial to the interests of the holders of the Most Senior Class, and the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of remedy or, if capable of remedy, such matters are not remedied within the applicable grace period; and
- the occurrence of certain insolvency-related events in relation to the Issuer.

Following the occurrence of an Event of Default, the Note Trustee may (or if so directed by an Extraordinary Resolution of the Most Senior Class or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class, shall) serve an Enforcement Notice on the Issuer that all Classes of Notes are immediately due and payable, **provided that**, in each case, the Note Trustee is indemnified and/or prefunded and/or secured to its satisfaction. Following service of an Enforcement Notice to the Issuer, the Security Trustee may (subject to the terms of the Deed of Charge) enforce the Security.

**"Business Day"** means a day other than a Saturday or Sunday on which banks are ordinarily open for the transaction of normal banking business in London.

**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 12.3 (*Limited Recourse*). The Certificates are limited recourse obligations of the Issuer, and are subject to a final write-off, which is described in more detail in Certificate Condition 11.4 (*Limited Recourse*). In accordance with Condition 12.2 (*Limitations on Enforcement*) and Certificate Condition 11.2 (*Limitations on Enforcement*), no Noteholder or Certificateholder may proceed directly against the Issuer unless the Note Trustee or the Security Trustee, having become bound to do so, fails to do

so within a reasonable period of time and such failure is continuing.

**Governing Law:** English law (**provided that** any terms of the Transaction Documents which are particular to Scots law will be governed by and construed in accordance with Scots law and the Scottish Declaration of Trust and Scottish Supplemental Charge will be governed by Scots law).

**Eurosystem Eligibility:** The Notes are intended upon issue to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are intended to be deposited with one of the ICSDs as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility has been met. See "*Risk Factors – Eurosystem eligibility*" above. Such recognition will depend upon the ECB being satisfied that all Eurosystem eligibility has been met (and, for the avoidance of doubt, such Eurosystem eligibility is not, as at the Closing Date, expected to be satisfied by any Notes).

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

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

"Secured Creditors" means the Security Trustee, any Appointee of the Note Trustee or the Security Trustee, any Receiver appointed by the Security Trustee pursuant to the Deed of Charge, the Note Trustee, the Noteholders, the Seller, the Servicer, the Replacement Servicer Facilitator, the Cash Manager, the Replacement Cash Manager Facilitator, the Issuer Account Bank, the Corporate Services Provider, the Principal Paying Agent, the Registrar, the Agent Bank, the Legal Title Holder and any other person who is expressed in any deed supplemental to the Deed of Charge to be a secured creditor.

"Noteholders" means the registered holders for the time being of the Notes, or if preceded by a particular Class designation of Notes, the registered holders for the time being of such Class of Notes.

**Prior to an Event of Default:** Prior to the occurrence of an Event of Default, (i) the Directing Certificateholder and/or (ii) Noteholders or Certificateholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes or Certificates then outstanding are entitled to convene a Noteholders' or a Certificateholders' meeting, as applicable.

However, so long as no Event of Default has occurred and is continuing, the Noteholders and/or Certificateholders are not entitled to instruct or direct the Issuer to take any actions (other than certain matters which may be instructed or directed by the Directing Certificateholder), either directly or through the Note Trustee, without the consent of the Issuer and, if applicable, certain other transaction parties, unless the Issuer has an obligation to take such actions under the relevant Transaction Documents.

**Following an Event of Default:** Following the occurrence of an Event of Default which is continuing, Noteholders or Certificateholders may, if they hold not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class, or if an Extraordinary Resolution of the holders of the Most Senior Class is passed, direct the Note Trustee to give an Enforcement Notice to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued (but unpaid) interest. The Note Trustee shall not be bound to take any such action unless first indemnified and/or pre-funded and/or secured to its satisfaction. In addition, Noteholders and/or Certificateholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes or Certificates are entitled to convene a Noteholders' and/or Certificateholders' meeting, as applicable.

<b>Noteholders' and/or Certificateholders' Meeting provisions:</b>	<i>Initial meeting</i>	<i>Adjourned meeting</i>
Notice period:	At least 21 clear days	Not less than 13 clear days or more than 42 clear days
Quorum:	Subject to more detailed provisions of the Note Trust Deed, one or more persons present and representing in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates then outstanding or in	Subject to more detailed provisions of the Note Trust Deed, (a) for an Ordinary Resolution, one or more persons present and holding or representing not less than 10 per cent. of the aggregate Principal Amount

issue, as applicable, for transaction of business including the passing of an Ordinary Resolution.

Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable; or

The quorum for passing an Extraordinary Resolution (other than a Basic Terms Modification) shall be one or more persons present and representing in the aggregate not less than 50 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates then outstanding or in issue, as applicable.

(b) for an Extraordinary Resolution, one or more persons present and holding or representing in the aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes or Certificates of the relevant Class outstanding or in issue, as applicable; and

The quorum for passing a Basic Terms Modification shall be one or more persons eligible to attend and vote at such meeting holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates then outstanding or in issue, as applicable

(c) for a Basic Terms Modification, one or more persons present and holding or representing not less than 75 per cent. of the aggregate Principal Amount Outstanding of the affected Class of Notes or Certificates then outstanding or in issue, as applicable.

Required majority for Ordinary Resolution:

A clear majority of persons eligible to attend and vote at such meeting and voting upon a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the Notes or Certificates held by such eligible person) (an "**Ordinary Resolution**").

Required majority for

Majority consisting of not less than 75 per cent

Extraordinary Resolution: of persons eligible to attend and vote at such meeting and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the Notes or Certificates held by such eligible person) (an "Extraordinary Resolution").

Required majority for a written resolution: Not less than 75 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates then outstanding or in issue, as applicable. A written resolution has the same effect as an Extraordinary Resolution.

**Matters requiring Extraordinary Resolution:**

The following matters require an Extraordinary Resolution of the Noteholders or Certificateholders, as applicable, as set out in the Note Trust Deed:

- to sanction or to approve a Basic Terms Modification;
- to sanction any compromise or arrangement proposed to be made between, among others, the Issuer or any other party to any Transaction Document;
- to sanction any abrogation, modification, compromise or arrangement in respect of the rights of, among others, the Note Trustee or any other party to any Transaction Document against any other or others of them or against any of their property whether such rights arise under the Note Trust Deed, any other Transaction Document or otherwise;
- to approve the substitution of any person for the Issuer as principal debtor under the Notes other than in accordance with Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), Condition 13.17 (*Issuer Substitution Condition*) or Certificate Condition 12.16 (*Issuer Substitution Condition*);
- to assent to any modification of the Note Trust Deed or any other Transaction Document which is proposed by the Issuer or any other party to any Transaction Document or any Noteholder or Certificateholder, other than those modifications which are sanctioned by the Note Trustee without the consent or sanction of the Noteholders in accordance with the terms of the Note Trust Deed;
- to direct the Note Trustee to serve an Enforcement Notice;
- to remove the Note Trustee and/or the Security Trustee;
- to approve the appointment of a new Note Trustee and/or Security Trustee;

- to authorise the Note Trustee, the Security Trustee and/or any Appointee to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- to discharge or exonerate the Note Trustee, Security Trustee and/or any Appointee from any liability in respect of any act or omission for which it may become responsible under the Note Trust Deed or the Notes;
- to appoint any persons as a committee to represent the interests of the Noteholders or the Certificateholders and to confer upon such committee any powers which the Noteholders or the Certificateholders could themselves exercise by Extraordinary Resolution;
- to sanction any scheme or proposal for the exchange, sale, conversion or cancellation of the Notes or the Certificates for or partly or wholly in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company or partly or wholly in consideration of cash; and
- to give any other authorisation or sanction which under the Note Trust Deed or any other Transaction Document is required to be given by Extraordinary Resolution.

For the avoidance of doubt, a proposal to sanction a reduction in the principal amounts due on a Class of Notes or Certificates shall require the sanction of the holders of the relevant Class of Notes or Certificates to be so reduced, and shall not require the consent of other Classes of Notes or Certificates.

See Condition 12 (*Enforcement*) and Certificate Condition 11 (*Enforcement*) for more detail.

#### **Basic Terms Modification**

Broadly, the following matters are Basic Terms Modifications:

- any change to any date fixed for payment of principal or interest in respect of the Notes or any class of Notes;
- any reduction, cancellation or alteration of the amount of principal or interest payable on any date in respect of the Notes or any class of Notes (other than any LIBOR Modification (as defined in Condition 13.7 (*Additional Right of Modification in Relation to LIBOR Cessation*)));
- any alteration of the method of calculating the amount of any payment (including the priority of payment) in respect of the Notes and/or Certificates or the date for any such payment (other than any LIBOR Modification (as defined in Condition 13.7 (*Additional Right of Modification in Relation to LIBOR Cessation*)));
- any change to the currency of any payment under the Notes and/or Certificates or any class of Notes and/or Certificates;
- any change to the quorum requirements relating to any Meeting or the majority required to pass an Extraordinary Resolution; or
- any amendment to the definition of "Basic Terms Modification".

See Condition 13.3 (*Quorum*) and Condition 13.7 (*Additional Right of*



*Modification in Relation to LIBOR Cessation*) for more detail.

**Right of modification without Noteholder consent**

Subject to satisfying the conditions set out in Condition 13.4, the Note Trustee may direct the Security Trustee, with the written consent of the Secured Creditors at all times (in respect of Condition 13.4(c)) or from time to time, which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree with the Issuer and any other parties in making or sanctioning any modification:

- to the Conditions, the Certificate Conditions, the Note Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee, will not be materially prejudicial to the interests of the Noteholders, the Certificateholders or the Note Trustee or the Security Trustee; or
- to the Conditions, the Certificate Conditions the Note Trust Deed or any other Transaction Document if in the opinion of the Note Trustee such modification is of a formal, minor or technical nature or to correct a manifest error; or
- that would result in the Issuer entering into any new and/or amended Issuer Account Bank Agreement or collection account agreement (subject to the conditions set out in Condition 13.4(c)).

See Condition 13.4 for more detail.

Subject to satisfying the conditions set out in Condition 13.6 (*Additional Right of Modification*), the Note Trustee shall be obliged, without any consent or sanction of any Noteholders or Certificateholders or subject to Condition 13.6(e)(iii) any other Secured Creditors, to concur with the Issuer in making any modification (other than a Basic Terms Modification) to any Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary:

- for the purposes of complying with any changes in the requirements of the CRR, AIFMD, AIFMR, the Dodd-Frank Wall Street Reform, the Securitisation Regulations and the Consumer Protection Act;
- for the purposes of enabling the Notes to be (or to remain) listed on Euronext Dublin;
- for the purposes of enabling the Issuer or any of the other Transaction Parties to comply with FATCA; and
- for the purpose of complying with any changes in the requirements of the Credit Rating Agencies Regulation after the Issue Date.

See Condition 13.6 (*Additional Right of Modification*) for more detail.

Subject to satisfying the conditions set out in Condition 13.7 (*Additional Right of Modification in Relation to LIBOR Cessation*), the Note Trustee shall be obliged, without any consent of any Noteholders or any other Secured Creditors, to concur with the Issuer in making any modification (other than a Basic Terms Modification) to the Note Trust Deed or the Conditions or any other Transaction Documents that the Issuer considers necessary for the purpose of changing the Screen Rate (any such rate, a "**LIBOR Replacement Rate**") and making such other related or

consequential amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change (a "**LIBOR Modification**").

See Condition 13.7 (*Additional Right of Modification in Relation to LIBOR Cessation*) for more detail.

**Deemed Principal Amount Outstanding of the Certificates**

The Certificates will not have a Principal Amount Outstanding. However, for the purposes of the voting and quorum provisions set out in the Conditions, the Certificate Conditions and the Note Trust Deed any reference to the Principal Amount Outstanding of the Class X Certificate and the Class Y Certificates shall each be deemed to be a reference at all times to £10,000.

**Directing Certificateholder**

The directing certificateholder ("**Directing Certificateholder**") will be the Class Y Certificateholder or its representative or appointee appointed by the beneficial holder or holders of more than 50 per cent. of the Class Y Certificates (for the avoidance of doubt, excluding those Class Y Certificates held directly or indirectly by the Retention Holder) and will have certain rights with respect to the termination of the appointment of the Servicer and the appointment of a replacement Servicer and to convene a Certificateholders' meeting.

**Relationship between Classes of Noteholders and Certificateholders:**

Subject to the provisions governing a Basic Terms Modification and certain matters relating to the Directing Certificateholder, an Extraordinary Resolution of a relevant Class of Notes or Certificates shall be binding on all other Classes of Notes or Certificates which are subordinate to such Class of Notes or Certificates in the Pre-Enforcement Principal Priority of Payments, irrespective of the effect upon them. No Extraordinary Resolution of any other Class of Noteholders or other Class of Certificateholders shall take effect for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class.

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

**Relationship between Noteholders, Certificateholders and other Secured Creditors:**

So long as any of the Notes or Certificates are outstanding, neither the Security Trustee nor the Note Trustee shall have regard to the interests of the other Secured Creditors.

Subject to the rights of the Directing Certificateholder, so long as any of the Notes and/or Certificates are outstanding, the Note Trustee will have regard to the interests of each Class of Noteholders and Certificateholders, but if in the Note Trustee's sole opinion there is a conflict between the interests of any Classes of Notes and/or Certificates, it will have regard (subject to the rights of the Directing Certificateholder) solely to the interests of the holders of the Class of Notes and/or Certificates ranking in priority to the other relevant Classes of Notes or Certificates in the Pre-Enforcement Principal Priority of Payments, and the holders of such subordinated Classes of Notes and/or Certificates shall have no claim against the Note Trustee for so doing.

**Relevant Person as Noteholder or Certificateholder:**

For certain purposes, including the determination as to whether Notes are deemed outstanding or Certificates are deemed still to be in issue, for the purposes of convening or voting at a meeting of Noteholders or Certificateholders, those Notes or Certificates (if any) which are for the time being held by or on behalf of or for the benefit of the Seller or the Retention Holder (to the extent that such holding relates to the Retained Interest only) or any Affiliate thereof, (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, except where all of the Notes of any Class or all of the 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 or Certificates (the "**Relevant Class of Notes**" or the "**Relevant Class of Certificates**", as applicable) shall be deemed to remain outstanding or in issue (as the case may be). See above risk factor "*Risk Factors – Conflict between Noteholders and Certificateholders*".

**Provision of Information to the Noteholders and Certificateholders:**

The Cash Manager will publish (i) a monthly investor report detailing, among other things, certain aggregated loan file data in relation to the Portfolio (the "**Monthly Investor Report**") and (ii) a quarterly investor report detailing, among other things, certain aggregated loan file data in relation to the Portfolio and information concerning payment priorities for the relevant Interest Payment Date (the "**Quarterly Investor Report**"), and "**Investor Report**" shall mean (as the context may require) the Monthly Investor Report and/or the Quarterly Investor Report. Each Investor Report will be prepared by the Cash Manager based on information contained in the Servicer Report. Each Investor Report will be published on the website at <https://sf.Citidirect.com>. The website <https://sf.Citidirect.com> and the contents thereof do not form part of the Prospectus.

**Communication with Noteholders and Certificateholders:**

Any notice to be given to Noteholders shall be given in the following manner:

- (a) Subject to paragraph (d) below, any notice to Noteholders and/or Certificateholders shall be validly given if published in the *Financial Times*, or, if such newspaper shall cease to be published or, if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom, **provided that** if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders and Certificateholders (in each case a "**Relevant Screen**"), or (ii) paragraph (c) below applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice.
- (b) In respect of Notes and/or Certificates in definitive form, notices to Noteholders or Certificateholders will be sent to them by first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail at the respective addresses on the Register. Any such notice will be deemed to have been given on the fourth day after the date of posting.
- (c) While the Notes and/or Certificates are represented by Global Notes and/or Global Certificates, as applicable, notices to Noteholders and/or Certificateholders will be valid if published as described above, or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders and/or 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.

- (d) In relation to the Notes and Noteholders, so long as the relevant Notes are admitted to trading on, and listed on the official list of, Euronext Dublin all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of Euronext Dublin (which includes delivering a copy of such notice to Euronext Dublin) and any such notice will be deemed to have been given on the date sent to Euronext Dublin.

The Note Trustee shall be at liberty to sanction some other method where, in its sole opinion, the use of such other method would be reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities and/or the quotation systems on or by which the Notes and/or Certificates, as applicable, are then listed, quoted and/or traded and **provided that** notice of such other method is given to Noteholders and Certificateholders in such manner as the Note Trustee shall require.

**OVERVIEW OF CREDIT STRUCTURE AND CASHFLOWS**

*Please refer to the sections entitled "Credit Structure" and "Cashflows" for further detail in respect of the credit structure and cash flow of the transaction.*

**Available Funds of the Issuer:**

Prior to an Enforcement Notice being served on the Issuer, the Cash Manager on behalf of the Issuer will apply Available Revenue Receipts and Available Principal Receipts on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments respectively, as set out below.

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

- (a) (i) Revenue Receipts received by or on behalf of the Issuer during the immediately preceding Calculation Period and (ii) in respect of the exercise of the Portfolio Purchase Option, amounts received from a third party purchaser or amounts received from the Portfolio Option Holder, as applicable, to be applied as Revenue Receipts, including accrued interest, fees, costs and expenses for the Issuer and other amounts to be applied as revenue to effect a redemption in full of the Notes pursuant to Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*);
- (b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Calculation Period and income from any Authorised Investments to be received in the immediately preceding Calculation Period;
- (c) any amounts standing to the credit of the Transaction Account that do not represent Principal Receipts and excluding all amounts standing to the credit of the Issuer Profit Ledger as at the end of the immediately preceding Calculation Period (but excluding, for the purposes of the First Interest Payment Date, an amount equal to the Establishment Expenses);
- (d) other net income of the Issuer received during the immediately preceding Calculation Period, excluding any Principal Receipts; and
- (e) any Available Principal Receipts to be applied as Available Revenue Receipts pursuant to items (a) or (i) of the Pre-Enforcement Principal Priority of Payments

*less*

- (f) amounts applied from time to time during the immediately preceding Calculation Period in making payment of certain monies in connection with the acquisition, disposal, holding and/or servicing of the Mortgage Loans which properly belong to third parties (including the Seller) such as (but not limited to):

- (i) amounts under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amounts itself from its customer's account or is required to refund an amount previously debited and such other amounts that have been paid in error or otherwise recalled or that are required by the Collection Account Bank to be credited to a reserve which will set aside an amount for such payments in the Collection Accounts, as applicable; and
- (ii) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower,

(items within this paragraph (f) being collectively referred to herein as "**Permitted Withdrawals**");

"**Calculation Period**" means each quarterly period commencing from (but excluding) each Calculation Date and ending on (and including) the immediately succeeding Calculation Date, with the first Calculation Period commencing on (and including) the Closing Date.

"**Calculation Date**" means the last day in the calendar month immediately preceding an Interest Payment Date.

"**Direct Debit**" means a written instruction of a Borrower authorising its bank to honour a request of the Legal Title Holder to debit a sum of money on specified dates from the account of the Borrower for deposit into an account of the Legal Title Holder:

- (a) (taking into account any amount paid by way of Permitted Withdrawals) amounts to remedy any overdraft in relation to the Collection Account, or to pay any amounts due to the Collection Account Bank in respect of the Mortgage Loans; and
- (b) any Servicing Fees which are due and payable or have been paid (without double counting) during the immediately preceding Calculation Period.

"**Issuer Profit Ledger**" means the ledger so named opened in the books of the Issuer by the Cash Manager which shall record as a credit any amounts retained by the Issuer as profit in accordance with the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments and as a debit any amount used to discharge any tax liability of the Issuer or to pay any dividends or make any other distribution to its shareholders.

"**Available Principal Receipts**" means for any Interest Payment Date an amount credited to the Transaction Account equal to the aggregate of (without double counting):

- (a) all Principal Receipts received by or on behalf of the Issuer during the immediately preceding Calculation Period;
- (b) the amounts (if any) calculated on the Interest Calculation Date as at the Calculation Date preceding that Interest Payment Date pursuant to the Pre-Enforcement Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class B Principal Deficiency Sub-Ledger and/or the Class C Principal Deficiency Sub-Ledger is to be reduced on that Interest Payment Date by the

application of Available Revenue Receipts;

- (c) in respect of the exercise of the Portfolio Purchase Option, amounts received from a third party purchaser or amounts received from the Portfolio Option Holder, as applicable, to be applied as Principal Receipts pursuant to Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*); and
- (d) principal from any Authorised Investments to be received during the immediately preceding Calculation Period.

"**Interest Calculation Date**" means the date falling 5 Business Days prior to each Interest Payment Date.

**Summary of Priorities 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 and Cash Management*".

<b>Pre-Enforcement Revenue Priority of Payments:</b>	<b>Pre-Enforcement Principal Priority of Payments:</b>	<b>Post-Enforcement Principal Priority of Payments:</b>
(a) Amounts due to the Note Trustee and the Security Trustee (in their personal capacities as such) and any Appointee thereof (in its personal capacity as such) including charges, Liabilities, fees, costs and expenses	(a) Towards satisfaction of any Revenue Shortfall (such amounts to be applied as Available Revenue Receipts)	(a) Amounts due in respect of the Receiver, the Note Trustee and the Security Trustee (in their personal capacity as such), Receiver and any Appointee thereof (in their personal capacities as such) including charges, Liabilities, fees, costs and expenses
(b) <i>Pro rata and pari passu</i> : Amounts due to the Agent Bank, the Registrar, the Paying Agent, the Cash Manager, the Servicer, the Corporate Services Provider, the Issuer Account Bank, the Replacement Servicer Facilitator, the Replacement Cash Manager Facilitator and the Collection Account Bank in each case including all fees and costs	(b) <i>Pro rata and pari passu</i> to the interest due and payable on the Class A Notes to the extent unpaid following application of Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments	(b) <i>Pro rata and pari passu</i> : amounts due to the Agent Bank, the Registrar, the Paying Agent, the Cash Manager, the Servicer, the Corporate Services Provider, the Issuer Account Bank, the Replacement Servicer Facilitator, the Replacement Cash Manager Facilitator and the Collection Account Bank in each case including all fees and costs
(c) Third party expenses	(c) <i>Pro rata and pari passu</i> to the principal amounts due on the Class A Notes	(c) <i>Pro rata and pari passu</i> to the principal amounts due on the Class A Notes
(d) Issuer Profit Amount	(d) <i>Pro rata and pari passu</i> to the interest due and payable on the Class B Notes to the extent unpaid following application of Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments	(c) <i>Pro rata and pari passu</i> to (i) any Class X Payment accrued but unpaid on the date of the Enforcement Notice (ii) the amounts of interest due and payable on the Class A Notes and to the amounts of
(e) Class X Payment due and payable	(e) <i>Pro rata and pari passu</i> to the principal amounts due on the Class B Notes	
(f) <i>Pro rata and pari passu</i> to the interest due and payable on the Class A	(f) <i>Pro rata and pari passu</i> to the interest due and	

	Notes		payable on the Class C Notes to the extent unpaid following application of Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments		any principal due and payable on the Class A Notes
(g)	Amounts to be credited to the Class A Principal Deficiency Sub-Ledger			(d)	<i>Pro rata and pari passu</i> first, to the amounts of interest and secondly, to the amounts of any principal due on the Class B Notes
(h)	<i>Pro rata and pari passu</i> interest due and payable on the Class B Notes				
(i)	Amounts to be credited to the Class B Principal Deficiency Sub-Ledger	(g)	<i>Pro rata and pari passu</i> to the principal amounts due on the Class C Notes	(e)	<i>Pro rata and pari passu</i> first, to the amounts of interest and secondly, to the amounts of any principal due on the Class C Notes
(j)	<i>Pro rata and pari passu</i> interest due and payable on the Class C Notes	(h)	Third party expenses to the extent unpaid following application of Available Principal Receipts pursuant to paragraph (a) above	(f)	Third party expenses
(k)	Amounts to be credited to the Class C Principal Deficiency Sub-Ledger			(g)	Issuer Profit Amount
(l)	Amounts which remain unpaid following the application of Available Revenue Receipts pursuant to paragraph (c) above	(i)	any excess in or towards application as Available Revenue Receipts	(h)	<i>Pro rata and pari passu</i> to any Class Y Payment accrued but unpaid on the date of the Enforcement Notice (which shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations under paragraphs (a) to (l) above).
(m)	<i>Pro rata and pari passu</i> Class Y Payment due and payable (which shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations under paragraphs (a) to (l) above).				

**General Credit Structure:** The credit structure of the transaction includes the following elements:

A Principal Deficiency Ledger will be established to record as a debit (i) any Available Principal Receipts applied in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments and (ii) any Losses on the Mortgage Portfolio, and record as a credit Available Revenue Receipts applied as Available Principal Receipts. The Principal Deficiency Ledger will comprise three sub-ledgers: the Class A Principal Deficiency Sub-Ledger (relating to the Class A Notes), the Class B Principal Deficiency Sub-Ledger (relating to the Class B Notes) and the Class C Principal Deficiency Sub-Ledger (relating to the Class C Notes). Debits as set out above will be recorded on the date that the Cash Manager determines amounts to be applied in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments or is informed of such Losses by the Servicer: (a) *first*, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; (b) *second*, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; and (c) *third*, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes. Investors should note that realised Losses in any period will be calculated after applying any recoveries



following enforcement of a Mortgage Loan and its Related Security first to outstanding fees and interest amounts due and payable on the relevant Mortgage Loan. The Principal Deficiency Ledger will be credited by the amount of any Available Revenue Receipts applied as Available Principal Receipts in accordance with items (g), (i) and (k) of the Pre-Enforcement Revenue Priority of Payments. See the section "*Credit Structure – Principal Deficiency Ledger*" below;

Prior to service of an Enforcement Notice on the Issuer, if the Cash Manager calculates that there will be a Revenue Shortfall on the immediately following Interest Payment Date, the Issuer shall use Available Principal Receipts (to the extent available, and disregarding for these purposes item (a) of the Pre-Enforcement Principal Priority of Payments) to cure such a Revenue Shortfall on such Interest Payment Date, and such amounts will be applied as Available Revenue Receipts on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments.

**Bank Accounts and Cash Management:**

On the Closing Date the Issuer will enter into the Issuer Bank Account Agreement with the Issuer Account Bank in respect of the opening and maintenance of the Transaction Account and any additional accounts to be established by the Issuer pursuant to the Issuer Bank Account Agreement.

The Issuer will open a transaction account (the "**Transaction Account**") pursuant to the Issuer Bank Account Agreement with the Issuer Account Bank on or prior to the Closing Date. The Issuer may from time to time open additional or replacement accounts (such accounts, together with the Transaction Account the "**Issuer Accounts**") pursuant to the Issuer Bank Account Agreement and the Transaction Documents.

On each Interest Payment Date, monies in the Transaction Account will be applied in accordance with the applicable Priority of Payments.

## OVERVIEW OF THE MORTGAGE PORTFOLIO AND SERVICING

*The section below sets out a description of the Mortgage Loans and their Related Security comprising the Portfolio. On the Closing Date, the Seller will sell its equitable interest in the Mortgage Loans and their Related Security comprising the Mortgage Portfolio to the Issuer. Please refer to the sections entitled "Summary of the Key Transaction Documents – Mortgage Sale Agreement", "Statistical Information on the Mortgage Portfolio as of the Cut-Off Date" and "The Mortgage Loans" for further detail in respect of the characteristics of the Mortgage Portfolio and the sale arrangements in respect of the Portfolio.*

### **Mortgage Portfolio:**

The Mortgage Portfolio will comprise of Mortgage Loans advanced to Borrowers who are individuals who wish to use the Mortgage Loan (i) as a means to purchase or refinance a property to be used wholly or partly as the Borrower's own primary or additional residence or (ii) to purchase or refinance property(ies) for the purposes of letting to third parties, in each case the property being situated in the United Kingdom and being used for residential use.

The English Mortgage Loans and their Related Security are governed by English law and the Scottish Mortgage Loans and their Related Security are governed by Scots law.

Each Mortgage Loan and its Related Security comprising the Mortgage Portfolio was originated by Redstone Mortgages Limited, Beacon Homeloans Limited, Amber Homeloans Limited, Platform Funding Limited or Rooftop Mortgages Limited.

### **Sale of Mortgage Portfolio:**

On 29 December 2017, pursuant to the VMSA, the Seller agreed to acquire from the Vendor the Mortgage Loans and their Related Security comprising the Mortgage Portfolio.

On the Closing Date, pursuant to the Mortgage Sale Agreement, the Seller will transfer the beneficial interest in the Mortgage Loans and their Related Security comprising the Mortgage Portfolio to the Issuer, in exchange for the Consideration.

The sale by the Seller to the Issuer of each Mortgage Loan and its Related Security comprising the Mortgage Portfolio will initially be effected by way of an equitable assignment.

### **Perfection and Notification:**

The following sets out certain perfection and notification steps which will be undertaken in respect of the Mortgage Loans.

Notice of the sale to the Issuer of the Mortgage Loans and their Related Security comprising the Mortgage Portfolio will not be given to the relevant individual or individuals specified as borrowers in respect of a Mortgage Loan or the individual or individuals (if any) from time to time assuming an obligation to repay (under a guarantee or otherwise) such Mortgage Loan or any part of it (collectively, the "**Borrowers**" and each a "**Borrower**") and the Issuer will not apply to the Land Registry to register or record its equitable or beneficial interest in the Mortgages until the occurrence of a Perfection Trigger Event (in which case, notice of the transfer of legal title to the Mortgage Loans and their Related Security to the Issuer (or its nominee)) will be sent to the relevant Borrowers, and legal title to the Mortgage Loans and their Related Security (subject to appropriate registration or recording at the Land Registry) will pass to the Issuer (or its nominee).

Accordingly, the Issuer will hold only the equitable title in those Mortgage Loans and their Related Security.

Prior to the Closing Date, the legal title to each Mortgage Loan and its Related Security comprising the Mortgage Portfolio was held by the Legal

Title Holder and, following the Closing Date, the legal title will be held by the Legal Title Holder on bare trust for the Issuer.

On or about the Closing Date, notice of the transfer of legal title to the Mortgage Loans and their Related Security to Topaz (in its capacity as Legal Title Holder) will be sent to the relevant Borrowers, and legal title to the Mortgage Loans and their Related Security (subject to appropriate registration or recording at the Land Registry) will pass to Topaz as the Legal Title Holder.

"**Land Registry**" means in relation to:

- (a) land in England or Wales and/or an English Mortgage, the Land Registry of England and Wales; and
- (b) land in Scotland and/or a Scottish Mortgage:
  - (i) the Land Register of Scotland in connection with titles or interests which are or ought to be registered at the Land Register of Scotland; and
  - (ii) the General Register of Sasines in connection with titles or interests which are or ought to be recorded at the General Register of Sasines.

**Features of the Mortgage Loans:**

The following is a summary of certain features of the Mortgage Loans comprising the Mortgage Portfolio as at the Cut-Off Date and investors should refer to, and carefully consider, further details in respect of the Mortgage Loans set out in the section of this Prospectus entitled "*The Mortgage Portfolio*".

Number of accounts in the Cut-Off Date Portfolio: 8,349

	<u><b>Average</b></u>
Current Balance	£876,633,933
	<u><b>Weighted average</b></u>
Weighted average current LTV (indexed)	54.31 per cent.
Weighted average seasoning (months)	122
Weighted average remaining term (in months)	136

**Consideration:**

The consideration due to the Seller in respect of the sale of the equitable interest in the Mortgage Loans and their Related Security comprising the Mortgage Portfolio shall comprise (a) an amount equal to £855,844,135.03 (the "**Initial Consideration**") and (b) deferred consideration consisting of (i) the Class X Payments, the right to such payment represented by the issue of the Class X Certificate and (ii) the Class Y Payments, the right to such payment represented by the issue of the Class Y Certificates (the "**Consideration**").

**Current Balance:**

The "**Current Balance**" for each Mortgage Loan means, as at any date, the aggregate of:

- (a) principal amounts (including arrears of principal and other principal amounts due and payable but which have not been paid) outstanding as at the Cut-off Date in respect of the Loans; and
- (b) all other amounts excluding, for the avoidance of doubt arrears of interest and accrued but unpaid interest which are due or accrued

(whether or not due) and which have not been paid by the relevant borrower in relation to the Loans as at the Cut-off Date.

**Representations and Warranties:**

The Seller will assign to the Issuer on the Closing Date the benefit of certain VMSA Mortgage Loan Warranties given by the Vendor (and guaranteed by the Vendor Guarantor regarding the Mortgage Loans and Related Security comprised in the Mortgage Portfolio and given as at the VMSA Closing Date (as more particularly set out in the section entitled "*Sale of the Mortgage Portfolio – Representations and Warranties – VMSA Mortgage Loan Warranties*").

The Seller will make the MSA Mortgage Loan Warranty to the Issuer on the Closing Date pursuant to the Mortgage Sale Agreement (as more particularly set out in the section entitled "*Sale of the Mortgage Portfolio – Representations and Warranties – MSA Mortgage Loan Warranty*").

"VMSA Closing Date" means 29 December 2017.

**Remedies for breach of Mortgage Loan Warranty:**

Upon a breach of the VMSA Mortgage Loan Warranties in respect of a Mortgage Loan and/or its Related Security (subject to any remedy or grace periods therein) the Issuer shall be able to claim under the VMSA for breach of the VMSA Mortgage Loan Warranties subject to the terms of the VMSA (as more particularly described in the section entitled "*Sale of the Mortgage Portfolio*").

Upon a breach of the MSA Mortgage Loan Warranty in respect of a Mortgage Loan and/or its Related Security (subject to any remedy or grace periods therein) the Issuer shall be able to claim under the Mortgage Sale Agreement for breach of the MSA Mortgage Loan Warranty subject to the terms of the Mortgage Sale Agreement (as more particularly described in the section entitled "*Sale of the Mortgage Portfolio*").

**Servicing of the Mortgage Portfolio –Servicer:**

On or about the Closing Date the Issuer will appoint Topaz as "**Servicer**" and will enter into the Servicing Agreement with the Servicer.

The appointment of the Servicer may be terminated by the Issuer or the Directing Certificateholder and/or (following the service of an Enforcement Notice) the Security Trustee, upon the occurrence of a Servicer Termination Event and provided that a Replacement Servicer has been appointed.

The Servicer may resign by giving not less than 12 months' notice to the Issuer, the Directing Certificateholder and the Security Trustee and subject to the prior written consent of the Directing Certificateholder and, *inter alia*, a replacement servicer having been appointed.

The terms of the Servicing Agreement are summarised in "*Servicing of the Mortgage Portfolio*". In addition, Noteholders should note the section entitled in "*Risk Factors – Servicing and Third Party Risk*" above.

**Purchase of Mortgage Portfolio by Portfolio Option Holder:**

The Portfolio Option Holder may, by giving of a written notice to the Issuer with a copy to the Note Trustee, the Security Trustee, the Seller and the Legal Title Holder purchase all (but not part) of the Issuer's interest in the Mortgage Loans and their Related Security on (i) any Interest Payment Date on and following the Optional Redemption Date until the Final Maturity Date or (ii) any Interest Payment date after the Issuer notifies the Portfolio Option Holder of its right to exercise its call option pursuant to and within the time limits specified in Condition 8.3(d) (*Optional Redemption for Taxation or Other Reasons*) (such date being the "**Optional Redemption Exercise Date**").

In connection with the exercise of the Portfolio Purchase Option, the Portfolio Option Holder will be required to deposit the Portfolio Option Purchase Price into the Transaction Account, no later than on the day falling two Business Days prior to the Interest Payment Date on which the Notes are to be redeemed on or following the Optional Redemption Exercise Date, or such later date as may be agreed with the Note Trustee and the Security Trustee or take such other action agreed with the Security Trustee.

See the section entitled "*Early Redemption of the Notes – Portfolio Purchase Option*" for further details.

**Consideration for purchase by Portfolio Option Holder:**

The purchase price payable by the Portfolio Option Holder in respect of the Portfolio Purchase Option shall be an amount equal to the higher of:

- (a) the Portfolio Option Base Purchase Price; and
- (b) the Portfolio Option Current Value Purchase Price,

(the "**Portfolio Option Purchase Price**").

"**Portfolio Option Base Purchase Price**" means the sum of:

- (a) the aggregate Principal Amount Outstanding of the Notes plus accrued and unpaid interest thereon and amounts of Class X Payment accrued and unpaid calculated as at the Interest Payment Date on which the Portfolio Purchase Option is expected to be completed; plus
- (b) any fees, costs, amounts and expenses of the Issuer that are, or are expected to become payable in the Post-Enforcement Priority of Payments; less
- (c) any amounts standing to the credit of the Transaction Account (but disregarding any amounts standing to the credit of the Issuer Profit Ledger) as at the Optional Redemption Exercise Date.

"**Portfolio Option Current Value Purchase Price**" means the amount calculated by the Portfolio Option Holder (in good faith and acting reasonably) as the fair value of the Portfolio Purchase Option Mortgage Loans.

For the avoidance of doubt, projected future payments are not discounted for this purpose.

To the extent that the Portfolio Option Holder holds any of the Notes, it may set-off from the Portfolio Option Purchase Price an amount equal to the amounts due to it as Noteholder on the Interest Payment Date on which the Notes are to be redeemed.

See the section entitled "*Early Redemption of the Notes – Portfolio Purchase Option*" for further details.

**Portfolio Option Holder:**

The "**Portfolio Option Holder**" is the holder of the majority of the Class Y Certificates or an entity representing the holder of the majority of the Class Y Certificates (for the avoidance of doubt excluding those Class Y Certificates held directly or indirectly by the Retention Holder), or its representative and nominee.

**Optional Redemption of the Notes for Tax and**

The Issuer may redeem all (but not some only) of the Notes at their Principal Amount Outstanding together with any accrued interest following

**other Reasons:** a change in law or tax law.

**TRIGGERS TABLE****Perfection Trigger Events:**

The Issuer may (and shall if directed by the Directing Certificateholder) or, following the delivery of an Enforcement Notice the Security Trustee may (and shall if directed by the Directing Certificateholder), by notice in writing to the Legal Title Holder require the Legal Title Holder to complete the transfer by way of the assignment to the Issuer (or to its nominee), of the legal title to the Mortgage Loans and their Related Security as soon as reasonably practicable, following the occurrence of any of the following events (each a "**Perfection Trigger Event**"):

- (a) an Enforcement Notice has been served by the Note Trustee following the occurrence of an Event of Default which is continuing; or
- (b) a Legal Title Holder is required to perfect the Issuer's legal title to the Mortgage Loans by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Legal Title Holder or by any organisation of which the Legal Title Holder is a member; or
- (c) it becomes necessary by law or regulation to do any or all of the acts referred to in paragraph (b) above; or
- (d) the security created under or pursuant to the Deed of Charge or any material part of that security is in the opinion of the Security Trustee in danger of being seized or sold under any form of distress, diligence, attachment, execution or other legal process or otherwise in jeopardy; or
- (e) the occurrence of any Servicer Termination Event in circumstances where all applicable grace periods have expired and no replacement Servicer has been appointed pursuant to the provisions of the Servicing Agreement; or
- (f) an Insolvency Event in relation to the Legal Title Holder or any other entity in which legal title to any Mortgage Loan is vested,

**provided that** there shall be no perfection of the legal title in the Mortgage Loans to the Issuer (or to its nominee) until the Closing Date.

**"Insolvency Event"** means, an event, in respect of which a relevant entity:

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

- (c) proceedings (including, but not limited to, presentation of an application for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) are initiated against the relevant entity under any applicable liquidation, administration, reorganisation (other than a reorganisation where the relevant entity is solvent) or other similar laws, save where such proceedings are being contested in good faith; or an administrative or other receiver, administrator or other similar official is appointed in relation to the whole or the substantial part of the undertaking or assets of the relevant entity or the appointment of an administrator takes effect; or a distress, execution or diligence or other process is enforced upon the whole or the substantial part of the undertaking or assets of the relevant entity and in any of the foregoing cases it is not discharged within 15 Business Days; or if the relevant entity initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally or takes steps with a view to obtaining a moratorium in respect of any indebtedness; or
- (d) the exercise in respect of it of one or more of the stabilisation powers pursuant to Part 1 of the Banking Act 2009 and/or the institution against it of a bank insolvency proceeding pursuant to Part 2 of the Banking Act 2009 or a bank administration proceeding pursuant to Part 3 of the Banking Act 2009 (or equivalent proceedings in other jurisdictions).

**Servicer Termination Events:**

The appointment of the Servicer may be terminated by (i) the Issuer (or shall be terminated by the Issuer on the instruction of the Directing Certificateholder), or (ii) after delivery of an Enforcement Notice the Security Trustee may (or in the case of item (c) below shall on the direction of the Directing Certificateholder, and subject to the terms of the Deed of Charge) and in the case of items (a), (b), (d) or (e) below upon being notified in writing of the same, if any of the following events (each a "**Servicer Termination Event**") occurs and is continuing:

- (a) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement or any other Transaction Document to which it is a party and such default continues unremedied for a period of 15 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following service of an Enforcement Notice) the Security Trustee requiring the same to be remedied;
- (b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement or any other Transaction Document to which it is a party, including for the avoidance of doubt, any material breach of its representations and warranties, which is (in the opinion of the Note Trustee) materially prejudicial to the interests of the Noteholders and such default continues unremedied for a period of 15 Business Days after the earlier of the Servicer becoming



aware of such default and receipt by the Servicer of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee, as appropriate, requiring the same to be remedied;

- (c) failure by the Servicer to obtain or maintain the necessary licences, registrations or regulatory approvals enabling it to continue servicing the Mortgage Loans;
- (d) an Insolvency Event in respect of the Servicer;
- (e) a Perfection Trigger Event where the Servicer and the Legal Title Holder are the same entity.

Upon the occurrence of a Servicer Termination Event: (i) prior to the delivery of an Enforcement Notice the Issuer may (or shall on the direction of the Directing Certificateholder) agree to terminate the Servicer's appointment; or (ii) after delivery of an Enforcement Notice the Security Trustee may (or in the case of item (c) above shall on the direction of the Directing Certificateholder, and subject to the terms of the Deed of Charge) and in the case of items (a), (b), (d) or (e) above upon being notified in writing of the same, the Security Trustee shall 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 of receipt of such notice (and in the case of (c) such notice shall be deemed to have been given to terminate the Servicer's appointment as Servicer under the Servicing Agreement with immediate effect) **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 Replacement Servicer Facilitator, if requested to do so by the Issuer, and following such consultation with the Directing Certificateholder as is reasonably practicable in the circumstances, shall use its reasonable endeavours to appoint a Successor Servicer.

The Servicer may resign with the prior written consent of the Directing Certificateholder upon giving not less than 12 months' written notice to the Issuer, with a copy to the Directing Certificateholder and the Security Trustee (or by such shorter period of notice as may be agreed between the Servicer, the Issuer and the Security Trustee), and, *inter alia*, a Successor Servicer has been appointed.

**Issuer Account Bank  
Termination Events:**

The appointment of the Issuer Account Bank may be terminated if there is an Insolvency Event in respect to the Issuer Account Bank.

Prior to the termination of the appointment of the Issuer Account Bank, the Issuer shall appoint a replacement Issuer Account Bank.

The Issuer Account Bank may resign upon giving not less than 30 days' written notice **provided that**, *inter alia*, a replacement Issuer Account Bank has been appointed.

## FEES

The following table sets out the estimated on-going annual fees to be paid by the Issuer during the lifetime of the transaction to the Transaction Parties and other ancillary fees, taxes and costs.

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
<b>Servicing Fees</b>	The fees, payable (in each case, exclusive of any VAT) to the Servicer shall comprise the Core Service Fees, the Ancillary Fees and a portfolio based performance fee.	Ahead of all outstanding Notes and Certificates but after amounts owing to the Note Trustee and the Security Trustee	Quarterly on each Interest Payment Date

**"Core Service Fees** means:

- (a) 0.05 per cent. of the Aggregate Current Balance of all Mortgage Loans at the close of business on the last business day of the immediately preceding calendar month for provision of the Legal Title Services; and
- (b) 0.065 per cent. of the Aggregate Current Balance of all Mortgage Loans at the close of business on the last business day of the immediately preceding calendar month for provision of the Services,

**provided that**, a minimum fee is payable by the Issuer to the Servicer for provision of the Legal Title Services and the Services, and accordingly where the Core Service Fees falls below £50,000 in any one month, the Servicer will also invoice the Issuer the difference between the actual amount calculated as the Core Service Fees and £50,000 and the Issuer will pay such invoice in accordance with the terms of the Servicing Agreement.

**"Ancillary Fees** means the Mortgage Account Redemption Fee, the Arrears Management Fee, the Shortfall Debt Recovery Fee and the Non-Advised Mortgage Loan Variation Fee.

**"Mortgage Account Redemption Fee"** means a mortgage account redemption fee equal to £140 per Mortgage Loan, calculated in the month in which the redemption is completed, calculated at the time of

<b>Type of Fee</b>	<b>Amount of Fee</b>	<b>Priority in Cashflow</b>	<b>Frequency</b>
	redemption.		
	<p><b>"Arrears Management Fee"</b> means an arrears management fee of £25 per live Mortgage Loan account that has an Arrears Balance that is equal to or greater than one monthly payment as at the last day of the immediately preceding calendar month, <b>provided that</b>, the Arrears Balance used for such calculation shall not be rounded, calculated monthly.</p> <p><b>"Shortfall Debt Recovery Fee"</b> means a shortfall debt recovery fee equal to 20 per cent. of any monies recovered from the Borrower in respect of a Mortgage Loan where the related Property has been sold and there remains a shortfall owed by the Borrower calculated monthly by reference to the total amount of monies collected as at close of business on the last day of the immediately preceding month.</p> <p><b>"Non-Advised Mortgage Loan Variation Fee"</b> means a contract variation fee of £300 per variation to a Mortgage Loan where the Borrower is not advised in respect of such variation, calculated on the date when such variation is first received by the Servicer.</p>		
<b>Cash Management Fees</b>	The fees payable (inclusive of any VAT) by the Issuer on each Interest Payment Date payable in each case in accordance with the applicable Priority of Payments.	Ahead of all outstanding Notes and Certificates but after amounts owing to the Note Trustee and the Security Trustee	Quarterly on each Interest Payment Date.
<b>Replacement Cash Manager Facilitator and Replacement Servicer Facilitator Fees</b>	The fees payable (in each case, inclusive of any VAT) to the Replacement Cash Manager Facilitator and Replacement Servicer Facilitator are an annual fee of approximately £2,400 and £1,200 per annum, respectively, in each capacity.	Ahead of all outstanding Notes and Certificates but after amounts owing to the Note Trustee and the Security Trustee.	Quarterly on each Interest Payment Date.
<b>Other fees and expenses of the Issuer</b>	£100,000 per annum (inclusive of any VAT).	Ahead of all outstanding Notes and Certificates but (other than amounts owing to the Note Trustee and the Security Trustee) after amounts owing to the Note Trustee and the Security	Quarterly on each Interest Payment Date.

<b>Type of Fee</b>	<b>Amount of Fee</b>	<b>Priority in Cashflow</b>	<b>Frequency</b>
		Trustee	
<b>Expenses related to the admission to trading of the Notes</b>	€8,091.20 (inclusive of any VAT)	Ahead of all outstanding Notes and Certificates but after amounts owing to the Note Trustee and the Security Trustee	On or about the Closing Date.

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

## EU RISK RETENTION REQUIREMENTS

The Retention Holder, as an Originator for the purposes of the CRR, the AIFM Regulation and the Solvency II Regulation, will retain a material net economic interest of not less than 5 per cent. in the securitisation in accordance with the text of each of Article 405(1)(a) of the Capital Requirements Regulation, Article 51(1)(a) of the AIFM Regulation and Article 254(2)(a) of the Solvency II Regulation (which, in each case, does not take into account any corresponding national measures).

As at the Closing Date the retention will comprise the Retention Holder holding no less than 5 per cent. of the nominal value of each Class of Notes sold or transferred to investors or the Seller, in each case, on the Closing Date as required by the text of each of Article 405(1)(a) of the CRR, Article 51(1)(a) of the AIFM Regulation and Article 254(2)(a) of the Solvency II Regulation. As to the information to be made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Closing Date, to the Investor Reports provided to the Noteholders and Certificateholders pursuant to the Cash Management Agreement and the Servicing Agreement and published on the following website: <https://sf.Citidirect.com>. The website at <https://sf.Citidirect.com> and the contents thereof do not form part of this Prospectus.

The Retention Holder will warrant and/or undertake (such undertaking, the "**Risk Retention Undertaking**") to (i) the Arranger and the Joint Lead Managers and (ii) the Issuer and the Security Trustee in a risk retention letter from the Retention Holder to the Arranger, the Joint Lead Managers, the Issuer and the Security Trustee (the "**Risk Retention Letter**") to, *inter alia*,:

- (a) subscribe for, hold and retain, for as long as any Class of Notes is outstanding, a material net economic interest in the securitisation comprised in the Transaction Documents in an amount equal to at least 5 per cent. of the nominal value of each Class of Notes in accordance with the text of each of Article 405(1)(a) of the CRR, Article 51(1)(a) of the AIFMR and Article 254(2)(a) of the Solvency II Regulation;
- (b) not change the manner or form in which it retains such net economic interest, except to the extent permitted or required under the CRR, AIFMR or the Solvency II Regulation;
- (c) not transfer, sell or hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to such net economic interest, except to the extent permitted or required under the CRR, AIFMR or the Solvency II Regulation;
- (d) at all times confirm, promptly upon the written request of the Joint Lead Managers and/or the Issuer and/or the Security Trustee, the continued compliance with paragraphs (a), (b) and (c) above **provided that** this paragraph (d) shall not impose any obligation on the Retention Holder to provide information in any greater detail than it would be required under paragraph (f) below in the Investor Reports;
- (e) promptly notify the Arranger, the Issuer and the Security Trustee if for any reason it (i) ceases to hold the retention in accordance with the requirements of the Risk Retention Letter or (ii) fails to comply with the covenants set out in the Risk Retention Letter in respect of the retention; and
- (f) comply with the disclosure obligations described in Article 409 of the CRR by confirming its risk retention as contemplated by Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation through the provision of the information in this Prospectus, disclosure in the Investor Reports (as prepared by the Cash Manager) and procuring provision to the Issuer of access to any reasonable and relevant additional data and information referred to in Article 409 of the CRR **provided that** the obligations of the Retention Holder in this paragraph (f) shall be subject to any legal or regulatory requirements applicable to the Retention Holder **provided further that** the Retention Holder will not be in breach of the requirements of this paragraph (f) if due to events, actions or circumstances beyond its control, it is not able to comply with the undertakings contained herein.

Any change to the manner in which such interest is held in accordance with the above will be notified by the Issuer to the Noteholders.

Each prospective investor is required to independently assess and determine the sufficiency of the information or arrangement described above and in this Prospectus generally for the purposes of complying with each of Part Five of the CRR (including Article 405), Section Five of Chapter III of the AIFM Regulation (including Article 51) and Chapter VIII of the Solvency II Regulation (including Article 254) and any corresponding national measure which may be relevant and none of the Issuer, the Seller, the Cash Manager, the Servicer, the Note Trustee, the Security Trustee, the Paying Agents, the Registrar, the Issuer Account Bank, the Retention Holder, the Joint Lead Managers or the Arranger makes any representation that the information described above or in the Prospectus is sufficient in all circumstances for such purposes.

## U.S. CREDIT RISK RETENTION REQUIREMENTS

### U.S. Credit Risk Retention Requirements

The Retention Holder as Sponsor is required under the U.S. Credit Risk Retention Requirements to acquire and retain an economic interest in the "credit risk" of the securitised assets collateralising the issuance of "asset-backed securities" (each term as defined in the U.S. Credit Risk Retention Requirements) in an amount equal to at least 5 per cent. The Retention Holder intends to satisfy the U.S. Credit Risk Retention Requirements by acquiring and retaining, either directly or through a majority-owned affiliate (as defined in the U.S. Credit Risk Retention Requirements) an eligible vertical interest equal to at least 5 per cent. of the nominal value of each Class of Notes and Certificates issued by the Issuer on the Closing Date (an "EVI"). For a description of the Notes and Certificates, see "*Overview of the Terms and Conditions of the Notes and Certificates*".

The Retention Holder is obliged by the U.S. Credit Risk Retention Requirements to acquire and retain, either directly or through a majority-owned affiliate, the EVI until the later of: (a) the fifth anniversary of the Closing Date and (b) the date on which the total principal balance outstanding of the Mortgage Loans has been reduced to 25 per cent. of the total principal balance outstanding of the Mortgage Loans at the Closing Date, but in any event no longer than the seventh anniversary of the Closing Date (the "**Sunset Date**"). Any financing obtained by the Retention Holder (or its majority-owned affiliate) prior to the Sunset Date that is secured by the EVI must provide for full recourse to the Retention Holder (or its majority-owned affiliate) and otherwise comply with the U.S. Credit Risk Retention Requirements. The retention, financing and hedging limitations set forth in the U.S. Credit Risk Retention Requirements will not apply to any Notes and Certificates held by the Retention Holder that do not constitute part of the EVI.

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

Subject to any applicable restrictions on transfer, the Retention Holder may, at any time and from time to time, sell or otherwise transfer any portion of the EVI that is in excess of the portion it is required to retain to comply with the U.S. Credit Risk Retention Requirements. The retention, financing and hedging limitations set forth in the U.S. Credit Risk Retention Requirements will not apply to any Notes and Certificates held by the Sponsor that do not constitute part of the EVI held by the Retention Holder.

### ESTIMATED WEIGHTED AVERAGE LIVES OF THE NOTES

The average lives of the Notes cannot be stated, as the actual rate of repayment of the Mortgage Loans and redemption of the Mortgages and a number of other relevant factors are unknown. However, calculations of the possible average lives of the Notes can be made based on certain assumptions. For example, based on the assumptions that:

- (a) the Portfolio Option Holder exercises the Portfolio Purchase Option on or from the Optional Redemption Date, in the first scenario and as set out in the table headed "*Assuming the occurrence of the Portfolio Purchase Option on or after the Optional Redemption Date*" below, or the Portfolio Purchase Option is not exercised on or after the Optional Redemption Date, in the second scenario and as set out in the table headed "*Assuming no occurrence of the Portfolio Purchase Option on or after the Optional Redemption Date*" below;
- (b) the Mortgage Loans are subject to a constant annual rate of prepayment (excluding scheduled principal redemptions) of between 0 and 17.5 per cent. per annum as shown on the table below;
- (c) 100 per cent. of the Mortgage Loans in the Mortgage Portfolio as of the Cut-Off Date are purchased by the Issuer on the Closing Date;
- (d) the assets of the Issuer are not sold except as may be necessary to enable the Issuer to realise sufficient funds to exercise its option to redeem the Notes in accordance with Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*);
- (e) no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
- (f) the Seller is not required to repurchase any Mortgage Loan in accordance with the Mortgage Sale Agreement;
- (g) the Security is not enforced;
- (h) all Mortgage Loans are and continue to be fully performing;
- (i) the payment frequency of the Mortgage Loans is on a monthly basis;
- (j) the interest and principal collections of the Mortgage Portfolio are calculated on a Mortgage Loan by Mortgage Loan basis, or where the Mortgage Loan has more than one part, a part by part basis;
- (k) the amortisation of any Repayment Mortgage Loan is calculated as an annuity loan on a ACT/365 basis, and the interest on each Mortgage is calculated on a ACT/365 basis;
- (l) the Notes are issued on the Closing Date;
- (m) the first Interest Payment Date occurs on or about 22<sup>nd</sup> August 2018;
- (n) the first Interest Period includes 6 months of collections;
- (o) each Interest Payment Date occurs on and payments on the Notes are made on 22<sup>nd</sup> day of February, May, August and November in each year throughout the life of the Notes (whether or not those dates are Business Days);
- (p) there are no flexible redrawings;
- (q) no further advance and no variation is made in respect of any Mortgage in the Mortgage Portfolio;
- (r) the weighted average lives of the Notes are calculated 30/360;
- (s) there is no debit balance on the Principal Deficiency Ledger on any Interest Payment Date;
- (t) the Mortgage Portfolio as at the Closing Date is identical to that as at the Cut-Off Date; and



- (u) the Portfolio Purchase Option is exercised on or from the Interest Payment Date on which the aggregate Current Balance of the Mortgage Portfolio (as of the immediately preceding Calculation Date) becomes less than or equal to 20 per cent. of the aggregate Current Balance of the Mortgage Portfolio as at the Cut-Off Date (the "**Optional Redemption Date**").

#### WEIGHTED AVERAGE LIFE TABLES

Assuming the occurrence of the Portfolio Purchase Option on or after the Optional Redemption Date.

	<u>0.0%</u>	<u>2.5%</u>	<u>5.0%</u>	<u>7.5%</u>	<u>10.0%</u>	<u>12.5%</u>	<u>15.0%</u>	<u>17.5%</u>
Class A.....	8.46	6.85	5.57	4.61	3.88	3.30	2.84	2.49
Class B.....	14.29	13.79	12.54	10.79	9.54	8.54	7.54	6.54
Class C.....	14.29	13.79	12.54	10.79	9.54	8.54	7.54	6.54

Assuming no occurrence of the Portfolio Purchase Option on or after the Optional Redemption Date.

	<u>0.0%</u>	<u>2.5%</u>	<u>5.0%</u>	<u>7.5%</u>	<u>10.0%</u>	<u>12.5%</u>	<u>15.0%</u>	<u>17.5%</u>
Class A.....	8.46	6.85	5.57	4.61	3.88	3.30	2.84	2.49
Class B.....	14.98	14.50	13.90	12.92	11.75	10.62	9.55	8.59
Class C.....	18.96	17.75	16.74	15.93	15.32	14.76	14.11	13.29

## EARLY REDEMPTION OF THE NOTES

The Mortgage Portfolio may be sold by the Issuer pursuant to the Portfolio Purchase Option and the Issuer will undertake not to dispose of the Mortgage Portfolio in any other circumstances (other than in relation to an enforcement of the Security).

### Portfolio Purchase Option

Pursuant to the Deed Poll the Portfolio Option Holder has an option on (i) an Interest Payment Date falling on and from the Optional Redemption Date until the Final Maturity Date or (ii) an Interest Payment Date after the Issuer notifies the Portfolio Option Holder of its right to exercise its call option pursuant to and within the time limits specified in Condition 8.3(d) (*Optional Redemption for Taxation or Other Reasons*) (the "**Portfolio Purchase Option**") to require the Issuer to (i) sell and transfer to the Portfolio Option Holder or its nominee the beneficial title to all (but not some) Mortgage Loans and Related Security in the Portfolio (the "**Portfolio Purchase Option Mortgage Loans**"); (ii) transfer to the Portfolio Option Holder (or its nominee) the right to legal title to the Portfolio Purchase Option Mortgage Loans and their Related Security; (iii) direct that the Legal Title Holder transfer legal title to the Portfolio Option Holder or its nominee specified as such in the Exercise Notice; and (iv) serve all relevant notices and take all steps (including carrying out requisite registrations and recordings) in order to vest or transfer legal title in and to the Portfolio Purchase Option Mortgage Loans in or to the Legal Title Transferee or its nominee, in each case subject to the terms of the Deed Poll.

"**Legal Title Transferee**" means any person to whom the Legal Title Holder transfers the legal title to the Mortgage Loans.

### Condition Precedent to exercise of Portfolio Purchase Option

Prior to the exercise of the Portfolio Purchase Option, the Portfolio Option Holder and the Minority Class Y Certificateholder shall discuss the appropriateness of any alternative arrangement to effect the Portfolio Purchase Option (an "**Alternative Arrangement**"). If the Portfolio Option Holder and the Class Y Certificateholder do not agree upon such Alternative Arrangement, the Portfolio Option Holder shall calculate the Portfolio Option Current Value Purchase Price.

"**Minority Class Y Certificateholder**" is the holder of less than 50 per cent. of the Class Y Certificates or an entity representing the holder of the minority of the Class Y Certificates.

"**Portfolio Option Holder**" means the holder of more than 50 per cent. of the Class Y Certificates (for the avoidance of doubt excluding those Class Y Certificates held directly or indirectly by the Retention Holder) or its representative and nominee.

### The Portfolio Option Current Value Purchase Price

The Portfolio Option Holder shall inform the Minority Class Y Certificateholder of the Portfolio Option Current Value Purchase Price in writing no later than 120 calendar days prior to the proposed Optional Redemption Exercise Date. Upon receipt of such notice, the Minority Class Y Certificateholder shall within 30 calendar days of receipt of such notice:

- (a) accept the Portfolio Option Current Value Purchase Price, in which case the Portfolio Option Holder may exercise the Portfolio Purchase Option without any further consultation or notification to the Minority Class Y Certificateholder; or
- (b) if the proposed Portfolio Option Current Value Purchase Price does not, in the reasonable opinion of the Minority Class Y Certificateholder reflect fair value, reject the Portfolio Option Current Value Purchase Price and propose an alternative Portfolio Option Current Value Purchase Price (an "**Alternative Portfolio Option Current Value Purchase Price**") within 30 calendar days of such rejection,

and failure to respond within 30 calendar days shall be deemed to be acceptance by the Minority Class Y Certificateholder of the Portfolio Option Current Value Purchase Price.

Following the proposal of an Alternative Portfolio Option Current Value Purchase Price by the Minority Class Y Certificateholder, the Portfolio Option Holder shall within 30 calendar days of receipt of such Alternative Portfolio Option Current Value Purchase Price:

- (a) accept the Alternative Portfolio Option Current Value Purchase Price, in which case the Portfolio Option Holder may exercise the Portfolio Purchase Option without any further consultation or notification to the Minority Class Y Certificateholder; or
- (b) if the proposed Alternative Portfolio Option Current Value Purchase Price does not, in the reasonable opinion of the Portfolio Option Holder reflect fair value, reject the Alternative Portfolio Option Current Value Purchase Price and propose a second alternative Portfolio Option Current Value Purchase Price (a "**Second Alternative Portfolio Option Current Value Purchase Price**") within 30 calendar days of such rejection,

and failure to respond within 30 calendar days shall be deemed to be acceptance by the Portfolio Option Holder of the Alternative Portfolio Option Current Value Purchase Price.

Following the proposal of a Second Alternative Portfolio Option Current Value Purchase Price by the Portfolio Option Holder, the Minority Class Y Certificateholder shall within 30 calendar days of receipt of such Second Alternative Portfolio Option Current Value Purchase Price:

- (a) accept the Second Alternative Portfolio Option Current Value Purchase Price, in which case the Portfolio Option Holder may exercise the Portfolio Purchase Option without any further consultation or notification to the Minority Class Y Certificateholder; or
- (b) if the proposed Second Alternative Portfolio Option Current Value Purchase Price does not, in the reasonable opinion of the Minority Class Y Certificateholder reflect fair value, reject the Second Alternative Portfolio Option Current Value Purchase Price, in which case the Portfolio Option Holder and the Minority Class Y Certificateholder shall together appoint an independent third party valuer, who shall, following consultation with the Portfolio Option Holder and the Minority Class Y Certificateholder, propose an alternative Portfolio Option Current Value Purchase Price (an "**Independent Valuation Purchase Price**"),

and failure to respond within 30 calendar days shall be deemed to be acceptance by the Minority Class Y Certificateholder of the Second Alternative Portfolio Option Current Value Purchase Price.

Following the receipt of the Independent Valuation Purchase Price, the Portfolio Option Holder and the Minority Class Y Certificateholder shall discuss the appropriateness of any other alternative arrangement to effect the Portfolio Purchase Option, **provided that**, if the Portfolio Option Holder and the Minority Class Y Certificateholder do not agree upon any other alternative arrangement within 60 calendar days of receipt of the Independent Valuation Purchase Price, the Independent Valuation Purchase Price shall be final and binding upon the Portfolio Option Holder and the Class Y Certificateholder, and the Independent Valuation Purchase Price shall be deemed to be the "Portfolio Option Current Value Purchase Price" for the purposes of determining the Portfolio Option Purchase Price.

### **Purchase Price**

The purchase price for the Mortgage Portfolio under the Portfolio Purchase Option shall be the Portfolio Option Purchase Price.

The Portfolio Option Holder or its nominee will be required to deposit the full amount of the Portfolio Option Purchase Price in the Transaction Account on the date of execution of a binding agreement for the sale of the beneficial interest in the Mortgage Loans, no later than the day falling two Business Days immediately preceding the Interest Payment Date on which the Notes are to be redeemed or such later date as agreed with the Note Trustee or (after the service of an Enforcement Notice) take such other action agreed with the Note Trustee. The Portfolio Option Purchase Price will be held in escrow pending completion of transfer of the beneficial title to the Portfolio Purchase Option Mortgage Loans on that Interest Payment Date, upon which date the full amount of the Portfolio Option Purchase Price will be applied in accordance with the Post-Enforcement Priority of Payments.

Where the sale to the Portfolio Option Holder does not contemplate a transfer of the legal title to the Mortgage Loans being sold, the exercise of the Portfolio Purchase Option shall be conditional on the

consent of the Legal Title Holder, to hold legal title on behalf of the Portfolio Option Holder or its nominee.

**Redemption of Notes and cancellation of Certificates**

If, on an Interest Payment Date, on which all conditions to completion of the Portfolio Purchase Option will have been satisfied, the purchase price will be applied in accordance with the Post-Enforcement Priority of Payments and will result in the Notes being redeemed in full. Any funds remaining after the payment in full of all items ranking prior to such payments will be paid to the Class Y Certificateholders in accordance with the Post-Enforcement Priority of Payments.

"**Deed Poll**" means the deed poll dated the Closing Date executed by the Issuer in favour of the Portfolio Option Holder from time to time.

"**Exercise Notice**" means a notice to be delivered by the Portfolio Option Holder in accordance with the Deed Poll to exercise the Portfolio Purchase Option.

"**Optional Redemption Date**" means the Interest Payment Date following the date on which the aggregate Current Balance of the Mortgage Portfolio (as of the immediately preceding Calculation Date) becomes equal to or less than 20 per cent. of the Current Balance of the Mortgage Portfolio as at the Cut-Off Date.

"**Optional Redemption Exercise Date**" means (i) any Interest Payment Date on and following the Optional Redemption Date until the Final Maturity Date or (ii) any Interest Payment date after the Issuer notifies the Portfolio Option Holder of its right to exercise its call option pursuant to and within the time limits specified in Condition 8.3(d) (*Optional Redemption for Taxation or Other Reasons*) on which the Portfolio Purchase Option is exercised, .

**USE OF PROCEEDS**

The Issuer will use the gross proceeds of the Notes on the Closing Date to (i) pay the Initial Consideration payable by the Issuer for the Mortgage Portfolio to be acquired from the Seller on the Closing Date and (ii) pay certain fees and expenses of the Issuer incurred in connection with the issue of the Notes and the Certificates on the Closing Date including, for the avoidance of doubt any structuring and placement fees payable pursuant to the Subscription Agreement.

## THE ISSUER

### Introduction

Kirkby RMBS plc (the "**Issuer**") was incorporated in England and Wales on 20 February 2018 (registered number 11215449) as a public limited company under the Companies Act 2006. The registered office of the Issuer is 35 Great St. Helen's, London EC3A 6AP. The telephone number of the Issuer's registered office is +44 (0)20 7398 6300. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each, of which 1 share is fully paid up and 49,999 shares are quarter-paid and all shares are held by Holdings (see "*Holdings*" below).

The Issuer has no subsidiaries. The Seller does not own directly or indirectly any of the share capital of Holdings or the Issuer.

The Issuer was established as a special purpose vehicle solely for the purpose of issuing asset backed notes. The Issuer is permitted, pursuant to the terms of its articles of association, *inter alia*, to issue the Notes and the Certificates. The Issuer will covenant to observe certain restrictions on its activities which are set out in Condition 5 (*Covenants and Undertakings*) and Certificate Condition 5 (*Issuer Covenants*).

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

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

The Issuer has not engaged, since its incorporation, in any material activities or commenced operations other than those incidental to its registration as a public company under the Companies Act 2006 (as amended) and to the proposed issues of the Notes and Certificates and the authorisation of the other Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing. The Issuer, as necessary, has made a notification under the Data Protection Act 1998. As at the date of this Prospectus, statutory accounts have not yet been prepared or delivered to the Registrar of Companies on behalf of the Issuer. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2018.

There is no intention to accumulate surpluses in the Issuer. No financial statements of the Issuer have been prepared as at the date of this Prospectus.

### Directors

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

<b>Name</b>	<b>Address</b>	<b>Principal Activities</b>
Intertrust Directors 1 Limited	35 Great St. Helen's, London EC3A 6AP	Company Director
Intertrust Directors 2 Limited	35 Great St. Helen's, London EC3A 6AP	Company Director
Helena Whitaker	35 Great St. Helen's, London EC3A 6AP	Director

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

### Activities

On the Closing Date, the Issuer will acquire from the Seller a portfolio of residential mortgages originated by the Originators. All Mortgage Loans acquired by the Issuer on such date will be financed by the

proceeds of the issue of the Notes. The activities of the Issuer will be restricted by the Conditions, the Certificate Conditions, the Note Trust Deed and the Deed of Charge and will be limited to the issue of the Notes, the purchase and ownership of the Mortgage Loans and other assets referred to therein, the exercise of related rights and powers, and other activities referred to herein or reasonably incidental thereto. These activities will include the collection of payments of principal and interest from Borrowers in respect of Mortgage Loans and the operation of arrears procedures.

Substantially all of the above activities will be carried on by the Servicer on an agency basis on behalf of the Issuer and Security Trustee under the Servicing Agreement. Additionally, the Cash Manager will provide cash management and reporting services to the Issuer and the Security Trustee pursuant to the Cash Management Agreement. The Issuer (with the consent of the Security Trustee) or the Security Trustee may revoke the agency of the Servicer upon the occurrence of certain events of default or insolvency or similar events in relation to the Servicer or, in certain circumstances, following an Event of Default in relation to the Notes. Following such an event as aforesaid, the Issuer may (with the consent of the Security Trustee) or the Security Trustee may, subject to certain conditions, appoint any substitute Servicer.

### **The Corporate Services Agreement**

On or prior to the Closing Date, the Issuer and the Corporate Services Provider will enter into a corporate services agreement (the "**Corporate Services Agreement**") pursuant to which the Corporate Services Provider will provide the Issuer and Holdings with certain corporate and administrative functions against the payment of a fee. Such services include, *inter alia*, the performance of all general book-keeping, secretarial, registrar and company administration services for the Issuer (including the provision of directors), providing the directors with information in connection with the Issuer, and the arrangement for the convening of shareholders' and directors' meetings.

The fees due to the Corporate Services Provider in relation to the fees of the Corporate Services Provider will be as agreed between the Issuer and the Corporate Services Provider. Fees due and payable to the Corporate Services Provider will be paid ahead of all outstanding Notes and Certificates.

### **Governing Law**

The Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## HOLDINGS

### Introduction

Kirkby RMBS Holdings Limited ("**Holdings**") was incorporated in England and Wales on 20 February 2018 (registered number 11215419) as a private limited company under the Companies Act 2006. The registered office of Holdings is 35 Great St. Helen's, London EC3A 6AP. The issued share capital of Holdings comprises 1 ordinary share of GBP 1. Intertrust Corporate Services Limited (the "**Share Trustee**") holds the entire legal and beneficial interest in the issued share under a discretionary trust for discretionary purposes. Holdings holds the legal and the beneficial interest in the issued share capital of the Issuer.

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

Pursuant to the terms of its articles of association, Holdings is permitted, *inter alia*, to hold shares in 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

The Directors of Holdings and their respective business addresses and principal activities are:

Name	Address	Principal Activities
Intertrust Directors 1 Limited	35 Great St. Helen's, London EC3A 6AP	Company Director
Intertrust Directors 2 Limited	35 Great St. Helen's, London EC3A 6AP	Company Director
Helena Whitaker	35 Great St. Helen's, London EC3A 6AP	Director

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

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

Holdings has no employees.



**THE SELLER AND THE RETENTION HOLDER****The Seller**

Goldman Sachs International Bank is the Seller of the equitable interest in the Mortgage Loans to the Issuer.

Goldman Sachs International Bank ("**GSIB**") is a private company with unlimited liability incorporated under the laws of England and Wales with registered number 01122503 and with its registered address at Peterborough Court, 133 Fleet Street, London, EC4A 2BB. GSIB acts as a primary dealer for European government bonds and is involved in market making in European government bonds, lending and deposit taking activities, and securities lending. GSIB's principal office is in the United Kingdom and its primary regulators are the Prudential Regulation Authority and the Financial Conduct Authority. GSIB's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc., a bank holding company and financial holding company regulated by the Board of Governors of the Federal Reserve System.

In its capacity as Retention Holder, GSIB will, as an originator for the purposes of the CRR, the AIFM Regulation and the Solvency II Regulation (each as defined below), retain a material net economic interest of not less than 5 per cent. in the securitisation in accordance with the EU Risk Retention Requirements. As at the Closing Date, the Retention will comprise the Retention Holder holding no less than 5 per cent. of the nominal value of each Class of Notes sold or transferred to investors or to the Seller, in each case on the Closing Date, as required by the EU Risk Retention Requirements.

Further, the Retention Holder will, in its capacity as Sponsor of the securitisation transaction effected under the Transaction Documents, under the U.S. Credit Risk Retention Requirements, ensure that it acquires and retains an economic interest in the credit risk of the assets collateralising the issuance of "asset-backed securities" by the Issuer on the Closing Date in an amount of not less than 5 per cent. The Sponsor intends to satisfy the U.S. Credit Risk Retention Requirements by acquiring and retaining, either directly or through a majority owned affiliate of the Retention Holder an eligible vertical interest equal to a minimum of 5 per cent. of the nominal value of each Class of Notes and Certificates issued by the Issuer on the Closing Date.

## **THE VENDOR AND THE VENDOR GUARANTOR**

### **The Vendor**

Redstone Mortgages Limited is the Vendor under the VMSA.

Redstone is a private limited company incorporated in England on the 8th April 2004 (registered number 05098863) having its registered office at 120 London Wall, London EC2Y 5ET.

Redstone was established as a special purpose vehicle for the purpose of acquiring pools of residential mortgage loans advanced to borrowers in England, Wales and Scotland. Redstone is regulated by the Financial Conduct Authority ("FCA") and has been a regulated entity since 2005. Redstone has been a wholly owned subsidiary of UniCredit Bank AG since March 2011.

Redstone has never originated Mortgage Loans itself (other than a small proportion of the Mortgage Loans representing the Redstone Mortgage Loans) but acquired the majority of the Mortgage Loans from other FCA-regulated mortgage lenders, namely Rooftop Mortgages Limited, Amber Homeloans Limited, Platform Funding Limited and Beacon. Redstone no longer acquires new mortgage loans and the last Mortgage Loan was acquired from Beacon in February 2010.

### **The Vendor Guarantor**

UniCredit Bank AG, London Branch is the Vendor Guarantor under the VMSA.

UniCredit Bank has its registered office at Arabellastrasse 12, D- 81925 Munich, Germany and is registered with the Commercial Register at the Local Court (Amtsgericht) in Munich under number HRB 42148. With effect on 15 December 2009, HVB changed its legal name from Bayerische Hypo- und Vereinsbank Aktiengesellschaft to 'UniCredit Bank AG'.

UniCredit Bank offers a comprehensive range of banking and financial products and services to private, corporate and public-sector customers, international companies and institutional customers.

UniCredit Bank AG, London Branch, is registered in England and Wales under number BR001757. UniCredit Bank AG, London Branch, Moor House, 120 London Wall, EC2Y 5ET, is authorised by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority.

UniCredit Bank AG, London Branch does not operate accounts for individuals and does not offer personal loans.

### **No responsibility**

Neither of the Vendor or the Vendor Guarantor has verified or accepts responsibility for the information contained in this Prospectus and, accordingly, neither of those parties makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained in this Prospectus or in any further notice or other document which may at any time be delivered, prepared or published in connection with the Notes or Certificates, as the case may be, or their distribution or accepts any responsibility or liability therefor.

**THE SERVICER AND LEGAL TITLE HOLDER**

Topaz Finance Limited ("**Topaz**", the "**Servicer**" and the "**Legal Title Holder**") is a private company with limited liability incorporated under the laws of England and Wales with registered number 5946900 and with its registered address at The Pavilions, Bridgwater Road, Bristol, BS13 8AE.

Topaz, which operates a number of consumer facing brands, is a subsidiary of Computershare Limited, an Australian global financial administration company, and is regulated by the Financial Conduct Authority (FCA Number 461671) with permissions to, among other things, originate, hold legal title to and service commercial and residential mortgage loans in the United Kingdom for its own account and on behalf of third parties.

Pursuant to the Servicing Agreement, the Servicer is required to provide certain services in relation to the Mortgage Portfolio as described in "*Servicing of the Mortgage Portfolio*".

**THE CASH MANAGER AND THE ISSUER ACCOUNT BANK**

Citibank, N.A. is a national banking association formed through its Articles of Association obtained with its Charter 1461, 17 July 1865 and governed by the laws of the United States of America 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 a foreign company number FC001835 and branch number BR001018.

The bank is a commercial bank that, along with its subsidiaries and affiliates, offers a wide range of banking and trust services to its customers throughout the United States and the world.

The London Branch of Citibank, N.A. is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.

Pursuant to the Cash Management Agreement, the Cash Manager is required to provide certain cash management services as described in "*Cashflows and Cash Management*".

Pursuant to the Issuer Account Bank Agreement, the Issuer Account Bank has agreed to open and operate the Issuer Accounts in accordance with the terms of the Issuer Account Bank Agreement.

**THE COLLECTION ACCOUNT BANK**

HSBC Bank plc is a public limited company incorporated under the law of England and Wales on 1 July 1880 (registered number 00014259).

The bank is a commercial bank that, along with its subsidiaries and affiliates, offers a wide range of banking services to its customers throughout the United Kingdom and the world.

HSBC Bank plc is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.

Pursuant to a collection account agreement, the Collection Account Bank has agreed to open and operate the Collection Accounts in accordance with the terms of such collection account agreement.

### THE NOTE TRUSTEE AND SECURITY TRUSTEE

Citibank, N.A. is a national banking association formed through its Articles of Association obtained with its Charter 1461, 17 July 1865 and governed by the laws of the United States of America 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 a foreign company number FC001835 and branch number BR001018.

The bank is a commercial bank that, along with its subsidiaries and affiliates, offers a wide range of banking and trust services to its customers throughout the United States and the world.

The London Branch of Citibank, N.A. is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.

Pursuant to the Note Trust Deed, the Note Trustee is required to take certain actions as described in "*Security and Note Trust Deed – Note Trust Deed*", "*Terms and Conditions of the Notes*" and "*Terms and Conditions of the Certificates*". Pursuant to the Deed of Charge, the Security Trustee is required to take certain actions as described in "*Security and Note Trust Deed – Deed of Charge*", "*Terms and Conditions of the Notes*" and "*Terms and Conditions of the Certificates*".

Neither the Note Trustee nor the Security Trustee will be responsible for (a) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties thereunder or (b) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents. Neither the Note Trustee nor the Security Trustee will be liable to any Noteholder or other Secured Creditor for any failure to make or to cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Charged Assets and has no responsibility in relation to the legality, validity, sufficiency or enforceability of the Security and the Transaction Documents.

**THE CORPORATE SERVICES PROVIDER, THE REPLACEMENT CASH MANAGER  
FACILITATOR AND THE REPLACEMENT SERVICER FACILITATOR**

**The Corporate Services Provider**

Intertrust Management Limited (formerly Structured Finance Management Limited) (registered number 03853947) (the "**Corporate Services Provider**") acts as the corporate services provider for the Issuer and Holdings. The office of the Corporate Services Provider serves as the general business office of the Issuer and Holdings. Through the office and pursuant to the terms of the corporate services agreement to be entered into on or about the Closing Date between, amongst others, the Issuer and the Corporate Services Provider (the "**Corporate Services Agreement**"), the Corporate Services Provider performs various management functions on behalf of the Issuer and Holdings, including the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Services Provider receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses.

The terms of the Corporate Services Agreement provide that either party may terminate the Corporate Services Agreement upon the occurrence of certain stated events, including any breach by the other party of its obligations under the Corporate Services Agreement which is either incapable of remedy or which is not cured within 30 days from the date on which it was notified of such breach. In addition, either party may terminate the Corporate Services Agreement at any time by giving at least 3 months written notice to the other party. The Corporate Services Provider's principal office is at 35 Great St. Helens, London EC3A 6AP.

**The Replacement Cash Manager Facilitator**

Intertrust Management Limited (the "**Replacement Cash Manager Facilitator**") acts as the replacement cash manager facilitator for the Issuer pursuant to the terms of the Cash Management Agreement.

**The Replacement Servicer Facilitator**

Intertrust Management Limited (the "**Replacement Servicer Facilitator**") acts as the replacement cash servicer facilitator for the Issuer pursuant to the terms of the Servicing Agreement.

**STATISTICAL INFORMATION ON THE MORTGAGE PORTFOLIO AS OF THE CUT-OFF DATE**

The statistical and other information contained in this section has been compiled by reference to the Mortgage Portfolio of £876,633,933 as at 31 January 2018 (the "Cut-off Date"), but excludes Mortgage Loans that have a balance equal to or less than zero.

The information contained in this section has not been updated to reflect any decrease in the size of the Mortgage Portfolio from that of the Mortgage Portfolio as of the Cut-Off Date.

Except as otherwise indicated, these tables have been prepared using the Current Balance as at the Cut-off Date. Columns may not add up to the total due to rounding.

As of the Cut-off Date, the Mortgage Portfolio had the following characteristics:

<b>Total Current Balance</b> .....	<b>£876,633,933</b>
<b>Number of Mortgage Loans</b> .....	<b>8,349</b>
<b>Average Mortgage Loan Balance</b> .....	<b>£104,999</b>
<b>Weighted Average Current LTV (indexed)</b> .....	<b>54.31%</b>
<b>Weighted Average Original LTV</b> .....	<b>73.28%</b>
<b>WA Seasoning (in months)</b> .....	<b>121.65</b>
<b>WA Remaining Term (in months)</b> .....	<b>136.43</b>
<b>Weighted Average Coupon</b> .....	<b>3.555%</b>
<b>Weighted Average Margin</b> .....	<b>3.008%</b>
<b>Mortgage Loans greater than 180 Days in Arrears</b> .....	<b>4.58%</b>

"LTV" means the loan to value ratio (excluding telegraphic fees and booking fees) of the amount of the advance to the value of a Mortgaged Property.

**1. Current Balances of Mortgage Loans**

The following table shows the range of outstanding Current Balances of Mortgage Loans in the Mortgage Portfolio as at the Cut-off Date.

<b>Current Balance (£)</b>	<b>Total Current Balance</b>	<b>% Total Current Balance</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
<= 20,000.....	4,084,046	0.47%	362	4.34%
> 20,000 to <= 30,000 .....	9,037,054	1.03%	355	4.25%
> 30,000 to <= 40,000 .....	16,963,162	1.94%	481	5.76%
> 40,000 to <= 50,000 .....	28,664,545	3.27%	637	7.63%
> 50,000 to <= 100,000 .....	218,978,467	24.98%	2,973	35.61%
> 100,000 to <= 150,000 .....	219,148,245	25.00%	1,789	21.43%
> 150,000 to <= 200,000 .....	162,341,857	18.52%	946	11.33%
> 200,000 to <= 250,000 .....	97,542,127	11.13%	442	5.29%
> 250,000 to <= 300,000 .....	53,775,906	6.13%	199	2.38%
> 300,000 to <= 400,000 .....	37,617,992	4.29%	112	1.34%
> 400,000 to <= 500,000 .....	11,867,603	1.35%	27	0.32%
> 500,000 .....	16,612,930	1.90%	26	0.31%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

**2. Current LTV (Indexed)**

The following table shows the range of indexed LTV ratios, which are calculated by dividing the Current Balance of a Mortgage Loan as at the Cut-off Date by the indexed most recent valuation of the Property relating to such Mortgage Loan as at the same date. The figures in the following table have been calculated on the basis of the number of Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date.

<b>Current LTV (Indexed)</b>	<b>Total Current Balance</b>	<b>% Total Current Balance</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
<30% .....	62,628,437	7.14%	1,404	16.82%
>=30.00% to <50.00% .....	302,759,465	34.54%	2,836	33.97%
>=50.00% to <75.00% .....	396,035,772	45.18%	3,175	38.03%



<b>Current LTV (Indexed)</b>	<b>Total Current Balance</b>	<b>% Total Current Balance</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
>=75.00% to <85.00% .....	77,977,172	8.90%	630	7.55%
>=85.00% .....	37,233,087	4.25%	304	3.64%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

### 3. Original LTV

The following table shows the range of original LTV ratios, which are calculated by dividing the original balance of a Mortgage Loan as at the date of origination of the Mortgage Loans by the indexed most recent valuation of the Property relating to such Mortgage Loan. The figures in the following table have been calculated on the basis of the number of Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date.

<b>Original LTV</b>	<b>Total Current Balance</b>	<b>% Total Current Balance</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
<50% .....	53,782,267	6.14%	942	11.28%
>=50.00% to <65.00% .....	130,190,830	14.85%	1,521	18.22%
>=65.00% to <75.00% .....	193,153,810	22.03%	1,868	22.37%
>=75.00% to <85.00% .....	309,164,185	35.27%	2,612	31.29%
>=85.00% .....	190,342,840	21.71%	1,406	16.84%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

### 4. Originator

The following table shows the Originators of the Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date.

<b>Originator</b>	<b>Total Current Balance</b>	<b>% Total Current</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
Beacon .....	801,911,374	91.48%	7,620	91.27%
Amber .....	65,001,377	7.41%	581	6.96%
ExPlatform .....	6,630,025	0.76%	127	1.52%
Rooftop .....	3,091,156	0.35%	21	0.25%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

### 5. Mortgage Loan Type

The following table shows the types of mortgage loans for the Mortgage Loans in the Mortgage Portfolio as at the Cut-off Date. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date.

<b>Mortgage Type</b>	<b>Total Current Balance</b>	<b>% Total Current</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
Owner Occupied .....	799,607,383	91.21%	7,644	91.56
Buy-to-Let .....	77,026,549	8.79%	705	8.44
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

6. **Property Type**

The following table shows the types of properties by which the Mortgage Loans in the Mortgage Portfolio as at the Cut-off Date. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date.

<b>Property Type</b>	<b>Total Current Balance</b>	<b>% Total Current</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
Terraced House.....	305,041,826	34.80%	3,370	40.36%
Semi-Detached House .....	278,964,866	31.82%	2,762	33.08%
Detached House .....	151,688,446	17.30%	882	10.56%
Flat .....	88,239,892	10.07%	833	9.98%
Bungalow .....	46,068,878	5.26%	375	4.49%
Other .....	6,630,025	0.76%	127	1.52%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

5. **Arrears Status**

The following table shows the arrears status in respect of the Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date. The figures in the following tables have been calculated on the basis of the Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date.

<b>Days in Arrears</b>	<b>Total Current Balance</b>	<b>% Total Current Balance</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
1 to 30 .....	716,975,438	81.79%	7,055	84.50%
31 to 60 .....	52,368,381	5.97%	436	5.22%
61 to 90 .....	28,804,907	3.29%	237	2.84%
91 to 120 .....	17,586,010	2.01%	145	1.74%
121 to 150 .....	11,510,529	1.31%	98	1.17%
151 to 180 .....	9,216,307	1.05%	77	0.92%
>=180 .....	40,172,360	4.58%	301	3.61%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

6. **Interest Rate Type**

The following table shows the distribution of Mortgage Loans in the Mortgage Portfolio as at the Cut-off Date. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date.

<b>Interest Rate Index</b>	<b>Total Current Balance</b>	<b>% Total Current Balance</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
Fixed Float .....	683,668,047	77.99%	6,346	76.01%
Discount .....	151,729,316	17.31%	1,541	18.46%
Float Life .....	40,682,210	4.64%	459	5.50%
Other .....	554,360	0.06%	3	0.04%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

7. **Current Interest Rate**

The following tables show the interest rates in respect of the Mortgage Loans in the Mortgage Portfolio. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date.

<b>Current Interest Rate</b>	<b>Total Current Balance</b>	<b>% Total Current Balance</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
<=1.99% .....	6,804,274	0.78%	93	1.11%
2.00% to 2.24% .....	18,169,576	2.07%	238	2.85%
2.25% to 2.49% .....	24,357,330	2.78%	287	3.44%

STATISTICAL INFORMATION ON THE MORTGAGE PORTFOLIO AS OF THE CUT-OFF DATE

Current Interest Rate	Total Current Balance	% Total Current Balance	Number of Mortgage Loans	% Number of Mortgage Loans
	(£)			
2.50% to 2.74% .....	83,585,253	9.53%	1,080	12.94%
2.75% to 2.99% .....	118,846,342	13.56%	1,209	14.48%
3.00% to 3.24% .....	95,804,163	10.93%	959	11.49%
3.25% to 3.49% .....	91,541,077	10.44%	810	9.70%
3.50% to 3.74% .....	93,314,950	10.64%	896	10.73%
3.75% to 3.99% .....	84,362,738	9.62%	737	8.83%
4.00% to 4.24% .....	97,690,248	11.14%	780	9.34%
4.25% to 4.49% .....	33,363,453	3.81%	254	3.04%
4.50% to 4.74% .....	46,094,889	5.26%	368	4.41%
4.75% to 4.99% .....	27,749,525	3.17%	205	2.46%
5.00% to 5.24% .....	21,023,349	2.40%	133	1.59%
5.25% to 5.49% .....	10,862,645	1.24%	82	0.98%
5.50% to 5.74% .....	16,098,990	1.84%	153	1.83%
5.75% to 5.99% .....	4,866,646	0.56%	45	0.54%
>=6.00% .....	2,098,482	0.24%	20	0.245
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>
<b>Min</b> .....	<b>0.520%</b>			
<b>Max</b> .....	<b>6.550%</b>			
<b>WA</b> .....	<b>3.555%</b>			

8. Interest Rate Margin

The following tables show the interest rate margin in respect of the Mortgage Loans in the Mortgage Portfolio. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date.

Interest Rate Margin	Total Current Balance	% Total Current Balance	Number of Mortgage Loans	% Number of Mortgage Loans
	(£)			
<= 1.00% .....	3,892,509	0.44%	40	0.48%
1.01% to 1.25% .....	561,266	0.06%	8	0.10%
1.26% to 1.50% .....	4,334,908	0.49%	80	0.96%
1.51% to 1.75% .....	20,635,485	2.35%	248	2.97%
1.76% to 2.00% .....	57,941,323	6.61%	824	9.87%
2.01% to 2.25% .....	65,204,817	7.44%	702	8.41%
2.26% to 2.50% .....	138,386,440	15.79%	1,448	17.34%
2.51% to 2.75% .....	78,024,260	8.90%	730	8.74%
2.76% to 3.00% .....	107,487,623	12.26%	991	11.87%
3.01% to 3.25% .....	88,398,092	10.08%	797	9.55%
3.26% to 3.50% .....	86,600,877	9.88%	772	9.25%
3.51% to 3.75% .....	79,380,282	9.06%	581	6.96%
3.76% to 4.00% .....	45,998,724	5.25%	356	4.26%
4.01% to 4.25% .....	30,677,291	3.50%	242	2.90%
4.26% to 4.50% .....	22,975,492	2.62%	152	1.82%
4.51% to 4.75% .....	20,688,218	2.36%	139	1.66%
4.76% to 5.00% .....	14,510,797	1.66%	146	1.75%
>=5.01% .....	10,935,528	1.25%	93	1.11%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

9. Mortgage Loan Interest Rate (Benchmark) Index

The following tables show the range of interest rates offered in respect of the Mortgage Loans in the Mortgage Portfolio. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date.

Mortgage Loan Interest Rate	Total Current Balance	% Total Current	Number of Mortgage Loans	% Number of Mortgage Loans
	(£)			
LIBOR .....	848,032,271	96.74%	8,108	97.11%
SVR.....	15,057,066	1.72%	142	1.70%
Bank of England Rate.....	13,544,596	1.55%	99	1.19%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

10. **Repayment Terms**

The following table shows the repayment terms for the Mortgage Loans in the Mortgage Portfolio as at the Cut-off Date. For a description of the various repayment terms the Seller offers, see "*The Mortgage Loans — Characteristics of the Mortgage Loans — Repayment Terms*". The figures in the following table have been calculated on the basis of the Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date.

<b>Repayment Method</b>	<b>Total Current Balance</b>	<b>% Total Current</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
Interest-Only .....	678,415,874	77.39%	4,944	59.22%
Amortising .....	185,786,660	21.19%	3,272	39.19%
Part and Part .....	12,431,398	1.42%	133	1.59%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

11. **Geographical Distribution of Properties**

The following table shows the distribution of Properties securing the Mortgage Loans in the Mortgage Portfolio throughout the United Kingdom as at the Cut-off Date. The relevant Originator's lending criteria and current credit scoring tests do not take into account the geographical location of the property securing a Mortgage Loan. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date.

<b>Region</b>	<b>Total Current Balance</b>	<b>% Total Current Balance</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
London .....	209,530,787	23.90%	1,189	14.24%
North West .....	101,029,077	11.52%	1,261	15.10%
Outer Metro .....	94,077,543	10.73%	656	7.86%
West Midlands .....	85,801,035	9.79%	958	11.47%
Other South East .....	82,012,232	9.36%	641	7.68%
Yorks and Humber .....	67,818,309	7.74%	867	10.38%
South West .....	54,638,128	6.23%	477	5.71%
Scotland .....	48,882,679	5.58%	675	8.08%
East Midlands .....	42,874,729	4.89%	487	5.83%
North .....	35,654,645	4.07%	495	5.93%
Other .....	54,314,768	6.20%	643	7.70%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

12. **Mortgage Loan Purpose**

The following table shows the distribution of the Mortgage Loans in the Mortgage Portfolio by loan purpose as at the Cut-off Date.

<b>Region</b>	<b>Total Current Balance</b>	<b>% Total Current Balance</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
Remortgage .....	634,245,716	72.35%	6,197	74.22%
Purchase .....	242,388,217	27.65%	2,152	25.78%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

13. **Borrower's Age**

The following table shows the distribution of the Mortgage Loans in the Mortgage Portfolio by the age of the Borrower as at the Cut-off Date.

<b>Borrower's Age</b>	<b>Total Current Balance</b>	<b>% Total Current Balance</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
26 to 30 .....	1,091,750	0.12%	14	0.17%
31 to 35 .....	14,837,348	1.69%	178	2.13%
36 to 40 .....	58,006,449	6.62%	583	6.98%
41 to 45 .....	92,831,941	10.59%	912	10.92%
46 to 50 .....	159,891,515	18.24%	1,452	17.39%
51 to 55 .....	190,229,738	21.70%	1,748	20.94%
56 to 60 .....	167,304,133	19.08%	1,546	18.52%
61 to 65 .....	99,718,797	11.38%	999	11.97%
66 to 70 .....	49,365,875	5.63%	515	6.17%
71 to 75 .....	28,950,727	3.30%	274	3.28%
76 to 80 .....	10,983,760	1.25%	95	1.14%
81 to 85 .....	3,182,768	0.36%	30	0.36%
>=86 .....	239,131	0.03%	3	0.04%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

14. **Borrower's Age at Maturity**

The following table shows the distribution of the Mortgage Loans in the Mortgage Portfolio by the age of the Borrower as at the maturity of the Mortgage Loans.

<b>Borrower's Age</b>	<b>Total Current Balance</b>	<b>% Total Current Balance</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
31 to 35 .....	77,210	0.01%	1	0.01%
36 to 40 .....	826,214	0.09%	14	0.17%
41 to 45 .....	3,251,341	0.37%	46	0.55%
46 to 50 .....	23,914,117	2.73%	267	3.20%
51 to 55 .....	72,292,007	8.25%	746	8.94%
56 to 60 .....	143,667,513	16.39%	1,399	16.76%
61 to 65 .....	277,906,658	31.70%	2,623	31.42%
66 to 70 .....	180,832,793	20.63%	1,701	20.37%
71 to 75 .....	103,459,938	11.80%	929	11.13%
76 to 80 .....	41,753,634	4.76%	376	4.50%
81 to 85 .....	22,150,477	2.53%	199	2.38%
86 to 90 .....	5,439,548	0.62%	39	0.47%
91 to 95 .....	489,226	0.06%	5	0.06%
96 to 100 .....	432,219	0.05%	2	0.02%
>=101 .....	141,039	0.02%	2	0.02%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

15. **Seasoning of Mortgage Loans**

The following table shows the years of origination in respect of a Mortgage Loan in the Mortgage Portfolio as at the Cut-off Date. The figures in the following table have been calculated on the basis of the Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date.

<b>Origination Year</b>	<b>Total Current Balance</b>	<b>% Total Current Balance</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
2005 .....	37,408,971	4.27%	445	5.33%
2006 .....	124,654,200	14.22%	1,076	12.89%
2007 .....	387,553,157	44.21%	3,163	37.88%
2008 .....	181,887,639	20.75%	1,913	22.91%
2009 .....	138,544,772	15.80%	1,680	20.12%

Origination Year	Total Current Balance (£)	% Total Current Balance	Number of Mortgage Loans	% Number of Mortgage Loans
2010 .....	6,585,193	0.75%	72	0.86%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

#### 16. Maturity Date

The following table shows the maturity dates of the Mortgage Loans in the Mortgage Portfolio. The figures in the following table have been calculated on the basis of the Mortgage Loans as at the Cut-Off Date, the Mortgage Portfolio as at the Cut-Off Date.

Years to Maturity	Total Current Balance (£)	% Total Current Balance	Number of Mortgage Loans	% Number of Mortgage Loans
Pre 2020 .....	53,800,848	6.14%	636	7.62%
2021 to 2025 .....	141,852,548	16.18%	1,565	18.74%
2026 to 2030 .....	278,873,675	31.81%	2,650	31.74%
2031 to 2035 .....	352,652,009	40.23%	2,991	35.82%
2036 to 2040 .....	37,229,532	4.25%	383	4.59%
2041 and after .....	12,225,320	1.39%	124	1.49%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

#### 17. Income Certification Type

The following table shows the distribution of the Mortgage Loans in the Mortgage Portfolio by income certification type as at the Cut-off Date.

Certification Type	Total Current Balance (£)	% Total Current Balance	Number of Mortgage Loans	% Number of Mortgage Loans
Self Certified.....	547,947,732	62.51%	4,450	53.30%
Verified.....	328,686,201	37.49%	3,899	46.70%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

#### 18. Prior Bankruptcy or Insolvency Flag

The following table shows the distribution of the Mortgage Loans in the Mortgage Portfolio by Borrowers with a prior bankruptcy or insolvency flag as at the Cut-off Date.

Prior Bankruptcy or Insolvency Flag	Total Current Balance (£)	% Total Current Balance	Number of Mortgage Loans	% Number of Mortgage Loans
No .....	874,348,422	99.74%	8,324	99.70%
Yes .....	2,285,511	0.26%	25	0.30%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

#### 19. Number of County Court Judgements Satisfied

The following table shows the distribution of the Mortgage Loans in the Mortgage Portfolio by the total number of county court judgements as at the Cut-off Date.

Total number of County Court Judgements	Total number of Mortgage Loans (£)	% Total number of Mortgage Loans	Total balance of Mortgage Loans	% Total balance of Mortgage Loans
0 .....	5,701	68.28%	599,267,972	68.36%
1 .....	1,441	17.26%	144,316,035	16.46%
2 .....	632	7.57%	65,650,212	7.49%

Total number of County Court Judgements	Total number of Mortgage Loans (£)	% Total number of Mortgage Loans	Total balance of Mortgage Loans	% Total balance of Mortgage Loans
3 .....	304	3.64%	33,997,329	3.88%
4 .....	150	1.80%	17,453,282	1.99%
5 .....	63	0.75%	7,518,047	0.86%
6 .....	17	0.20%	2,214,724	0.25%
7 .....	16	0.19%	2,022,420	0.23%
8 .....	6	0.07%	788,805	0.09%
9 .....	9	0.11%	1,090,271	0.12%
10+ .....	10	0.12%	2,314,834	0.26%
<b>Total:</b> .....	<b>8,349</b>	<b>100.00%</b>	<b>876,633,933</b>	<b>100.00%</b>

20. **Employment Type**

The following table shows the distribution of the Mortgage Loans in the Mortgage Portfolio by employment type of the Borrower as at the Cut-off Date.

Employment Type	Total Current Balance (£)	% Total Current Balance	Number of Mortgage Loans	% Number of Mortgage Loans
Self-Employed .....	325,117,833	37.09%	2,484	29.75%
Employed .....	313,687,930	35.78%	3,586	42.95%
Unknown .....	214,377,849	24.45%	1,978	23.69%
Other .....	18,004,196	2.05%	215	2.58%
Pensioner .....	5,446,125	0.62%	86	1.03%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

21. **Type of Charge**

The following table shows the distribution of the Mortgage Loans in the Mortgage Portfolio by the type of charge securing the Mortgage Loan as at the Cut-off Date.

Type of Charge	Total Current Balance (£)	% Total Current Balance	Number of Mortgage Loans	% Number of Mortgage Loans
First Priority Charge .....	875,966,417	99.92%	8,346	99.96%
Second Priority Charge .....	667,516	0.08%	3	0.04%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

22. **Debt to Income**

The following table shows the distribution of the Mortgage Loans in the Mortgage Portfolio by the debt to income ratio as at the Cut-off Date.

Debt to Income	Total Current Balance (£)	% Total Current Balance	Number of Mortgage Loans	% Number of Mortgage Loans
<35% .....	857,643,772	97.83%	8,124	97.31%
>=35% .....	11,851,776	1.35%	165	1.98%
Unknown .....	7,138,385	0.81%	60	0.72%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>

23. **Original Mortgage Loan Size**

The following table shows the distribution of the Mortgage Loans in the Mortgage Portfolio by the original size of the Mortgage Loans. The figures in the following table have been calculated on the basis of the Mortgage Loans as at the Cut-Off Date, the Mortgage Portfolio as at the Cut-Off Date.

<b>Original Mortgage Loan Size</b>	<b>Total Current Balance</b>	<b>% Total Current Balance</b>	<b>Number of Mortgage Loans</b>	<b>% Number of Mortgage Loans</b>
	(£)			
<= 50,000.....	13,699,281	1.56%	572	6.85%
> 50,000 to <= 75,000.....	81,431,028	9.29%	1,672	20.03%
> 75,000 to <= 100,000.....	135,514,076	15.46%	1,891	22.65%
> 100,000 to <= 125,000.....	126,038,189	14.38%	1,286	15.40%
> 125,000 to <= 150,000.....	111,405,881	12.71%	899	10.77%
> 150,000 to <= 200,000.....	184,442,306	21.04%	1,159	13.88%
> 200,000 to <= 250,000.....	103,146,348	11.77%	488	5.85%
> 250,000 to <= 300,000.....	54,943,531	6.27%	213	2.55%
> 300,000 to <= 400,000.....	37,405,297	4.27%	114	1.37%
> 400,000 to <= 500,000.....	12,778,884	1.46%	30	0.36%
>500,000.....	15,829,112	1.81%	25	0.30%
<b>Total:</b> .....	<b>876,633,933</b>	<b>100.00%</b>	<b>8,349</b>	<b>100.00%</b>



**LOAN LEVEL INFORMATION ON THE MORTGAGE PORTFOLIO**

The following information is available from the following website: <https://sf.Citidirect.com>:

- the file titled "*Kirkby RMBS plc Static Data Tape 31-Jan-2018*";
- the file titled "*Kirkby RMBS plc Valuation Report Jan-2007 to May-2017*";
- the file titled "*Kirkby RMBS plc Arrears Balances Jan-2007 to May-2017*";
- the file titled "*Kirkby RMBS plc Balances Jan-2007 to Dec-2012*";
- the file titled "*Kirkby RMBS plc Balances Jan-2013 to May-2017*";
- the file titled "*Kirkby RMBS plc Interest Rate Report Jan-2007 to May-2017*";
- the file titled "*Kirkby RMBS plc Months in Arrears Jan-2007 to May-2017*";
- the file titled "*Kirkby RMBS plc Payment Due Report Jan-2007 to May-2017*"; and
- the file titled "*Kirkby RMBS plc Payment Paid Report Jan-2007 to May-2017*".

The website at <https://sf.Citidirect.com> and the contents thereof do not form part of this Prospectus.

## HISTORICAL PERFORMANCE

### *Historical Prepayment Rates*

The data below shows the principal prepayment rates of the Mortgage Loans from January 2007 to March 2017. The calculations below show the total balance of the Mortgage Loans where the relevant Borrower has made a principal prepayment that exceeds the scheduled amount of principal to be repaid by such Borrower plus any lumpsum balance paid down (excluding any Mortgage Loans that were, at the time of calculation, more than 6 months in arrears) divided by the total balance of Mortgage Loans (excluding any Mortgage Loans that had previously been, or were, at the time of calculation, more than 6 months in arrears).

Date	One-month Annualised	Three-month Annualised	Twelve-month Annualised
31/01/2007			
28/02/2007	17.55%		
31/03/2007	23.67%		
30/04/2007	22.09%	21.20%	
31/05/2007	19.15%	21.51%	
30/06/2007	24.60%	22.01%	
31/07/2007	19.20%	21.02%	
31/08/2007	16.34%	19.99%	
30/09/2007	15.74%	17.04%	
31/10/2007	15.24%	15.75%	
30/11/2007	10.13%	13.59%	
31/12/2007	8.94%	11.34%	
31/01/2008	7.17%	8.71%	15.80%
29/02/2008	8.24%	8.11%	14.90%
31/03/2008	7.52%	7.64%	13.68%
30/04/2008	7.17%	7.64%	12.51%
31/05/2008	5.42%	6.70%	11.43%
30/06/2008	6.18%	6.26%	10.10%
31/07/2008	9.90%	7.20%	9.50%
31/08/2008	6.78%	7.63%	8.82%
30/09/2008	11.68%	9.48%	8.62%
31/10/2008	7.05%	8.53%	8.01%
30/11/2008	6.73%	8.50%	7.74%
31/12/2008	5.07%	6.28%	7.42%
31/01/2009	4.53%	5.44%	7.19%
28/02/2009	4.98%	4.86%	6.92%
31/03/2009	4.60%	4.70%	6.67%
30/04/2009	3.35%	4.31%	6.35%
31/05/2009	3.11%	3.69%	6.14%
30/06/2009	4.86%	3.78%	6.03%
31/07/2009	3.56%	3.85%	5.51%
31/08/2009	4.82%	4.42%	5.35%
30/09/2009	5.38%	4.59%	4.83%
31/10/2009	5.19%	5.13%	4.68%
30/11/2009	5.83%	5.47%	4.61%
31/12/2009	4.13%	5.05%	4.54%
31/01/2010	3.78%	4.58%	4.47%
28/02/2010	5.18%	4.36%	4.49%
31/03/2010	4.35%	4.44%	4.47%
30/04/2010	4.27%	4.60%	4.54%
31/05/2010	4.68%	4.43%	4.67%
30/06/2010	6.17%	5.04%	4.78%
31/07/2010	5.11%	5.32%	4.91%
31/08/2010	4.58%	5.29%	4.89%
30/09/2010	4.32%	4.67%	4.80%
31/10/2010	6.16%	5.02%	4.87%
30/11/2010	4.44%	4.98%	4.76%
31/12/2010	3.46%	4.70%	4.71%
31/01/2011	3.43%	3.78%	4.69%
28/02/2011	5.69%	4.19%	4.73%
31/03/2011	4.47%	4.53%	4.74%
30/04/2011	5.20%	5.12%	4.82%
31/05/2011	5.15%	4.94%	4.86%
30/06/2011	4.87%	5.07%	4.74%
31/07/2011	8.07%	6.03%	4.98%

Date	Annualised		
	One-month	Three-month	Twelve-month
31/08/2011	6.50%	6.48%	5.14%
30/09/2011	5.00%	6.54%	5.20%
31/10/2011	7.50%	6.34%	5.30%
30/11/2011	7.85%	6.78%	5.58%
31/12/2011	6.56%	7.31%	5.84%
31/01/2012	4.92%	6.46%	5.98%
29/02/2012	6.01%	5.84%	6.00%
31/03/2012	4.94%	5.29%	6.05%
30/04/2012	4.27%	5.08%	5.99%
31/05/2012	5.22%	4.81%	6.00%
30/06/2012	6.46%	5.31%	6.14%
31/07/2012	6.12%	5.93%	5.96%
31/08/2012	5.14%	5.91%	5.85%
30/09/2012	6.61%	5.96%	5.99%
31/10/2012	4.36%	5.37%	5.72%
30/11/2012	6.95%	5.98%	5.63%
31/12/2012	6.19%	5.83%	5.59%
31/01/2013	4.78%	5.98%	5.59%
28/02/2013	4.33%	5.10%	5.45%
31/03/2013	4.62%	4.58%	5.43%
30/04/2013	5.33%	4.76%	5.52%
31/05/2013	5.89%	5.28%	5.58%
30/06/2013	5.27%	5.50%	5.47%
31/07/2013	6.21%	5.79%	5.48%
31/08/2013	7.58%	6.35%	5.68%
30/09/2013	6.99%	6.93%	5.70%
31/10/2013	6.25%	6.95%	5.86%
30/11/2013	9.16%	7.47%	6.03%
31/12/2013	5.29%	6.92%	5.96%
31/01/2014	6.57%	7.03%	6.11%
28/02/2014	6.88%	6.25%	6.33%
31/03/2014	6.14%	6.53%	6.46%
30/04/2014	5.94%	6.32%	6.52%
31/05/2014	5.84%	5.97%	6.52%
30/06/2014	7.20%	6.32%	6.68%
31/07/2014	8.76%	7.27%	6.89%
31/08/2014	7.21%	7.73%	6.85%
30/09/2014	5.26%	7.10%	6.72%
31/10/2014	6.71%	6.40%	6.76%
30/11/2014	8.37%	6.78%	6.67%
31/12/2014	6.62%	7.24%	6.79%
31/01/2015	5.65%	6.90%	6.72%
28/02/2015	7.23%	6.50%	6.75%
31/03/2015	6.54%	6.48%	6.78%
30/04/2015	8.09%	7.29%	6.96%
31/05/2015	6.58%	7.07%	7.03%
30/06/2015	8.04%	7.58%	7.10%
31/07/2015	7.24%	7.29%	6.96%
31/08/2015	7.47%	7.59%	6.98%
30/09/2015	7.74%	7.49%	7.19%
31/10/2015	8.94%	8.05%	7.37%
30/11/2015	9.30%	8.66%	7.44%
31/12/2015	5.58%	7.97%	7.36%
31/01/2016	8.86%	7.93%	7.63%
29/02/2016	8.84%	7.76%	7.76%
31/03/2016	10.88%	9.53%	8.12%
30/04/2016	7.94%	9.23%	8.11%
31/05/2016	9.11%	9.32%	8.32%
30/06/2016	8.28%	8.44%	8.34%
31/07/2016	8.99%	8.80%	8.49%
31/08/2016	10.85%	9.37%	8.77%
30/09/2016	8.31%	9.39%	8.82%
31/10/2016	8.86%	9.35%	8.81%
30/11/2016	8.63%	8.60%	8.76%
31/12/2016	7.44%	8.31%	8.93%
31/01/2017	10.38%	8.82%	9.05%
28/02/2017	12.41%	10.08%	9.34%
31/03/2017	8.83%	10.56%	9.16%

***Historical Arrears Performance***

The data below shows the arrears performance of the Mortgage Loans from January 2007 to May 2017.

*Data shown by total outstanding balance of the Mortgage Loans*

Date	Number of payments in arrears							
	Total Outstanding Balance	0 Payments	0-3 Payments	3-6 Payments	6-12 Payments	12+ Payments	0+ Payments	3+ Payments
31/01/2007	701,851,588	523,204,132	110,955,079	38,187,040	27,291,412	2,213,924	178,647,455	67,692,376
30/06/2007	989,637,247	790,369,688	129,723,338	38,112,277	28,082,614	3,349,330	199,267,559	69,544,220
31/01/2008	1,456,309,937	1,189,542,451	177,894,457	48,469,515	30,337,199	10,066,315	266,767,486	88,873,029
30/06/2008	1,547,653,333	1,219,042,487	212,573,916	54,090,038	45,804,765	16,142,126	328,610,846	116,036,930
31/01/2009	1,678,749,803	1,210,618,270	293,558,811	81,757,559	56,646,725	36,168,437	468,131,532	174,572,721
30/06/2009	1,766,327,166	1,239,159,861	280,064,889	119,447,916	85,127,756	42,526,744	527,167,305	247,102,416
31/01/2010	1,852,283,227	1,328,249,609	258,153,357	109,090,959	90,880,514	65,908,788	524,033,618	265,880,262
30/06/2010	1,788,067,301	1,309,278,751	240,063,152	100,490,100	82,214,053	56,021,245	478,788,550	238,725,399
31/01/2011	1,706,114,334	1,263,165,949	224,010,306	95,789,312	72,873,610	50,275,157	442,948,385	218,938,079
30/06/2011	1,652,745,808	1,234,393,505	224,625,497	82,183,278	68,043,076	43,500,453	418,352,304	193,726,806
31/01/2012	1,572,802,018	1,154,634,074	230,785,645	85,117,900	62,048,316	40,216,083	418,167,944	187,382,299
30/06/2012	1,523,346,413	1,126,603,718	224,195,048	76,880,687	60,157,094	35,509,867	396,742,696	172,547,647
31/01/2013	1,444,510,282	1,081,951,787	202,616,503	68,800,329	55,842,107	35,299,555	362,558,494	159,941,991
30/06/2013	1,398,166,130	1,061,557,029	201,247,302	54,873,126	50,866,050	29,622,624	336,609,101	135,361,799
31/01/2014	1,325,078,875	1,028,319,401	179,467,411	51,524,193	42,641,947	23,125,922	296,759,473	117,292,062
30/06/2014	1,278,334,028	996,766,294	174,253,467	46,302,904	37,806,862	23,204,500	281,567,733	107,314,266
31/01/2015	1,211,713,655	955,579,033	150,815,304	48,483,001	37,773,132	19,063,184	256,134,622	105,319,318
30/06/2015	1,167,595,620	917,704,371	149,598,092	46,367,109	36,152,298	17,773,751	249,891,250	100,293,158
31/01/2016	1,102,336,035	860,307,016	143,115,204	48,967,886	32,575,089	17,370,841	242,029,020	98,913,816
30/06/2016	1,052,022,995	839,177,838	119,205,469	42,676,291	33,929,592	17,033,805	212,845,157	93,639,688
31/01/2017	991,062,869	797,582,581	107,025,756	38,006,572	28,956,963	19,490,997	193,480,288	86,454,532
31/05/2017	948,309,733	777,042,192	96,474,230	34,862,550	24,038,047	15,892,715	171,267,541	74,793,311

*Data shown as a percentage of the total outstanding balance of the Mortgage Loans*

Date	Number of payments in arrears							
	Total Outstanding Balance	0 Payments	0-3 Payments	3-6 Payments	6-12 Payments	12+ Payments	0+ Payments	3+ Payments
31/01/2007	701,851,588	74.55%	15.81%	5.44%	3.89%	0.32%	25.45%	9.64%
30/06/2007	989,637,247	79.86%	13.11%	3.85%	2.84%	0.34%	20.14%	7.03%
31/01/2008	1,456,309,937	81.68%	12.22%	3.33%	2.08%	0.69%	18.32%	6.10%
30/06/2008	1,547,653,333	78.77%	13.74%	3.49%	2.96%	1.04%	21.23%	7.50%
31/01/2009	1,678,749,803	72.11%	17.49%	4.87%	3.37%	2.15%	27.89%	10.40%
30/06/2009	1,766,327,166	70.15%	15.86%	6.76%	4.82%	2.41%	29.85%	13.99%
31/01/2010	1,852,283,227	71.71%	13.94%	5.89%	4.91%	3.56%	28.29%	14.35%
30/06/2010	1,788,067,301	73.22%	13.43%	5.62%	4.60%	3.13%	26.78%	13.35%
31/01/2011	1,706,114,334	74.04%	13.13%	5.61%	4.27%	2.95%	25.96%	12.83%
30/06/2011	1,652,745,808	74.69%	13.59%	4.97%	4.12%	2.63%	25.31%	11.72%
31/01/2012	1,572,802,018	73.41%	14.67%	5.41%	3.95%	2.56%	26.59%	11.91%
30/06/2012	1,523,346,413	73.96%	14.72%	5.05%	3.95%	2.33%	26.04%	11.33%
31/01/2013	1,444,510,282	74.90%	14.03%	4.76%	3.87%	2.44%	25.10%	11.07%
30/06/2013	1,398,166,130	75.92%	14.39%	3.92%	3.64%	2.12%	24.08%	9.68%
31/01/2014	1,325,078,875	77.60%	13.54%	3.89%	3.22%	1.75%	22.40%	8.85%
30/06/2014	1,278,334,028	77.97%	13.63%	3.62%	2.96%	1.82%	22.03%	8.39%

HISTORICAL PERFORMANCE

Date	Total Outstanding Balance	Number of payments in arrears						
		0 Payments	0-3 Payments	3-6 Payments	6-12 Payments	12+ Payments	0+ Payments	3+ Payments
31/01/2015	1,211,713,655	78.86%	12.45%	4.00%	3.12%	1.57%	21.14%	8.69%
30/06/2015	1,167,595,620	78.60%	12.81%	3.97%	3.10%	1.52%	21.40%	8.59%
31/01/2016	1,102,336,035	78.04%	12.98%	4.44%	2.96%	1.58%	21.96%	8.97%
30/06/2016	1,052,022,995	79.77%	11.33%	4.06%	3.23%	1.62%	20.23%	8.90%
31/01/2017	991,062,869	80.48%	10.80%	3.83%	2.92%	1.97%	19.52%	8.72%
31/05/2017	948,309,733	81.94%	10.17%	3.68%	2.53%	1.68%	18.06%	7.89%

*Data shown by number of Mortgage Loans*

Date	Total number of Mortgage Loans	Number of payments in arrears						
		0 Payments	0-3 Payments	3-6 Payments	6-12 Payments	12+ Payments	0+ Payments	3+ Payments
31/01/2007	5773	4526	837	245	151	14	1247	410
30/06/2007	7826	6436	963	251	158	18	1390	427
31/01/2008	11223	9414	1242	328	190	49	1809	567
30/06/2008	12097	9917	1459	365	270	86	2180	721
31/01/2009	13483	10361	2080	529	334	179	3122	1042
30/06/2009	14550	10984	2045	778	526	217	3566	1521
31/01/2010	15712	12039	1985	738	596	354	3673	1688
30/06/2010	15291	11895	1846	696	523	331	3396	1550
31/01/2011	14708	11429	1800	679	482	318	3279	1479
30/06/2011	14310	11202	1800	578	451	279	3108	1308
31/01/2012	13679	10552	1830	618	427	252	3127	1297
30/06/2012	13307	10337	1783	540	421	226	2970	1187
31/01/2013	12750	9961	1655	511	393	230	2789	1134
30/06/2013	12398	9819	1607	423	356	193	2579	972
31/01/2014	11841	9542	1453	400	300	146	2299	846
30/06/2014	11489	9302	1416	358	269	144	2187	771
31/01/2015	10985	8969	1263	359	268	126	2016	753
30/06/2015	10651	8693	1231	350	255	122	1958	727
31/01/2016	10156	8206	1225	369	241	115	1950	725
30/06/2016	9787	8074	1007	339	251	116	1713	706
31/01/2017	9291	7717	902	303	224	145	1574	672
31/05/2017	8958	7553	821	277	189	118	1405	584

*Data shown as a percentage of the total number of the Mortgage Loans*

Date	Total number of Mortgage Loans	Number of payments in arrears						
		0 Payments	0-3 Payments	3-6 Payments	6-12 Payments	12+ Payments	0+ Payments	3+ Payments
31/01/2007	5773	78.40%	14.50%	4.24%	2.62%	0.24%	21.60%	7.10%
30/06/2007	7826	82.24%	12.31%	3.21%	2.02%	0.23%	17.76%	5.46%
31/01/2008	11223	83.88%	11.07%	2.92%	1.69%	0.44%	16.12%	5.05%
30/06/2008	12097	81.98%	12.06%	3.02%	2.23%	0.71%	18.02%	5.96%
31/01/2009	13483	76.84%	15.43%	3.92%	2.48%	1.33%	23.16%	7.73%
30/06/2009	14550	75.49%	14.05%	5.35%	3.62%	1.49%	24.51%	10.45%
31/01/2010	15712	76.62%	12.63%	4.70%	3.79%	2.25%	23.38%	10.74%
30/06/2010	15291	77.79%	12.07%	4.55%	3.42%	2.16%	22.21%	10.14%
31/01/2011	14708	77.71%	12.24%	4.62%	3.28%	2.16%	22.29%	10.06%
30/06/2011	14310	78.28%	12.58%	4.04%	3.15%	1.95%	21.72%	9.14%
31/01/2012	13679	77.14%	13.38%	4.52%	3.12%	1.84%	22.86%	9.48%
30/06/2012	13307	77.68%	13.40%	4.06%	3.16%	1.70%	22.32%	8.92%
31/01/2013	12750	78.13%	12.98%	4.01%	3.08%	1.80%	21.87%	8.89%
30/06/2013	12398	79.20%	12.96%	3.41%	2.87%	1.56%	20.80%	7.84%

HISTORICAL PERFORMANCE

Date	Total number of Mortgage Loans	Number of payments in arrears						
		0 Payments	0-3 Payments	3-6 Payments	6-12 Payments	12+ Payments	0+ Payments	3+ Payments
31/01/2014	11841	80.58%	12.27%	3.38%	2.53%	1.23%	19.42%	7.14%
30/06/2014	11489	80.96%	12.32%	3.12%	2.34%	1.25%	19.04%	6.71%
31/01/2015	10985	81.65%	11.50%	3.27%	2.44%	1.15%	18.35%	6.85%
30/06/2015	10651	81.62%	11.56%	3.29%	2.39%	1.15%	18.38%	6.83%
31/01/2016	10156	80.80%	12.06%	3.63%	2.37%	1.13%	19.20%	7.14%
30/06/2016	9787	82.50%	10.29%	3.46%	2.56%	1.19%	17.50%	7.21%
31/01/2017	9291	83.06%	9.71%	3.26%	2.41%	1.56%	16.94%	7.23%
31/05/2017	8958	84.32%	9.16%	3.09%	2.11%	1.32%	15.68%	6.52%

*Arrears data for Mortgage Loans originated prior to 2007*

Balance (£)	Activity Period																					
	30/01/2007	30/06/2007	31/01/2008	30/06/2008	31/01/2009	30/06/2009	31/01/2010	30/06/2010	31/01/2011	30/06/2011	31/01/2012	30/06/2012	31/01/2013	30/06/2013	31/01/2014	30/06/2014	31/01/2015	30/06/2015	31/01/2016	30/06/2016	31/01/2017	31/05/2017
>= 2 & < 3 payments	27,528,425	33,711,683	27,210,816	22,623,590	27,772,143	19,456,888	19,885,584	17,567,357	19,579,189	19,100,988	15,572,507	15,848,704	15,915,753	12,967,968	12,904,217	11,686,726	11,476,514	10,077,438	9,885,178	8,872,594	7,604,130	6,878,841
>= 3 & < 9 payments	73,386,580	69,767,028	66,315,928	55,621,305	67,514,726	63,673,902	55,806,071	52,193,721	42,427,812	39,203,349	38,472,648	33,378,038	29,991,324	26,141,284	22,128,798	22,106,186	20,389,383	21,032,413	20,748,478	20,035,492	17,281,496	15,127,707
>= 9 & < 12 payments	11,102,207	12,290,001	10,980,099	13,109,924	10,348,381	12,730,804	12,301,822	6,317,184	7,288,065	6,940,669	5,869,190	6,543,722	5,668,806	3,963,249	3,185,576	3,353,513	4,901,803	4,369,322	2,908,820	2,674,681	3,503,666	3,130,913
>= 12 payments	2,789,604	6,304,273	14,099,567	17,306,320	25,940,135	28,491,787	20,288,701	18,713,688	16,020,319	12,766,472	12,040,899	11,640,470	9,408,223	8,178,709	6,654,181	5,662,560	5,299,017	5,535,488	4,961,065	5,450,311	5,864,672	4,805,077
Total balance (£)	660,009,888	639,832,737	526,484,698	476,207,049	403,984,189	373,179,565	336,504,275	322,919,376	309,126,524	299,055,855	287,235,600	278,415,309	262,581,915	254,807,274	244,049,072	237,265,875	226,243,903	218,309,501	206,413,965	197,030,093	184,274,272	175,057,707

Number of Mortgage Loans	Activity Period																					
	30/01/2007	30/06/2007	31/01/2008	30/06/2008	31/01/2009	30/06/2009	31/01/2010	30/06/2010	31/01/2011	30/06/2011	31/01/2012	30/06/2012	31/01/2013	30/06/2013	31/01/2014	30/06/2014	31/01/2015	30/06/2015	31/01/2016	30/06/2016	31/01/2017	31/05/2017
>= 2 & < 3 payments	208	250	185	145	193	143	145	131	138	144	118	114	125	104	106	87	90	85	72	68	61	58
>= 3 & < 9 payments	468	470	444	371	435	444	388	351	293	259	271	243	220	190	163	156	153	150	161	143	131	118
>= 9 & < 12 payments	60	66	70	80	67	81	80	45	44	51	34	41	41	32	24	20	26	27	21	20	26	22
>= 12 payments	18	32	69	97	131	143	115	121	105	86	77	73	60	52	41	40	38	40	36	38	44	36
Total	5461	5238	4268	3854	3265	3050	2815	2725	2627	2557	2461	2402	2299	2229	2149	2097	2014	1959	1868	1789	1683	1620

## Arrears data for Mortgage Loans originated in 2007

Balance (£)	Activity Period																					
	30/01/ 2007	30/06/ 2007	31/01/ 2008	30/06/ 2008	31/01/ 2009	30/06/ 2009	31/01/ 2010	30/06/ 2010	31/01/ 2011	30/06/ 2011	31/01/ 2012	30/06/ 2012	31/01/ 2013	30/06/ 2013	31/01/ 2014	30/06/ 2014	31/01/ 2015	30/06/ 2015	31/01/ 2016	30/06/ 2016	31/01/ 2017	31/05/ 2017
>= 2 & < 3 payments	-	5,548,023	17,045,296	33,745,132	50,292,602	44,600,993	39,096,194	34,360,526	30,510,477	30,161,491	34,550,856	33,065,559	27,082,795	31,240,444	23,818,976	26,964,744	19,318,897	21,573,080	19,750,414	18,199,589	14,657,526	15,272,540
>= 3 & < 9 payments	-	2,010,857	31,214,761	59,915,810	94,757,750	127,997,037	117,367,205	101,623,087	85,938,520	76,358,613	78,214,008	74,467,615	67,740,308	56,308,775	52,491,902	46,587,197	44,690,519	41,104,296	46,199,826	42,472,946	38,056,019	32,704,159
>= 9 & < 12 payments	-	-	535,806	5,282,058	12,674,773	18,838,330	26,455,977	21,137,772	19,242,198	18,934,655	14,706,083	13,739,033	11,902,533	9,714,949	9,140,365	9,022,043	9,099,814	9,662,039	7,064,637	8,320,097	7,091,795	4,645,907
>= 12 payments	-	-	-	2,162,714	16,264,380	22,214,586	49,485,642	40,492,399	33,571,789	27,667,974	25,520,264	21,078,863	24,571,408	21,598,628	16,832,096	16,157,134	14,124,568	11,989,456	11,957,512	10,693,809	11,419,870	10,140,927
Total balance (£)	41,713,180	349,031,834	882,042,893	874,055,154	860,344,930	832,931,728	782,067,543	748,143,774	705,932,385	685,269,007	661,976,858	643,312,150	616,293,704	595,960,906	568,264,431	549,706,288	523,302,481	505,746,475	479,068,278	456,792,656	434,142,242	416,867,538

Number of Mortgage Loans	Activity Period																					
	30/01/ 2007	30/06/ 2007	31/01/ 2008	30/06/ 2008	31/01/ 2009	30/06/ 2009	31/01/ 2010	30/06/ 2010	31/01/ 2011	30/06/ 2011	31/01/ 2012	30/06/ 2012	31/01/ 2013	30/06/ 2013	31/01/ 2014	30/06/ 2014	31/01/ 2015	30/06/ 2015	31/01/ 2016	30/06/ 2016	31/01/ 2017	31/05/ 2017
>= 2 & < 3 payments	-	36	116	209	336	305	268	242	207	208	250	241	199	224	166	184	141	151	144	127	105	118
>= 3 & < 9 payments	-	15	201	380	591	796	777	656	570	505	526	472	463	387	362	322	311	290	318	293	273	233
>= 9 & < 12 payments	-	-	5	35	69	112	160	122	117	113	89	95	75	65	62	62	63	61	47	50	45	34
>= 12 payments	-	-	-	9	88	118	258	226	191	155	144	120	141	121	91	87	74	68	64	67	76	66
Total	311	2,583	6,553	6,480	6,348	6,136	5,760	5,557	5,293	5,164	5,021	4,909	4,750	4,615	4,427	4,310	4,129	4,013	3,830	3,698	3,525	3,400



Arrears data for Mortgage Loans originated in 2008

Balance (£)	Activity Period																					
	30/01/2007	30/06/2007	31/01/2008	30/06/2008	31/01/2009	30/06/2009	31/01/2010	30/06/2010	31/01/2011	30/06/2011	31/01/2012	30/06/2012	31/01/2013	30/06/2013	31/01/2014	30/06/2014	31/01/2015	30/06/2015	31/01/2016	30/06/2016	31/01/2017	31/05/2017
>= 2 & < 3 payments	-	-	-	1,264,661	10,277,606	12,406,746	15,109,484	13,675,435	11,225,762	10,103,406	12,852,198	11,907,686	14,287,602	11,567,130	8,116,533	10,750,831	9,807,576	7,928,692	7,353,960	5,544,614	7,791,421	5,745,903
>= 3 & < 9 payments	-	-	-	198,419	10,729,810	24,643,184	31,479,037	34,836,324	31,983,505	28,255,668	28,534,202	28,913,506	25,513,888	23,938,357	19,661,304	16,613,130	14,937,722	13,885,947	12,970,490	13,688,266	13,033,855	11,771,898
>= 9 & < 12 payments	-	-	-	-	324,181	3,502,304	4,910,602	5,398,473	5,831,779	5,943,783	4,923,946	4,087,668	4,529,780	4,626,690	2,493,104	2,778,825	2,619,403	2,737,233	3,360,279	2,101,957	1,225,592	796,672
>= 12 payments	-	-	-	-	-	839,121	3,692,627	5,974,876	9,043,980	7,436,467	6,046,335	5,793,412	5,531,671	3,838,655	3,926,896	3,688,466	3,451,425	3,578,831	2,586,084	3,014,641	3,395,691	2,617,685
Total balance (£)	-	-	47,413,667	197,314,165	383,758,049	380,607,321	368,090,372	354,859,265	338,222,118	327,280,626	312,403,087	305,202,476	290,433,530	283,352,195	269,830,034	260,319,870	247,660,444	238,873,119	225,547,065	217,59,3186	204,924,426	197,960,493

Number of Mortgage Loans	Activity Period																					
	30/01/2007	30/06/2007	31/01/2008	30/06/2008	31/01/2009	30/06/2009	31/01/2010	30/06/2010	31/01/2011	30/06/2011	31/01/2012	30/06/2012	31/01/2013	30/06/2013	31/01/2014	30/06/2014	31/01/2015	30/06/2015	31/01/2016	30/06/2016	31/01/2017	31/05/2017
>= 2 & < 3 payments	-	-	-	9	76	94	126	112	96	89	110	95	129	107	82	97	92	78	76	53	69	54
>= 3 & < 9 payments	-	-	-	2	75	197	248	277	256	223	234	238	211	208	169	146	134	129	123	131	126	113
>= 9 & < 12 payments	-	-	-	-	2	21	40	35	42	47	40	38	36	35	21	21	23	23	25	20	11	8
>= 12 payments	-	-	-	-	-	5	27	45	76	68	55	50	50	35	30	28	27	29	24	24	30	22
Total	-	-	399	1,762	3,571	3,546	3,452	3,333	3,187	3,094	2,970	2,909	2,791	2,739	2,632	2,551	2,454	2,381	2,281	2,219	2,121	2,059

## Arrears data for Mortgage Loans originated after 2008

Balance (£)	Activity Period																					
	30/01/2007	30/06/2007	31/01/2008	30/06/2008	31/01/2009	30/06/2009	31/01/2010	30/06/2010	31/01/2011	30/06/2011	31/01/2012	30/06/2012	31/01/2013	30/06/2013	31/01/2014	30/06/2014	31/01/2015	30/06/2015	31/01/2016	30/06/2016	31/01/2017	31/05/2017
>= 2 & < 3 payments	-	-	-	-	-	362,656	4,216,712	4,150,518	6,898,999	8,737,607	7,186,357	6,092,832	7,689,908	6,152,468	6,274,059	3,627,436	4,272,629	4,287,048	5,209,961	3,483,670	3,175,061	3,253,735
>= 3 & < 9 payments	-	-	-	-	-	278,557	1,912,646	5,092,548	10,002,364	9,542,003	14,709,209	14,025,036	11,307,418	11,266,310	9,235,081	7,335,336	9,092,543	7,445,767	7,871,935	6,638,127	6,324,106	5,798,054
>= 9 & < 12 payments	-	-	-	-	-	-	291,562	250,563	514,470	1,244,222	1,184,595	437,524	1,279,719	1,387,789	1,648,562	1,866,503	649,400	1,485,856	743,482	1,054,614	760,246	530,535
>= 12 payments	-	-	-	-	-	-	-	365,861	377,932	1,334,804	1,776,725	2,720,235	1,736,401	2,230,292	1,288,852	1,224,502	1,675,258	1,238,163	1,541,909	1,957,876	2,096,557	1,434,262
Total balance (£)	-	-	-	-	30,662,635	179,608,551	365,621,038	362,144,937	352,856,459	341,140,320	311,186,473	296,416,479	275,201,132	264,045,754	242,935,338	231,041,995	214,506,911	204,666,525	191,306,727	180,607,060	167,721,933	158,424,078

Number of Mortgage Loans	Activity Period																					
	30/01/2007	30/06/2007	31/01/2008	30/06/2008	31/01/2009	30/06/2009	31/01/2010	30/06/2010	31/01/2011	30/06/2011	31/01/2012	30/06/2012	31/01/2013	30/06/2013	31/01/2014	30/06/2014	31/01/2015	30/06/2015	31/01/2016	30/06/2016	31/01/2017	31/05/2017
>= 2 & < 3 payments	-	-	-	-	-	3	33	47	67	86	72	60	77	67	62	44	46	49	59	41	30	33
>= 3 & < 9 payments	-	-	-	-	-	2	20	48	102	93	137	135	116	112	99	90	103	86	93	78	75	64
>= 9 & < 12 payments	-	-	-	-	-	-	2	3	7	11	14	7	14	12	13	15	7	10	8	12	9	6
>= 12 payments	-	-	-	-	-	-	-	2	2	12	15	24	19	22	15	14	16	15	14	17	19	13
Total	-	-	-	-	299	1,818	3,685	3,676	3,601	3,495	3,227	3,087	2,910	2,815	2,633	2,531	2,388	2,298	2,177	2,081	1,962	1,879

## THE MORTGAGE PORTFOLIO

### Introduction

The Mortgage Portfolio and the Mortgage Loans contained within it were purchased by the Seller (as part of a consortium) from the Vendor on 29 December 2017 (the "**VMSA Closing Date**") in accordance with the VMSA entered into between the Seller, the Vendor and the Vendor Guarantor. The Vendor had itself purchased the Mortgage Loans (other than the Redstone Mortgage Loans) during the period from and including 2004 to 2010 (the "**Acquisition Period**") from a number of originators: Beacon Homeloans Limited, Amber Homeloans Limited, Platform Funding Limited and Rooftop Mortgages Limited (the "**Original Originators**"). The Vendor refinanced some of the Mortgage Loans, from time to time, through residential mortgage backed securitisations, all of which were redeemed in full prior to the sale of the Mortgage Portfolio to the Seller.

The Seller performed its own due diligence on the Mortgage Portfolio for the purposes of its acquisition of the Mortgage Loans, based on the information disclosed to it by the Vendor during the acquisition process. The Issuer has separately received certain due diligence reports more particularly described below.

The description that follows has been prepared on the basis of the results of the due diligence performed on the Mortgage Portfolio and is limited in its scope. It summarises, among other things, the key characteristics of the Mortgage Loans comprised in the Mortgage Portfolio, including details of loan types.

There has been no revaluation of the Properties for the purposes of the issuance of the Notes and the Certificates within the meaning of 2.2.16 of Annex VIII to the Commission Regulation (EC) No 809/2004 (as interpreted as at the Closing Date).

### *Scope of due diligence*

A limited due diligence review was performed by the Seller in respect of the Mortgage Loans and their Related Security for the purposes of its acquisition of the Mortgage Portfolio.

The Issuer has separately received the benefit of the following due diligence reports for the purposes of the issuance of the Notes and the Certificates: (i) a review of the Standard Documentation on which the Mortgage Loans have been originated; (ii) a review of a sample of randomly selected loan files of the Mortgage Loans constituting the Mortgage Portfolio to ensure consistency with the Standard Mortgage Documentation (the "**Sample Report**"); (iii) an AUP of the Mortgage Portfolio as at the Cut-Off Date by an independent third party auditor; and (iv) a report prepared by Clayton Euro Risk Limited (the "**Clayton Report**").

With the exception of the Sample Report, the sample sizes used to prepare the reports were designed with the objective of being able to conclude, with a statistically relevant high level of confidence, that the Mortgage Loans in the Mortgage Portfolio had certain key characteristics as more particularly described below. The Sample Report included the review of 100 mortgage offer letters and 100 mortgage deeds to ensure consistency of terms with the Standard Mortgage Documentation.

The Issuer will, on the Closing Date, also obtain further comfort regarding the key characteristics of the Mortgage Loans as a result of receiving the benefit of certain representations and warranties given by the Vendor in respect of the Mortgage Loans and their Related Security comprising the Mortgage Portfolio to be sold by the Seller to the Issuer on or about the Closing Date (although the representations and warranties are limited in both amount and duration and subject to certain minimum threshold amounts and other more general limitation on liabilities).

The risk factor entitled "*Neither the Seller nor the Vendor originated the Mortgage Loans*" should be considered having regard to the fact that the Seller and Vendor were not involved in the origination of the Mortgage Loans (other than, in the case of the Vendor, the Redstone Mortgage Loans).

"**Standard Documentation**" means the standard documentation of the relevant Originator being the documents which were used by the relevant Originator at the relevant time in connection with its activities as a residential mortgage lender, a copy of each of which was, in the case of the Original

Originators, attached to a mortgage sale agreement entered into between the Vendor and an Original Originator and has subsequently been attached to the Clayton Report.

### ***The Mortgage Portfolio***

Unless otherwise indicated, the description that follows relates to the types of mortgage loans that will be sold to the Issuer as part of the Mortgage Portfolio on the Closing Date.

The Mortgage Portfolio comprises of Mortgage Loans advanced to Borrowers, who are individuals that were located in the England, Wales and Scotland at the time of origination, for the purpose of purchasing or refinancing a property to be used wholly or partly as the Borrower's own primary or additional residence or as a buy-to-let property. The properties are located in England, Scotland or Wales and the Mortgage Loans (other than a *de minimis* number) are secured by way of a first priority legal mortgage over the relevant property.

The Mortgage Loans in the Mortgage Portfolio are "seasoned" mortgage loans having been purchased from the Original Originators during the Acquisition Period (and originated during or prior to that period). Whilst the Mortgage Loans may be performing as at the Cut-Off Date, a significant proportion of the Mortgage Loans have been in arrears historically resulting in the Mortgage Portfolio having "reperforming" characteristics in part.

The current arrears profile is as set out in the section entitled "*Statistical Information on the Mortgage Portfolio as of the Cut-Off Date*".

In cases where the Borrower was unable to meet existing minimum payments, such Mortgage Loans were subject to certain forbearance procedures, including a temporary or permanent switch to an Interest Only Mortgage Loan or a Part and Part Mortgage Loan (as defined below). Where arrears had accrued on the Mortgage Loans, the Servicer agreed with the Borrower an "Arrangement to Pay" to arrange a method of repaying such arrears (an "ATP"). Where such forbearance procedures and ATPs were not successful, the Mortgage Loans were subject to litigation action. A material proportion of the Mortgage Loans in the sample reviewed for the purposes of the Clayton Report had an ATP set up in the previous 12 months that remains active or remains subject to litigation.

### ***Origination of the Mortgage Portfolio, lending and underwriting criteria***

The Mortgage Loans have been originated by the Original Originators and Redstone Mortgages Limited. The Mortgage Portfolio consists of mortgage loans sold to the Seller pursuant to the VMSA on the VMSA Closing Date which have not been redeemed in full prior to the Cut-Off Date.

In circumstances where the Vendor received and accepted porting requests in respect of the Mortgage Loans that had been originated by one of the Original Originators, the new mortgage loan entered into were documented on the basis of the terms and conditions of Redstone Mortgages Limited at such time (the "**Redstone Mortgage Loans**").

The Seller and the Issuer have had no direct communication with, and no recourse to, any of the Original Originators (other than Redstone Mortgages Limited, in the limited circumstances described below). Accordingly, the Seller and the Issuer have not been able to discuss the lending and underwriting criteria directly with the Original Originators, or discuss with them or assess the systems and processes those Original Originators established at the time to ensure that credit-granting was performed in accordance with the criteria and based on a thorough assessment of the obligor's creditworthiness (taking account of appropriate factors relevant to verifying the prospect of the borrower meeting its obligations under any mortgage loan proposed to be entered into by it).

The due diligence performed on the Mortgage Portfolio and documented in the Clayton Report has, however, allowed for some assessment to be made with respect to the integrity of the credit-granting processes. It was commissioned primarily to determine if there were any material risks in relation to the origination and servicing that may cause a material shortfall in respect of the amounts due and payable under the Mortgage Loans, from time to time, or that may result in any limitation on the ability to enforce the security over the property relating to the Mortgage Loan if a Borrower were to default. The due diligence did as a result test (on a sample basis) satisfaction of certain of the lending and underwriting criteria and processes (including, without limitation, availability/production of key documentation, completion of standard valuation reports, borrower title registration, occupancy status and quality of

borrowers) to make the relevant determinations. However, given the limited review undertaken, it has not been possible to fully assess the origination of the Mortgage Portfolio.

It may also be possible for potential investors to obtain the offering documents for the residential mortgage backed securitisations in which some, but not all of the Mortgage Loans were securitised, and review the relevant sections describing the lending and underwriting criteria (although no party to the transactions contemplated by this Prospectus, including without limitation, the Vendor Guarantor, the Vendor, the Seller, the Issuer, the Note Trustee or the Security Trustee has reviewed or shall be deemed to have made any warranty, express or implied, with respect to the accuracy or completeness of the those sections and have any responsibility or liability for them).

## Characteristics of the Mortgage Loans

### *Characteristics of the Mortgage Portfolio*

The characteristics of the Mortgage Loans comprising the Mortgage Portfolio (in each case as at the VMSA Closing Date unless stated otherwise) include, without limitation, the following (however, there can be no assumption, and (other than the VMSA Mortgage Loan Warranties in respect of certain characteristics listed below) no warranty is given, that Mortgage Loans within the Mortgage Portfolio would fall within such criteria):

1. **Maturity:** no Mortgage Loan has a final repayment date ending later than 2045
2. **Borrower age:** each Mortgage Loan was originated to an individual aged 18 years or older at the date of origination
3. **Insolvency of Borrower:** applicants with adverse credit history were considered
4. **Number of payments:** each Borrower has made at least one scheduled payment

### *Repayment terms*

The Borrowers make scheduled payments of interest on, and repay principal of, their Mortgage Loans using one of the following methods:

- (a) **repayment:** the Borrower makes scheduled payments of both interest and principal so that, at the end of the mortgage term, the Borrower will have repaid the full amount of the principal of the Mortgage Loan (a "**Repayment Mortgage Loan**");
- (b) **interest-only:** the Borrower makes scheduled payments of interest but not of principal; at the end of the mortgage term, the entire principal amount of the Mortgage Loan is still outstanding and the Borrower must repay that amount in one lump sum. An interest only Mortgage Loan may include a repayment plan or vehicle, including an endowment policy, pension policy or managed investment plan, share portfolio plan or sale of the relevant property (an "**Interest Only Mortgage Loan**"); or
- (c) **part and part:** a combination of Repayment Loans and Interest Only Mortgage Loans (a "**Part and Part Mortgage Loan**").

No security was taken over investment plans, pension policies, endowment policies or other repayment vehicles.

Further, 77 per cent. by value of the Mortgage Loans in the Mortgage Portfolio as at the Cut-Off Date are Interest Only Mortgage Loans. Whilst the Vendor had policies in relation to the suitability of its mortgage products at the point of origination, including in relation to continuing with interest-only products and affordability into retirement, there can be no guarantee that such policies were complied with. Further, the Legal Title Holder will maintain its own policies from time to time from the Closing Date.

The due diligence performed in respect of the Clayton Report also highlighted that a material proportion of the sample portfolio reviewed for the purposes of that due diligence were identified to have: (a) mortgage loan files that did not include any evidence that an affordability assessment of the Borrower(s) had been performed at the time of origination of the Mortgage Loans in question, and (b) at least one of the Borrowers in respect of the Mortgage Loans would be at retirement age (identified to be 70 years of age or over) at the time the term of the relevant Mortgage Loans ends. The risk that the affected Borrowers may not be able to repay the relevant Mortgage Loans at the end of the term is mitigated, in part, in respect of those loans that are Repayment Mortgage Loans in so far as scheduled payments of principal are being made by the Borrowers.

### ***Payment Methods***

Whilst the majority of Borrowers make payments of interest and principal under the Mortgage Loans by direct debit, some Borrowers make payments by debit card, standing order, bank pay in or bank giro credit. As of June 2017, the majority of Borrowers made payments via direct debit.

### ***Mortgage Loan Interest Rates***

The rate of interest on the Mortgage Loans will vary from month to month as a result of changes in interest rates. A range of interest rates were offered in respect of the Mortgage Loans, typically depending on the product type and the LTV. A summary of the rates is as follows:

- (a) Mortgage Loans which are subject to a standard variable rate of interest set by the Legal Title Holder from time to time ("**SVR Mortgage Loans**");
- (b) Mortgage Loans which are subject to a variable rate of interest set by reference to the Bank of England Base Rate plus a margin ("**Base Rate Mortgage Loans**");
- (c) Mortgage Loans which are subject to a variable rate of interest set by reference to LIBOR plus a margin (the "**LIBOR Mortgage Loans**"); and
- (d) Mortgage Loans which were but are no longer subject to a fixed rate of interest are treated as and are referred to herein as SVR Mortgage Loans, Base Rate Mortgage Loans or LIBOR Mortgage Loans, as applicable.

Mortgage Loans in the Mortgage Portfolio may have been offered on initial fixed or discounted rates, all of which have since ceased.

The SVR Mortgage Loans represent 1.72 per cent., the Base Rate Mortgage Loans represent 1.55 per cent. and the LIBOR Mortgage Loans represent 96.74 per cent. of the Current Balance of the Mortgage Portfolio as at the Cut-Off Date.

Interest on the Mortgages is payable monthly at rates which will be set by or on behalf of the Issuer (subject to the restrictions mentioned above) by the Legal Title Holder on behalf of the Issuer and the Security Trustee.

### ***Portability, Product Switches, Further Advances and Payment Holidays***

The Legal Title Holder does not currently accept Further Advances or Product Switches. The porting of Mortgage Loans may be accepted in respect of those loans originated by Amber Homeloans Limited or Rooftop Mortgages Limited subject to the relevant Mortgage Conditions. Payment holidays may also be granted in certain circumstances in respect of Redstone Mortgage Loans or Mortgage Loans originated by Amber Homeloans Limited or Rooftop Mortgages Limited if permitted pursuant to the relevant Mortgage Conditions.

"**Mortgage Conditions**" means in respect of a Mortgage Loan, all the terms and conditions of the Mortgage Loan, all the conditions documented in the relevant offer letters and the relevant general conditions of each Originator (each as varied from time to time by the relevant Mortgage Loan Agreement), the relevant Mortgage Deed and the Offer Conditions.

***Mortgage Conditions***

All of the Mortgages are subject to standard mortgage conditions and may include certain standard special conditions ("**Mortgage Conditions**"). The Mortgage Conditions contain various covenants and undertakings by the borrower in relation to the Mortgage (the "**Borrower**") including covenants to make the interest payments monthly as notified to the Borrower and to pay premiums on buildings insurance policies effected in relation to the relevant Property. The Mortgage Conditions also contain provisions for the usual remedies of a mortgagee in the event of default by the Borrower.

The Vendor has represented that it has not at any point in time, sold payment protection insurance nor collected any premia in respect thereof.

"**Mortgage Deed**" means in relation to an English Mortgage or a Scottish Mortgage, the document under which the relevant charge by way of legal mortgage or, as applicable, standard security is, was or ought to have been created and/or evidenced.

"**Mortgage Loan Agreement**" means the agreement between a Borrower and the mortgagee containing the terms and conditions relating to advances made or to be made by the mortgagee to such Customer (as defined in the VMSA) upon, among other things, the security of the relevant Mortgage Deed.

"**Offer Conditions**" means in respect of a Mortgage Loan, the terms and conditions applicable to such Mortgage Loan as set out in the offer letter to the relevant Mortgage Borrower.

***Remaining term of leases for leasehold Properties***

In respect of leasehold or (in Scotland) long leasehold Properties in relation to Mortgages in the Mortgage Portfolio, the lease had, except where permitted under the lending criteria, at least 35 years to run beyond the term of the relevant Mortgage at the time of origination.

***Types of Borrower***

The Mortgages in the Mortgage Portfolio are "individual mortgages" where the relevant Borrowers in respect of the Mortgages are individuals. In addition:

- (a) the Mortgage Portfolio includes "non-conforming mortgages" which were underwritten in accordance with the relevant lending criteria as at the date on which the relevant Mortgage Loan was made on terms generally consistent with those used by residential mortgage lenders lending to borrowers who do not satisfy the requirements of building societies or high street banks (including Mortgages made to Borrowers who may previously have been subject to a maximum of one (i) county court judgement or the Scottish equivalent, (ii) individual voluntary arrangement ("**IVA**") or (iii) bankruptcy order (or the Scottish equivalent) (provided that Borrowers who had previously been subject to an IVA were required to provide written evidence that the IVA has been satisfactorily concluded), Borrowers who may previously have been in arrears under a mortgage loan, and Borrowers who were, at the time of application for their Mortgage, self-employed and Borrowers who were, at the time of application for their Mortgage, otherwise considered by bank and building society lenders to be non-standard borrowers; and
- (b) the Mortgage Portfolio includes "self-certified mortgages" where the Borrower's income was accepted as stated by the prospective borrower without further verification once positive identification of the Borrower was provided and the Borrower had passed the relevant Originator's credit assessment.

The Mortgage Portfolio also includes Mortgages to Borrowers who were subject to an IVA still in operation at the time of origination, and the application for a Mortgage by such Borrowers were subject to, as a minimum, written confirmation from the IVA trustee that (i) the IVA arrangement was being conducted entirely in accordance with the agreement and (ii) the IVA trustee approved of the new mortgage commitment.

***Use of Mortgage Properties***

The Mortgage Portfolio includes:

- (a) owner occupied mortgages which relate to a Property purchased by the Borrower to be occupied as the primary residence of such Borrower (the "**Owner Occupied Mortgages**"); and
- (b) investment home mortgages (also known as buy to let mortgages) which relate to a Property purchased by the Borrower to be occupied by tenants for residential purposes or by the Borrower himself (but other than as an Owner Occupied Mortgage) (the "**Investment Home Mortgages**").

The majority of the Mortgage Portfolio were originated as Owner Occupied Mortgages but certain Mortgages were granted as Investment Home Mortgages at the relevant Originator's discretion at the time of origination.

It will normally be the intention that Investment Home Mortgages will be let under an assured shorthold tenancy (or, in respect of Scottish Mortgages, a short assured tenancy, an agreement which confers similar rights as an assured shorthold tenancy on the landlord and tenant) and in all cases that the occupier will have no statutory security of tenure. However, if the occupier's tenancy has been approved by the lender, the lender will not be able to sell with vacant possession if it wishes to enforce its security, until such time as the tenancy comes to an end.

#### ***Right To Buy Mortgages and statutory charges***

The Mortgage Portfolio includes right to buy mortgages each being a Mortgage entered into by the relevant Borrower as a means to purchase a residential property from a local authority and certain other landlords by exercising such Borrower's rights to buy under the applicable legislation being the Housing Act 1985 (in the case of English Mortgages) and the Housing (Scotland) Act 1987 (in the case of Scottish Mortgages) (the "**Right To Buy Legislation**") (the "**Right To Buy Mortgages**").

Properties sold under the Right To Buy Legislation are sold by the relevant seller at a discount to market value calculated in accordance with the Right To Buy Legislation. Pursuant to the Mortgage Conditions of the Right To Buy Mortgages, the Borrowers were required to repay the whole of (or, in some cases, part of) the discount if he or she sold the property within a specified clawback period (for a property in England or Wales five years and for a property in Scotland three years). Such clawback period has expired in relation to all Right To Buy Mortgages in the Mortgage Portfolio and as such there is no statutory charge (or, in the case of a property in Scotland, a standard security) over the relevant property in priority to other charges including that of the relevant Originator.

#### ***Early repayment of Mortgages and Mortgage Prepayment Charges***

The Mortgages provide that the Borrower may prepay all or part of the principal at any time without prior notice. Such prepayment of principal in respect of certain Mortgages may give rise to pay an additional sum (each a "**Mortgage Prepayment Charge**") and the period and size of such additional sum are specified in the relevant Mortgage Conditions. The Legal Title Holder will have the right, to waive any such Mortgage Prepayment Charges payable by a Borrower.

Some Mortgage Loans do not include any provisions for payment of a Mortgage Prepayment Charge by the Borrower.



### ***Overpayments***

The Mortgages provide that the Borrower may overpay on any payment date. Borrowers may increase their regular payments above the payment amount then applicable or make lump sum payments at any time. Interest payable by the Borrower under the Amber Mortgages, the Beacon Mortgages, the Platform Mortgages and the Rooftop Mortgages (each as defined in the VMSA) is calculated on a daily basis, and thus if the Borrower pays more than its scheduled payment amount, the Current Balance of the Mortgage Loan will be reduced and interest will be charged on the reduced Current Balance of the Mortgage Loan, which shall reduce the amount of interest payable by the Borrower. Interest payable under the Redstone Mortgages (as defined in the VMSA) is calculated on the close of business of the last day of the immediately preceding interest period, and thus if the Borrower pays more than its scheduled payment amount, there is a delay in the Current Balance of the Mortgage Loan being reduced and interest will be charged on the Current Balance of the Mortgage Loan prior to such reduction until the next relevant calculation date.

### **Broker Commissions**

The Original Originators originated the Mortgage Loans (in all but a small minority of cases) through intermediaries, including mortgage brokers and mortgage advisers. In line with market practice at the time, the Originators paid commission to such intermediaries in consideration for such activities in the form of a procurement fee. It is understood that certain Original Originators took steps in relation to the substantial majority of the Mortgage Loans to ensure that Borrowers were made aware of the payment of commissions to brokers in line with relevant guidelines published at the time however there can be no guarantee that any such steps were in fact taken. See the risk factor entitled "*Non-disclosure of Broker Commissions*" for discussion of related issues.

### **Remediation of Mortgage Loans**

The Mortgage Portfolio has, prior to the Seller's purchase of the Mortgage Portfolio, been subject to a number of remediation exercises, (including, but not limited to, in 2008 in respect of interest charging on certain Mortgage Loans, in 2010 in respect of potentially unfair and/or excessive charges in relation to the Mortgage Loans in arrears, in 2015 as a result of the outcome of the FCA's thematic review of Interest Only Mortgages and in 2018 in relation to capitalisation of interest as a result of *BoS v Rea* litigation), which were subsequently completed with adjustments made to the Current Balance of the affected Mortgage Loans, compensation payments made to the relevant Borrowers or other action taken in accordance with the recommendations of the relevant remediation exercise. See the risk factor entitled "*Remediation of Mortgage Loans*" for a discussion of the related issues.

Mortgage Loans within the Mortgage Portfolio may become subject to further remediation actions (the "**Remediation Liabilities**"). Such Remediation Liabilities may arise from time to time in respect of the Mortgage Loans. The Legal Title Holder will, from the Closing Date use reasonable endeavours to discharge all remediation actions in relation to the Mortgage Loans that it identifies from time to time by either (i) making a remediation payment directly to the relevant Borrowers to the extent a payment is due (a "**Compensation Payment**"), or (ii) effecting an adjustment to the Current Balance of the affected Mortgage Loans (an "**Adjustment Amount**").

### **Litigation in respect of certain origination processes**

The Mortgage Loans originated by Beacon Homeloans Limited have been the subject of certain external audits and litigation in respect of the underwriting and due diligence processes undertaken by B Legal Limited at the time of origination of such Mortgage Loans (who were the external legal services provider). In 2014, the Vendor brought a professional negligence claim against B Legal Limited in relation to potential negligence in the production of certificates of title in respect of certain Mortgage Loans which had subsequently proved not to be accurate and as a result the Vendor had suffered losses in certain cases. Similar underwriting and due diligence processes were undertaken in respect of all Mortgage Loans, and it is possible that the Mortgage Loans may be subject to similar litigation or audit if issues are discovered in relation to the origination procedures undertaken by the Original Originators.

**Governing law**

The Mortgages are governed by:

- (a) English law in the case of each English Mortgage in the Mortgage Portfolio; and
- (b) Scots law in the case of each Scottish Mortgage in the Mortgage Portfolio.

## SALE OF THE MORTGAGE PORTFOLIO

### Mortgage Sale Agreement

#### *Portfolio*

Under a mortgage sale agreement entered into on or around the Closing Date between the Seller, the Issuer and the Security Trustee (the "**Mortgage Sale Agreement**"), the Seller will (in consideration for the Consideration) sell, assign or otherwise transfer to the Issuer pursuant to the Mortgage Sale Agreement on the Closing Date a portfolio of English, Welsh and Scottish residential mortgage loans each secured by a Mortgage and, where applicable, other Related Security.

#### *Conditions to Sale*

The sale of Mortgage Loans and their Related Security to the Issuer will be subject to various conditions being satisfied on the Closing Date.

#### *Representations and Warranties – VMSA Mortgage Loan Warranties*

On the Closing Date, the Seller will assign to the Issuer the benefit of the VMSA Mortgage Loan Warranties made by the Vendor under the VMSA (and the corresponding Vendor Guarantee) in respect of the Mortgage Loans and their Related Security sold by the Seller to the Issuer on the Closing Date. Any claim in respect of the VMSA Mortgage Loan Warranties (as defined below) will need to be made directly against the Vendor pursuant to the third party rights conferred onto the Issuer according to the terms of the VMSA.

The warranties, the benefit of which will be assigned by the Seller to the Issuer pursuant to the Mortgage Sale Agreement (the "**VMSA Mortgage Loan Warranties**") include, *inter alia*, similar statements to those set out below (defined terms having the meaning given to them in the VMSA), and see also "*The Mortgage Portfolio*" above.

As at the VMSA Closing Date:

- (a) In relation to each Mortgage, the Legal Title Holder is registered or recorded as, in the case of an English Mortgage, the Legal Title Holder or, in the case of a Scottish Mortgage, heritable creditor under the relevant Mortgage Deed at the relevant Land Registry.
- (b) The Vendor:
  - (i) holds absolute legal and beneficial title in and to each of the Mortgage Loans, together with the Related Security, free and clear from any Encumbrance (other than any charge held by the Vendor Guarantor); and
  - (ii) has the right to dispose of each Mortgage Loan and its Related Security and is able to assign each Mortgage Loan and its Related Security in accordance with and subject to the express terms of the VMSA.
- (c) Each Mortgage Loan and its Related Security constitute legal, valid and binding obligations of the Customer.
- (d) Each Mortgage Loan and its Related Security is enforceable, except that the enforceability of a Mortgage Loan and its Related Security in accordance with their terms may be limited by:
  - (i) the nature of the remedies available in the English, Scottish or other applicable courts and such court's discretion in relation to remedies;
  - (ii) the acceptance by such courts of jurisdiction;
  - (iii) the power of such courts to stay proceedings;
  - (iv) the time barring of claims under the Prescription and Limitation (Scotland) Act 1973, the Limitation Act 1980 and the Foreign Limitation Periods Act 1984;

- (v) sovereign immunity and other principles of law and equity of general application,
  - (vi) all limitations resulting from the laws of bankruptcy, insolvency, liquidation, receivership, moratorium, reorganisation or other laws affecting generally the enforcement of creditors' rights;
  - (vii) the possibility that an undertaking to assume liability for or indemnify a person against non-payment of UK stamp duty may be void and defences of set-off or counterclaim;
  - (viii) the bankruptcy or insolvency of the Customer;
  - (ix) the Unfair Terms in Consumer Contracts Regulations 1999, the Unfair Contract Terms Act 1977 and/or the Consumer Credit Act 1974; and/or
  - (x) principles, rights and defences similar to those indicated in paragraphs (d)(i) to (d)(x) inclusive of this paragraph (d) under the laws of any jurisdiction whose laws govern any Mortgage Loan and its Related Security or in which a Customer is established.
- (e) No Mortgage Loan has been subject to any variation, amendment, modification, waiver or exclusion of any kind by the Vendor during the Vendor Mortgage Ownership Period which materially adversely affects the enforceability of such Mortgage Loan.
- (f) Each Mortgage constitutes a first valid and subsisting first ranking (if it is an English Mortgage) charge by way of legal mortgage or (if it is a Scottish Mortgage) Standard Security over the relevant Property and has priority over all other mortgages and Standard Securities over the relevant Property in respect of all moneys (including all advances, costs, fees and expenses) owing under the related Mortgage Loan. For the avoidance of doubt, under this paragraph (f), no warranty is given that the value of the relevant Property in relation to which a Mortgage Loan is secured is sufficient to secure all or any of such moneys.
- (g) Each Mortgage is an Amber Mortgage, a Beacon Mortgage, a Platform Mortgage, a Rooftop Mortgage or a Redstone Mortgage.
- (h) Amounts payable or repayable on each Mortgage Loan are denominated in Sterling.
- (i) All Properties are located in England and Wales or Scotland.
- (j) Each Mortgage Loan and its Related Security in relation to a Property located in England and Wales is governed by English law and each Mortgage Loan and its related Standard Security in relation to a Property located in Scotland is governed by Scots law.
- (k) As far as the Vendor is aware, each Mortgage Loan (other than each Redstone Mortgage) has been originated on one of the forms of Mortgage Documentation Template scheduled to a Mortgage Purchase Agreement.
- (l) Each Redstone Mortgage has been originated by the Vendor on the documentation set out in certain Data Room folders.
- (m) The Vendor Servicer was appointed by the Vendor under the Vendor Servicing Agreement to provide administration services to the Vendor in respect of the Mortgages.
- (n) In respect of each Mortgage Loan, there has been no material non-compliance by the Vendor or the Vendor Servicer with the requirements of Applicable Law in relation to that Mortgage Loan or the contractual terms and conditions of that Mortgage Loan, as the case may be, in relation to the Vendor's or the Vendor Servicer's actions and/or omissions (including, without limitation, the Vendor's role as special servicer in relation to that Mortgage Loan) during the Vendor Mortgage Ownership Period relating to that Mortgage Loan.
- (o) The Vendor has not at any point in time sold payment protection insurance nor collected any premia in respect thereof.

- (p) So far as the Vendor is aware:
- (i) details of the insurance policies in respect of which (to the extent indicated in and subject to the terms of such insurance policies) the Vendor has cover in relation to certain liabilities as mortgagee in connection with the Mortgages are set out in the Data Room; and
  - (ii) all such insurance policies are in full force and effect (**provided that** certain Mortgagee Insurance Policies will expire upon the related transfer of title in respect of the Asset); and
  - (iii) details of all material claims made by the Vendor under any such insurance policy in the 12 months preceding the date of the VMSA are set out in the Data Room.
- (q) In relation to each Mortgage, the Vendor is and has been throughout the Vendor Mortgage Ownership Period in respect of that Mortgage registered as a data controller with the Office of the Information Commissioner in accordance with the Data Protection Laws.
- (r) There are no litigation or arbitration proceedings, complaints, disputes (in each case, other than in respect of debt collection, other enforcement action or insurance claims arising in the ordinary course of business), set-off claims or counterclaims administrative proceedings, governmental inquiries or investigations in each case which are material and:
- (i) which are in progress; or
  - (ii) as far as the Vendor is aware, which have during the 90 days prior to the date of the VMSA been notified in writing by the Customer's solicitors as being pending or threatened in writing by the Customer's solicitors,
  - (iii) which, in each case, would materially adversely affect a Mortgage Loan and its Related Security (or, in the case of any set-off or counterclaim, has given the Customer an entitlement to reduce the amount otherwise due under the relevant Mortgage Loan not otherwise reflected in the Current Balance as at the Cut-off Date).
- (s) The Mortgage Deed only secures moneys owed by the relevant Customer to the Vendor and, for the avoidance of doubt, does not secure moneys owed by the relevant Customer to any parties other than the Vendor.
- (t) The Vendor is not aware:
- (i) of any obligation (excluding prior fulfilled obligations) of the Vendor to make any further advance or to release any retention or to pay fees to the Customer in respect of any Mortgage Loan or its Related Security; or
  - (ii) of any Customer having any outstanding right to port any Mortgage Loan to another property.
- (u) The particulars of each Mortgage Loan and its Related Security set out in the Mortgage Data File:
- (i) in relation to the following fields:
    - (A) Mortgage Loan Purpose;
    - (B) Original Valuation;
    - (C) Income Verification for Primary Income;
    - (D) Current Interest Rate;
    - (E) Current Interest Rate Index;
    - (F) Current Margin;

- (G) Current Balance;
- (H) Arrears Balance;
- (I) Mortgage Loan ID;
- (J) Property Postcode; and
- (K) Originator,

are complete, true and accurate (including, but not limited to, any adjustments to reflect net balances as a result of any waivers, set off or otherwise) in all material respects by reference to the facts and circumstances as at the Cut-off Date; and

(ii) in relation to the following fields:

- (A) Mortgage Loan Origination Date (tolerance level: plus or minus up to 5 working days);
- (B) Original Mortgage Loan Balance (tolerance level: plus or minus up to £200);
- (C) Mortgage Loan Term (tolerance level: plus or minus up to 1 month); and
- (D) Payment Due (tolerance level: plus or minus up to £100),

are complete, true and accurate (including, but not limited to, any adjustments to reflect net balances as a result of any waivers, set off or otherwise) to within the relevant indicated tolerance level by reference to the facts and circumstances as at the Cut-off Date.

(v) The particulars of the Purchase Price Data File, only in relation to the Current Balance as at the Reconciliation Date, the Purchase Price Premium and the Purchase Price Lock Box Profit Adjustment, are complete, true and accurate (including, but not limited to, principal and interest collection amounts, any adjustments to reflect net balances as a result of any waivers, set off or otherwise).

(w) In relation to each Mortgage Loan, there is not insufficient evidence and documentation:

- (i) in the Vendor's possession;
- (ii) held to the Vendor's order; and/or
- (iii) reasonably obtainable by the Vendor (without incurring material expense),

as is necessary to permit the Vendor to enforce that Mortgage Loan.

(x) There has been no fraud by the Vendor or any employee of the Vendor in relation to any Mortgage.

(y) Each Mortgage Loan is advanced to an individual.

(z) No Related Security in respect of a Mortgage Loan is stock or a marketable security (as such terms are defined for the purposes of section 122 of the Stamp Act 1891), a chargeable security (as such term is defined for the purposes of section 99 of the Finance Act 1986) or a "chargeable interest" (as such term is defined for the purposes of section 48 of the Finance Act 2003).

All capitalised terms relating to the VMSA Mortgage Loan Warranties shall have the meanings given to them in the VMSA.

For the avoidance of doubt, in relation to the VMSA Mortgage Loan Warranties only, the term "**Applicable Laws**" means all applicable laws (including common law, customary law and legislation), rules, regulations, ordinances, directives, treaties and statutes (including, for the avoidance of doubt, the rules provisions contained in the FCA Handbook but excluding the guidance contained in the FCA

Handbook) in each case which are at that time applicable to, and compliance with which is legally binding in respect of, that person or Matter (as applicable) **provided that:**

- (a) if that time is on or before the VMSA Closing Date, it shall include each change, during the period prior to that date, of any generally accepted interpretation or application of such laws, rules, regulations, ordinances, directives and statutes; and
- (b) if that time is after the VMSA Closing Date, it shall exclude any change, after that time, of any generally accepted interpretation or application of such laws, rules, regulations, ordinances, directives and statutes.

*Representations and Warranties – MSA Mortgage Loan Warranty*

On the Closing Date, the Seller will give certain warranties to the Issuer under the Mortgage Sale Agreement. Any claim in respect of the MSA Mortgage Loan Warranty (as defined below) will need to be made directly against the Seller.

Pursuant to the Mortgage Sale Agreement, the Seller makes a statement that in relation to the Mortgage Loans as at the Closing Date, immediately prior to the assignment, assignation or transfer (as applicable) of the Mortgage Loans to the Issuer pursuant to the Mortgage Sale Agreement, the Seller was the sole beneficial owner of the Mortgage Loans free and clear from encumbrances and the Seller has not made any prior sale, transfer, notation, assignment, charge or sub-participation of its interest or created a trust that is subsisting (the "MSA Mortgage Loan Warranty").

*Limitations on Liability under the VMSA*

It should be noted that the VMSA limits the Vendor's liability for, *inter alia*, losses that arose due to a voluntary act of the Issuer, acts or omissions of the Issuer, and regulatory, legal or tax changes. The VMSA also places limitations on the Vendor's liability in circumstances where assets have been assigned or sold. Additional VMSA provisions limit the Issuer's recovery from other sources, the Issuer's rights following recovery, and stipulate that any such liability shall be satisfied only once and that there shall be no double counting. Other limitations on the Vendor's liability with respect to lost profits, indirect losses, or punitive damages as well as obligations on parties to mitigate damages caused by any of the Issuer's actions or inaction exist as well. In addition, in the VMSA the Vendor disclaims liability for certain enumerated items it has earlier disclosed.

Moreover, the VMSA includes caps and other restrictions on the Vendor's liability and there is no transfer obligation on the Vendor following a breach of a warranty, although the Vendor may elect to call for transfer of a Mortgage Loan where the VMSA Mortgage Loan Warranty Indemnification Amount paid to the Issuer exceeds the Current Balance of the relevant Mortgage Loan(s) as at the date of such indemnification. The liability of the Vendor is additionally limited in duration and is subject to certain minimum threshold amounts. The Vendor's obligation to pay compensation for a breach of warranty is guaranteed by the Vendor Guarantor pursuant to the Vendor Guarantee, in respect of which the Issuer also has the benefit.

*Limitations on Liability under the Mortgage Sale Agreement*

It should be noted that the Mortgage Sale Agreement includes caps and other restrictions on the Seller's liability and there is no repurchase obligation on the Seller following a breach of warranty. The Issuer shall instead claim for breach of the MSA Mortgage Loan Warranty under the Mortgage Sale Agreement. Where the amount payable by the Seller to the Issuer for breach of the MSA Mortgage Loan Warranty exceeds the Current Balance of the relevant Mortgage Loan(s) as at the date of such indemnification, the Seller may elect to repurchase such Mortgage Loan(s).

*Conduct of Claims for breach of VMSA Mortgage Loan Warranties*

The Servicing Agreement provides, *inter alia*, that the Servicer shall notify the Seller and the Issuer once they become aware of (i) any breach of a VMSA Mortgage Loan Warranty or (ii) any alleged breach of a VMSA Mortgage Loan Warranty. Once the Issuer has been notified of (i) any breach of a VMSA Mortgage Loan Warranty or (ii) any alleged breach of a VMSA Mortgage Loan Warranty, the Issuer shall deliver a VMSA Mortgage Loan Warranty Breach Notice to, *inter alios*, the Vendor and the Cash Manager, and shall comply with the terms of the VMSA in making a Warranty Claim against the Vendor.

The Servicer shall undertake to provide reasonable assistance to the Issuer in preparing a claim with respect to breach of the VMSA Mortgage Loan Warranty.

**"Warranty Claim"** means any claim made by the Issuer against the Vendor, the Vendor Guarantor or the Seller in respect of a breach of a MSA Mortgage Loan Warranty or a VMSA Mortgage Loan Warranty.

Pursuant to and subject to the terms of the VMSA, the Seller will use its reasonable endeavours to notify the Vendor promptly upon becoming aware of a breach of a VMSA Mortgage Loan Warranty, by delivery of a VMSA Mortgage Loan Warranty Breach Notice to, *inter alios*, the Vendor and the Cash Manager.

*Conduct of Claims for breach of MSA Mortgage Loan Warranty*

The Seller and the Servicer shall as soon as reasonably practicable upon becoming aware of (i) a breach of the MSA Mortgage Loan Warranty and/or (ii) an alleged breach of the MSA Mortgage Loan Warranty, notify the Issuer in writing of such event. The Issuer shall pursue such claim in accordance with the terms of the Mortgage Sale Agreement.

***Legal Title in the Mortgage Loans***

On the Closing Date, the Vendor shall transfer the legal title in the Mortgage Loans to Topaz Finance Limited as Legal Title Holder. The Legal Title Holder shall thereafter be the legal title holder of the Mortgage Loans, subject to the required perfection actions. Pursuant to the terms of the Servicing Agreement, the Legal Title Holder has undertaken to complete certain administrative filings relating to the transfer of legal title, including, but not limited to, the filing of TR4s in relation to each Mortgage with the Land Registry.

***Deed of Covenant***

The VMSA contains a provision requiring any assignee of the benefit of the VMSA to perform certain of the obligations of the Seller (as Purchaser under the VMSA) in order to be able to enforce the assigned rights. On or about the Closing Date the Issuer will enter into a deed of covenant (the "**Deed of Covenant**") with the Seller and the Vendor to perform such obligations. The Deed of Covenant also imposes a requirement to ensure that any subsequent transferee of the Mortgage Loans complies with such obligations.

***Governing Law***

The Mortgage Sale Agreement, the VMSA and any non-contractual obligations arising out of or in connection with it will be governed by English law, save in relation to any provisions relating to the Scottish Mortgage Loans and their Related Security and any enforcement in relation thereto, which shall be governed by and construed in accordance with Scots law.

**Scottish Mortgage Transfer**

***Scottish Mortgage Land Register Assignment***

On or about the Closing Date, the Seller will enter into an assignment in favour of the Issuer relating to any Scottish Mortgages that are or are in the course of being registered in the Land Register of Scotland (the "**Scottish Mortgage Land Register Assignment**").

***Scottish Mortgage Sasine Assignment***

On or about the Closing Date, the Seller will enter into an assignment in respect of any Scottish Mortgages that are recorded in the General Register of Sasines (the "**Scottish Mortgage Sasine Assignment**").

***Governing Law***

The Scottish Mortgage Land Register Assignment, the Scottish Mortgage Sasine Assignment and any non-contractual obligations arising out of or in connection with it will be governed by Scots law.



## SERVICING OF THE MORTGAGE PORTFOLIO

The Issuer, the Seller, the Security Trustee, the Legal Title Holder, the Replacement Servicer Facilitator and the Servicer will enter into on or about the Closing Date, a servicing agreement (the "**Servicing Agreement**"). Pursuant to the terms of the Servicing Agreement, (i) the parties agree the Perfection Trigger Events and the actions to be taken as a consequence thereof; (ii) the Issuer and the Legal Title Holder agree to appoint a replacement financial institution with the requisite ratings to act as replacement collection account bank if, prior to the Closing Date, the Collection Account Bank ceases to have the requisite ratings or it is insolvent and (iii) the Replacement Servicer Facilitator is appointed to select a Successor Servicer, if a Servicer Termination Event occurs.

### Appointments

On or about the Closing Date, the Servicer will be appointed by the Issuer. The Servicer's action in servicing the Mortgage Loans and their Related Security in accordance with the terms of the Servicing Agreement (including the procedures of the Servicer) are binding on the Issuer. The Servicer is appointed to (among other things):

- (a) service and manage the Mortgage Loans in accordance with the applicable provisions of the Legal Title Holder's Policies, which shall be those of a Prudent Mortgage Lender (as such may be amended from time to time by the Legal Title Holder in its sole discretion acting as a Prudent Mortgage Lender) and Service Level Agreements, save that the Servicer shall be required to comply with the general restrictions set out in the Servicing Agreement;
- (b) provide the services set out in the Servicing Agreement in relation to the Mortgage Loans and their Related Security sold by the Seller to the Issuer and any other services which are necessary, convenient or incidental to the management and administration of the Mortgage Loans and their Related Security, including the management of cash receipts from the Borrowers, **provided that** there shall be no funding of discretionary further advances and no ports or unauthorised payment holidays permitted other than (i) in order to comply with the Requirement of Law or (ii) as the Legal Title Holder considers necessary acting as a Prudent Mortgage Lender and in accordance with the relevant Mortgage Conditions;
- (c) exercise the Issuer's rights, powers and discretions under and in relation to the Mortgage Loans and their Related Security;
- (d) perform other management and administration services imposed on the Servicer by the Servicing Agreement;
- (e) perform any other functions imposed on the Servicer by any other Transaction Document to which it is a party; and
- (f) to assist the Issuer in complying with the restrictions set out in the Servicing Agreement, subject to any requirements of Applicable Law,

(the "**Services**").

"**Authority**" means any competent regulatory, prosecuting, tax or governmental authority in any jurisdiction, whether in the United Kingdom or otherwise.

"**Legal Title Holder's Policies**" means the administration, arrears and enforcement policies and procedures which are applied from time to time by the Legal Title Holder to the Mortgage Loans and their Related Security.

"**Prudent Mortgage Lender**" means a reasonably prudent FCA-authorized buy-to-let and owner occupied mortgage lender managing mortgage loans of the type of the Mortgage Loans made on terms similar to the Mortgage Conditions and lending to borrowers in England and Wales or Scotland (as applicable), where the Loan is secured over residential property.

"**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 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.

"**Service Level Agreements**" means the service level agreements set out in the Servicing Agreement.

The Servicer will delegate performance of the Services to Homeloan Management Limited (the "**Delegated Servicer**") but remains fully liable for the performance of its obligations in accordance with the terms of the Servicing Agreement.

Topaz, as Legal Title Holder has also agreed to hold the Mortgage Loans and the Related Security on bare trust for the Issuer, with effect from the Closing Date.

#### **Additional services**

In addition to providing the Services, Topaz shall:

- (a) service the Mortgage Loans in accordance with all applicable policies;
- (b) exercise the Issuer's rights, powers and discretions under and in relation to the Mortgage Loans and their Related Security;
- (c) determine, set and change the interest rate(s) applicable to the Mortgage Loans in accordance with the Mortgage Conditions (including as a result of a change in the Bank of England Base Rate and changes to the Legal Title Holder's SVR rate) and Applicable Laws and as may be undertaken in accordance with the standards of a Prudent Mortgage Servicer;
- (d) collect payments on the Mortgage Loans and discharge Mortgage Loans and Related Security upon redemption;
- (e) monitor and, where appropriate, pursue arrears (in accordance with the Arrears Policy and Procedures) and enforce the Related Security;
- (f) take all reasonable steps to ensure safe custody of all title deeds and documents in respect of the Mortgage Loans and their Related Security which are in its possession;
- (g) manage the Issuer's interests in the Insurance Contracts and other Related Security related to the Mortgage Loans;
- (h) process transfers of titles, notices of death or forfeitures of leases, sale and exchange of land, account conversions, term amendments, deed amendments, compensation and enforcement notices;
- (i) deal with all types of transactions, post and refund fees, set up direct debits and payment date changes;
- (j) deal with all customer correspondence on other aspects of Mortgage Loans once the Mortgage Loan is drawn down, including changes in customer details and changes on the customer mortgage;
- (k) keep records and books of account for the Issuer in relation to the Mortgage Loans and their Related Security comprised in the Mortgage Portfolio, provide assistance to the Issuer with any regulatory or other filings required to be carried out in relation to the Transaction;
- (l) notify relevant Borrowers of any change in their Monthly Payment;
- (m) keep such records in connection with the provision of the Services under the Servicing Agreement as may be reasonably required by the Issuer for the purposes of taxation and/or VAT;

- (n) assist the auditors of the Issuer and provide information to them upon reasonable prior written request;
- (o) notify 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;
- (p) subject to the provisions of the Servicing Agreement, procure and take all reasonable steps to recover all sums due to the Issuer, including, without limitation, by the institution of proceedings and/or the enforcement of any Mortgage Loan comprised in the Mortgage Portfolio or any Related Security, actions against valuers/solicitors, claims under Insurance Contracts and against/at the relevant Land Registry;
- (q) act as collection agent for the Issuer under the Direct Debiting Scheme in accordance with the provisions of the Servicing Agreement;
- (r) take, or procure the taking of (as applicable), all other action and do all other things which it would be reasonable to expect a Prudent Mortgage Servicer to do in administering its loans and their Related Security;
- (s) undertake the duties of Legal Title Holder and lender of record as a Prudent Mortgage Lender; and
- (t) monitor all matters in respect of the Monitored Warranties and any breaches in respect thereof;
- (u) manage any Warranty Claims on behalf of the Issuer against the Vendor in relation to the Monitored Warranties in accordance with the VMSA; and
- (v) assist the Issuer in complying with its obligation under the VMSA in relation to the Vendor's right to be involved in the management of Customer Claims and/or have consultation rights in respect of management of Customer Claims and/or any policies in respect thereof subject always to any relevant Requirements of Law, as more particularly set out in the Servicing Agreement.

**"Applicable Laws"** means:

- (a) all applicable laws, rules, regulations, ordinances, directives, treaties and statutes, authorisations, permits, licences, notices, instructions and decrees of any relevant regulatory authority or any judgment or judicial practice of any court and any other legally binding requirement of any regulatory authority or government authority having jurisdiction with respect to a Party; and
- (b) any applicable publications of any relevant regulatory authority (including the FCA's guidance, policies and publications relating to the Treating Customers Fairly initiative and good practice and guidance published by the FOS and principles set out in the FCA Mortgage Code of Business Sourcebook and any prevailing guidance of the Council of Mortgage Lenders including, without limitation, the Buy to Let Statement of Practice, in each case only to the extent such guidance, policy or publication does not conflict with any of the matters referred to in paragraph (a) of this definition.

**"Arrears Policy and Procedures"** means the Legal Title Holder's policy and procedures for managing Mortgage Loans which are in arrears and pre-arrears financial distress.

**"Customer Claim"** means any claim made by a Borrower against the Vendor, the Seller or the Legal Title Holder (or any of their respective Affiliates), in each case after 29 December 2017, including a claim which seeks or may reasonably be expected to lead to a claim seeking financial compensation or a claim that the debt balance owed by the Borrower or other amount owed is unenforceable, void or voidable or should be waived, reduced or written off.

**"Direct Debiting Scheme"** means the scheme for the manual or automated debiting of bank accounts operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services.

**"Monitored Warranties"** means the warranties given by the Vendor as at the VSMA Closing Date set out in the Servicing Agreement.

The **"Servicing Standard"** means the standard applied to the Servicer in relation to the provision of services will be the standard of a Prudent Mortgage Servicer.

**"Prudent Mortgage Servicer"** means a leading residential mortgage servicer who is acting prudently in servicing residential Loans and their collateral security in respect of residential property in England and Wales or Scotland (as applicable) and which have in all material respects the same or similar characteristics to the Portfolio.

#### **Undertakings by the Servicer**

The Servicer has undertaken, among other things, to:

- (a) administer the relevant Mortgage Loans and their Related Security and in accordance with all Applicable Laws and the Legal Title Holder's Policies as they apply to the Mortgage Loans from time to time;
- (b) procure the enforcement of the relevant Mortgage Loans and their Related Security and in accordance with all Applicable Laws, the Legal Title Holder's Policies as they apply to the Mortgage Loans from time to time;
- (c) provide the Services in such manner and with the same level of skill, care and diligence as would a Prudent Mortgage Servicer;
- (d) comply with any reasonable and proper directions, orders and instructions which the Issuer and/or the Security Trustee may from time to time give to it in relation to the Services in accordance with the provisions of the Servicing Agreement;
- (e) maintain all approvals, authorisations, permissions, consents and licences required by the Servicer in connection with the performance of the Services and to prepare and submit on a timely basis all necessary applications and requests for any further approvals, authorisations, permissions, consents and licences required by the Servicer in connection with the performance of the Services;
- (f) perform its obligations under the Transaction Documents in accordance with the terms of such licences and registrations and in a manner so as not to prejudice the continuation of such licences and registrations;
- (g) not knowingly fail to comply with any legal requirements in the performance of the Services;
- (h) make all payments required to be made by it pursuant to the Servicing Agreement on the due date for payment thereof in Sterling (or as otherwise required under the Transaction Documents) in immediately available funds for value on such due date without set-off or deduction (including, without limitation, in respect of any fees owed to it except as expressly provided for in the Servicing Agreement or counterclaim but subject to any deductions required by law;
- (i) after deducting any Borrower Fees, transfer all monies received by direct debit from the Borrowers from the Collection Accounts into the Transaction Account no later than the next Business Day after these amounts are identified as received in the Collection Accounts;
- (j) not without the prior written consent of the Issuer and/or the Security Trustee amend or terminate any of the Transaction Documents except in accordance with their terms;
- (k) forthwith upon becoming aware of any event which may reasonably give rise to an obligation of the Vendor to repurchase any Mortgage Loan pursuant to the Deed of Covenant, notify the Issuer and the Seller in writing of such event;
- (l) procure that the Collection Accounts is opened by the Legal Title Holder and maintained with the Collection Account Bank, and that at no time is the balance standing to the credit of the Collection Accounts overdrawn;

- (m) not permit to subsist any Encumbrance in relation to the Collection Accounts, other than as created under the Collection Accounts Declaration of Trust;
- (n) if at any time a Borrower requests repayment of an amount which is an over payment in respect of its Mortgage Loan, the Servicer shall return such amount to the relevant Borrower subject to the Servicer first having received such amount in the Collection Accounts;
- (o) if at any time the Servicer receives any money (other than sums credited to the Collection Accounts) arising from the Mortgage Loans or the Related Security, hold such money upon trust for the Issuer as beneficial owner thereof and shall keep such money separate from other money held by it and shall promptly upon receipt transfer such money to the Transaction Account;
- (p) if at any time amounts are received into the Collection Accounts which represent compensation payments or other amounts owed to the relevant Borrower, the Servicer shall withdraw such amounts and pay them directly to the relevant Borrower;
- (q) not do or omit to do any act or thing which might prejudice the respective interests of the Issuer, the Seller and/or the Security Trustee in the Mortgage Portfolio;
- (r) promptly notify the Issuer in writing if it receives written notice of any litigation or claim calling into question in any material way the Legal Title Holder's or the Issuer's title to any Mortgage Loan comprised in the Mortgage Portfolio or its Related Security or if it becomes aware of any material breach of any of the Loan Warranties or any of the Legal Title Holder's other obligations under the Servicing Agreement;
- (s) provide the Issuer with all such information and reports concerning any steps or proceedings taken on behalf of the Issuer as the Issuer reasonably requires and as notified to the Servicer, under the Deed of Covenant and in connection with the VMSEA;
- (t) where the Servicer or the Legal Title Holder receives a decision of a Governmental Authority in relation to the Mortgage Loans, promptly notify the Issuer of such receipt and (to the extent permitted by such Governmental Authority) of substance of such decision and allow the Issuer (and to the extent requested by the Issuer to the Servicer and/or Legal Title Holder, the Vendor) to make representations to the Servicer and/or the Legal Title Holder to contest such decision, but for the avoidance of doubt, the decision to contest such decision shall always be at the sole discretion of the Servicer or Legal Title Holder acting as a Prudent Mortgage Servicer or a Prudent Mortgage Lender, as the case may be;
- (u) use reasonable endeavours to notify the Issuer promptly after the Servicer becomes aware of any material matter giving rise to a Customer Claim by a Borrower, or a Customer Claim received from a Borrower;
- (v) manage all Customer Claims by Borrowers diligently and in good faith and in accordance with Applicable Law to the extent delegated from the Legal Title Holder;
- (w) provide such information as may be reasonably requested by the Retention Holder for the purposes of enabling the Retention Holder to comply with its obligations under Article 409 of the CRR; and
- (x) not be treated as being resident outside the United Kingdom by virtue of the application of section 18 CTA or have a permanent, business or fixed establishment outside the United Kingdom.

**"Borrower Fee"** means each of the Ancillary Fees.

**"Collection Accounts"** means the accounts opened on or prior to the Closing Date in the name of the Legal Title Holder and held with the Collection Account Bank into which Collections are paid by Borrowers from time to time, and any other accounts opened by the Legal Title Holder (subject to the prior consent of the Issuer and the Security Trustee) into which Collections are paid by Borrowers from time to time.

"**Encumbrance**" means any right to acquire, option, right of pre-emption, right of first refusal, mortgage, Standard Security, charge, pledge, lien, assignation in security, security interest or any other security agreement or arrangement, or any agreement, arrangement or obligation to create any of the same.

"**Governmental Authority**" means any multinational, national, state, regional, provincial or local governmental or regulatory or supervisory authority (including, for the avoidance of doubt, the FCA and the Information Commissioner's Office), court or entity or body or any subdivision thereof, including any agency, instrumentality, division, department or other body thereof.

"**Standard Security**" means a standard security in terms of the Conveyancing and Feudal Reform (Scotland) Act 1970 (as amended).

### **Setting of Interest Rates on the Mortgage Loans**

Subject to the terms of the Servicing Agreement and the restrictions set out therein (as to which, see below), the Issuer grants the Legal Title Holder full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine, set and change the interest rate(s) applicable to the Mortgage Loans in accordance with the relevant Mortgage Conditions (including as a result of a change in the Bank of England Base Rate, a change in or cessation of LIBOR or a change in the Legal Title Holder's SVR) and Applicable Law and as may be undertaken in accordance with the standards of a Prudent Mortgage Lender. The Servicer will implement those interest rates set by the Legal Title Holder.

The Issuer and the Legal Title Holder shall be bound by any such changes to the interest rate(s) of the applicable to the Mortgage Loans.

The Servicer shall take such steps as are required by (i) the relevant Mortgage Conditions and (ii) Applicable Law, regulation and guidance to bring each change in the rate or rates of interest to the attention of the relevant Borrowers. The Servicer will, as soon as reasonably practicable, notify the relevant Borrowers of any changes in the Monthly Payments in relation to the relevant Mortgage Loans. The Servicer shall bear and be responsible for all costs arising in relation to such a notification of a change in such rate or rates of interest or in such margin or contractual monthly payment in relation to the relevant Mortgage Loans.

### **Enforcement Procedures**

The Servicer will, in relation to any default by a Borrower under or in connection with a Mortgage Loan or its Related Security, comply with the Enforcement Procedures or, to the extent that the Enforcement Procedures are not applicable having regard to the nature of the default in question, take such action as complies with (i) the Servicing Standard and relevant enforcement policies (as set out in the Servicing Agreement) and (ii) the standard of a Prudent Mortgage Servicer in connection with defaults of a similar nature, **provided that**:

- (a) the Servicer shall only become obliged to comply with the Enforcement Procedures (to the extent applicable) or to take action as aforesaid after it has become aware of the default; and
- (b) it is acknowledged by the Issuer that mortgage lenders generally exercise discretion in pursuing their respective enforcement procedures and that the Servicer may exercise such discretion as would a Prudent Mortgage Servicer in applying the relevant Enforcement Procedures to any particular defaulting Borrower or in taking action as aforesaid, **provided that** in exercising such discretion the interests of the Issuer in the Mortgage Portfolio are not materially prejudiced and, in particular but without limitation, the ability of the Issuer to claim for breach of warranty under the Mortgage Sale Agreement is not prejudiced.

"**Enforcement Procedures**" means the exercise, in accordance with the procedures described in the relevant Legal Title Holder's Policies, of rights and remedies against a Borrower in respect of such Borrower's obligations arising from any Mortgage in respect of which such Borrower is in default.

### **Operation of Collection Accounts after Closing Date**

On or prior to the Closing Date, Topaz as Legal Title Holder shall establish the Collection Accounts to be held in its own name with the Collection Account Bank in respect of the Mortgage Loans transferred

pursuant to the Mortgage Sale Agreement. Topaz shall declare a trust over such account in favour of the Issuer (the "**Collection Accounts Declaration of Trust**").

Each of the Issuer and the Legal Title Holder will appoint the Servicer as its lawful agent to act on its behalf to manage the Collection Accounts.

Amounts held under the Collection Accounts Declaration of Trust at any relevant time shall equal all amounts credited to the Collection Accounts at such time in respect of the Mortgage Loans and their Related Security taking into account any amounts previously paid to the Issuer in respect of the Mortgage Loans and their Related Security. The Servicer will procure that amounts standing to the credit of the Collection Accounts be transferred in cleared funds to the Transaction Account within the time limits referred to in the Servicing Agreement. The Servicer will continue to procure such transfer, notwithstanding any change of Collection Accounts.

#### **Replacement of Collection Account Bank**

Following (i) the occurrence of an Insolvency Event in relation to the Collection Account Bank or (ii) the Collection Account Bank ceasing to have the Collection Account Bank Rating, (x) the Issuer will and (z) the Servicer shall use reasonable endeavours to:

- (a) appoint a replacement financial institution with the Collection Account Bank Rating to act as replacement Collection Account Bank which is a bank for the purposes of section 878 ITA 2007 and which will pay interest in relation to the Collection Accounts in the ordinary course of its business;
- (b) procure that such financial institution enters into a replacement collection account agreement;
- (c) procure that such financial institution enters into a deed on terms substantially similar to those set out in the Collection Accounts Declaration of Trust with respect to the replacement Collection Accounts;
- (d) procure that new Collection Accounts are opened and established at the replacement institution and further procure that all amounts held on trust for the Issuer and the Seller standing to the credit of the Collection Accounts are transferred to the replacement account at such replacement institution as soon as practicable or, where the Collection Account Bank ceases to have the Collection Account Bank Rating, in each case, within 30 calendar days of such downgrade; and
- (e) transfer all Direct Debit Mandates to such replacement Collection Accounts and procure that all Monthly Payments made by a Borrower under a payment arrangement other than the Direct Debiting Scheme are made to such replacement Collection Accounts from the date on which the replacement Collection Accounts are opened.

No replacement or termination of the Collection Account Bank may be made without the prior written consent of the Issuer (or, following the service of an Enforcement Notice, the Security Trustee, such consent to be given on receipt by the Security Trustee of a certificate signed by two Authorised Signatories of the Servicer that the conditions set out in paragraphs (a) to (e) above have been met in respect of such replacement Collection Account Bank).

"**Collection Account Bank Rating**" means in respect of the Collection Account Bank:

- (a) a short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-2 by S&P (if a short-term unsecured, unguaranteed and unsubordinated debt rating is assigned by S&P) and a long-term unsecured, unguaranteed and unsubordinated debt rating of at least BBB by S&P, or should the Collection Account Bank not benefit from a short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-2 by S&P, a long-term unsecured, unguaranteed and unsubordinated debt rating of at least BBB by S&P;
- (b) a long-term bank deposit rating of at least Baa3 by Moody's;
- (c) a short-term issuer default rating of at least F2 and a long-term issuer default rating of at least BBB by Fitch; or

- (d) such other lower rating which is consistent with the then current rating methodology of the relevant rating agency in respect of the current ratings of the Notes.

**"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.

### **Servicer Reports**

From the Closing Date, the Servicer shall:

- (a) prepare the Servicer Report to a rated securitisation standard and shall be substantially in the form attached to the Servicing Agreement or in such other form as may be agreed between the Issuer and the Servicer from time to time, with the assistance of the Cash Manager;
- (b) deliver the Servicer Report substantially in the form set out in the Servicing Agreement or in the form agreed pursuant to paragraph (a) above in respect of each Collection Period to the Issuer, the Cash Manager and the Security Trustee 5 Business Days after the end of the relevant Collection Period; and
- (c) make available, prepare and/or file on behalf of the Issuer all documents and loan level data required to be made available and/or prepared, **provided that** in each case the relevant information (including the Investor Report) is in the Servicer's possession and/or the Servicer is able to obtain such information from the Issuer, the Security Trustee, the Cash Manager and any other party.

Each of the Seller, Issuer, Security Trustee and Replacement Servicer Facilitator acknowledge and agree that Topaz will procure that from the Closing Date the filings referred to in paragraph (a) above will be made through an affiliate of Topaz. The Issuer confirms that it has the right to instruct Topaz to use any personal data contained in the documents and loan level data to be filed pursuant to the Servicing Agreement and for the purposes of making the filings required by the Servicing Agreement and hereby instructs Topaz to use the personal data accordingly. Topaz shall have no liability for any failure to file or failure to procure the filing of any document or other information required to be filed pursuant to the Servicing Agreement to the extent that such information is not in the possession of Topaz or is not received by Topaz from any other party who has such information.

**"Monthly Servicer Report"** means a monthly servicer report detailing, *inter alia*, the principal and total balances of the Mortgage Loans and related reconciliations and any other information to be delivered on each Monthly Servicer Report Date (other than in a calendar month where a Quarterly Servicer Report is required to be delivered).

**"Monthly Servicer Report Date"** means the day falling 7 Business Days following the last day of the immediately preceding Collection Period (or if such day is not a Business Day, the Business Day immediately following such date).

**"Quarterly Servicer Report"** means a quarterly servicer report detailing, *inter alia*, the principal and total balances of the Mortgage Loans and related reconciliations and any other information to be delivered by the Servicer on each Quarterly Servicer Report Date.

**"Quarterly Servicer Report Date"** means the date falling 8 Business Days prior to each Interest Payment Date.

**"Servicer Report"** means each Monthly Servicer Report and each Quarterly Servicer Report.



## Remuneration of the Servicer

### *Core Service Fees*

The Issuer will pay to Topaz a servicing fee (the "**Core Service Fees**") commencing on the Closing Date for its services under the Servicing Agreement (calculated monthly and payable quarterly in arrears in accordance with the relevant Priorities of Payments) which will be calculated as follows:

- (a) 0.05 per cent. of the Aggregate Current Balance of all Mortgage Loans at the close of business on the last business day of the immediately preceding calendar month for provision of the Legal Title Services; and
- (b) 0.065 per cent. of the Aggregate Current Balance of all Mortgage Loans at the close of business on the last business day of the immediately preceding calendar month for provision of the Services,

**provided that**, a minimum fee is payable by the Issuer to the Servicer for provision of the Legal Title Services and the Services, and accordingly where the Core Service Fees falls below £50,000 in any one month, the Servicer will also invoice the Issuer the difference between the actual amount calculated as the Core Service Fees and £50,000 and the Issuer will pay such invoice in accordance with the terms of the Servicing Agreement.

For the purposes of calculating the Core Service Fees only, the term "**Aggregate Current Balance**" means the sum of all debits and credits on a Mortgage Loan account at any given time.

"**Legal Title Services**" means services provided to the Issuer by Topaz in its capacity as Legal Title Holder.

### *Ancillary Fees*

In addition to the Core Service Fees, the Servicer shall be entitled to charge a fee for certain activities it undertakes in respect of the Mortgage Portfolio or in respect of certain Mortgage Loans:

- (a) a mortgage account redemption fee equal to £140 per Mortgage Loan, calculated in the month in which the redemption is completed (the "**Mortgage Account Redemption Fee**"), calculated at the time of redemption;
- (b) an arrears management fee of £25 per live Mortgage Loan account that has an Arrears Balance that is equal to or greater than one monthly payment as at the last day of the immediately preceding calendar month, **provided that**, the Arrears Balance used for such calculation shall not be rounded (the "**Arrears Management Fee**"), calculated monthly;
- (c) a shortfall debt recovery fee equal to 20 per cent. of any monies recovered from the Borrower in respect of a Mortgage Loan where the related Property has been sold and there remains a shortfall owed by the Borrower (the "**Shortfall Debt Recovery Fee**"), calculated monthly by reference to the total amount of monies collected as at close of business on the last day of the immediately preceding month (such payment commencing after all proceeds from the sale of the relevant Property have been received); and
- (d) a contract variation fee of £300 per variation to a Mortgage Loan where the Borrower is not advised in respect of such variation (the "**Non-Advised Mortgage Loan Variation Fee**"), calculated on the date when such variation is first received by the Servicer,

in each case payable quarterly in arrears on the immediately following Interest Payment Date in accordance with the relevant Priorities of Payments (the "**Ancillary Fees**" and together with the Core Service Fees, and a portfolio based performance fee (set out in the Servicing Agreement), the "**Servicing Fees**"). The Servicing Fees are exclusive of any VAT.

### Removal or Resignation of the Servicer

A Servicer Termination Event shall occur if any of the following events (each, a "**Servicer Termination Event**") occur:

- (a) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement or any other Transaction Document to which it is a party and such default continues unremedied for a period of 15 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following service of an Enforcement Notice) the Security Trustee requiring the same to be remedied;
- (b) default is made by the Servicer in the performance or observance of any of its other material covenants and obligations under the Servicing Agreement or any other Transaction Document to which it is a party, such default continues unremedied for a period of 15 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee, as appropriate, requiring the same to be remedied;
- (c) failure by the Servicer to obtain or maintain the necessary licences, registrations or regulatory approvals enabling it to continue servicing the Mortgage Loans;
- (d) an Insolvency Event in respect of the Servicer;
- (e) a Perfection Trigger Event where the Servicer and the Legal Title Holder are the same entity,

then (i) prior to the delivery of an Enforcement Notice, the Issuer may (or shall on the direction of the Directing Certificateholder) agree to terminate the Servicer's appointment or (ii) after delivery of an Enforcement Notice, the Security Trustee may (or in the case of item (c) above shall on the direction of the Directing Certificateholder, and subject to the terms of the Deed of Charge) and in the case of (a), (b), (d) or (e) above upon being notified in writing of the same, the Security Trustee shall 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 of receipt of such notice (and in the case of paragraph (c) above such notice shall be deemed to have been given to terminate the Servicer's appointment as Servicer under the Servicing Agreement with immediate effect) **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 Replacement Servicer Facilitator, if requested to do so by the Issuer and following such consultation with the Directing Certificateholder as is reasonably practicable in the circumstances, shall use its reasonable endeavours to appoint a Successor Servicer on substantially the same terms as those set out in the Servicing Agreement.

On or prior to the Interest Payment Date falling in May 2023 (the "**Notice Date**"), the Issuer may (or shall on the direction of the Directing Certificateholder) deliver written notice to the Servicer to terminate the Servicing Agreement, with effect from the Interest Payment Date falling in May 2023 **provided that** the Issuer and the Note Trustee are satisfied (acting reasonably) that a successor servicer can be appointed by no later than the Interest Payment Date falling in May 2023. If such notice to terminate is not delivered by the Notice Date, then the Servicing Agreement shall continue until such time as the Issuer gives the Servicer not less than six months written notice to terminate the Servicing Agreement. Upon delivery of such written notice to terminate the Servicing Agreement, the Servicer will continue to act in accordance with the terms of the Servicing Agreement until the relevant termination date of the Servicing Agreement.

### Voluntary Resignation of the Servicer

The appointment of the Servicer under the Servicing Agreement may be terminated by the Servicer with the prior written consent of the Directing Certificateholder upon the expiry of not less than 12 months' written notice of termination given by the Servicer with a copy to the Directing Certificateholder, the Issuer and the Security Trustee (or by such shorter period of notice as may be agreed between the Servicer, the Issuer and the Security Trustee) **provided that**:

- (a) the Issuer and the Security Trustee consent in writing to such termination, such consent in the case of the Security Trustee to be given on receipt by the Security Trustee of a certificate signed

by two Authorised Signatories of the Issuer confirming satisfaction of certain conditions relating to the appointment of a Successor Servicer;

- (b) a Successor Servicer shall be appointed in accordance with the terms of the Servicing Agreement, such appointment to be effective not later than the date of such termination and the Servicer shall notify the Issuer with a copy to the Security Trustee in writing of the identity of such Successor Servicer; and
- (c) such substitute servicer holds all licences, approvals, authorisations, permissions and consents required in connection with the provision of the Services, including without limitation any necessary notifications under the Data Protection Act, and authorisations and permissions under the FSMA.

#### **Costs relating to Successor Servicer appointment**

Where a Successor Servicer is appointed following the occurrence of a Servicer Termination Event or the voluntary resignation by the Servicer (other than where such voluntary resignation is caused by a breach by the Issuer of its obligations or due to the performance of the Services by the Servicer becoming illegal (an "**Illegality Event**")), the Transfer Costs incurred in effecting the transfer to such Successor Servicer will be paid by the Servicer. Where the Servicer fails to pay such Transfer Costs, the Issuer shall pay such Transfer Costs (as a Servicer cost) in accordance with the Pre-Enforcement Revenue Priority of Payments, in which case the Issuer will have a claim against the Servicer for such Transfer Costs. In case of voluntary resignation by the Servicer caused by a breach by the Issuer of its obligations or an Illegality Event, the Transfer Costs incurred in effecting the transfer to the Successor Servicer will be paid by the Issuer.

"**Transfer Costs**" means, in circumstances where a successor servicer is appointed following the occurrence of a Servicer Termination Event, or the voluntary resignation by the Servicer or in case of the termination of the Servicing Agreement by the Issuer on or after the Interest Payment Date falling in May 2023 in accordance with the Servicing Agreement, the Issuer's costs and expenses associated with the transfer of servicing to the successor servicer as reasonably agreed between the relevant parties.

#### **Delivery of documents and records**

If the appointment of the Servicer is terminated or the Servicer resigns, the Servicer shall:

- (a) as soon as reasonably practicable deliver to (and in the meantime hold on trust for, and to the order of, the Issuer) to the Issuer, or as it shall direct, *inter alia*, the Title Deeds, the Mortgage Loan Files, any Certificates of Title, all books of account, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belonging to the Issuer and the Mortgage Loans sold by the Seller to the Issuer and comprised in the Mortgage Portfolio and any other Related Security and (if practicable, on the date of receipt by the Servicer) any monies then held by the Servicer on behalf of the Issuer and any other assets of the Issuer;
- (b) take such further action as the Issuer and/or the Security Trustee may reasonably direct at the expense of the Servicer (including, without limitation, in relation to the appointment of a Successor Servicer);
- (c) provide to the Issuer all relevant information contained on computer records in an appropriate electronic format;
- (d) co-operate and consult with and assist the Issuer, the Security Trustee and their nominees or Appointees (which shall, for the avoidance of doubt, include any Successor Servicer appointed by the Issuer and any Receiver), as reasonably required, for the purposes of explaining the file layouts and the format of the magnetic tapes containing such computer records on the computer system of the Servicer; and
- (e) take such further action as the Issuer and/or the Security Trustee may reasonably direct at the expense of the Servicer (including, without limitation, in relation to the appointment of a Successor Servicer) including providing its staff reasonable access to software, systems, premises and any infrastructure used by it in relation to the servicing, administration, collection and

management of the Mortgage Portfolio (including the Related Security) to any Successor Servicer for a period of up to 12 months and the Servicer shall, where it has subcontracted or delegated the performance of its obligations under the Servicing Agreement), procure that such subcontractor or delegate takes such further action as directed by the Issuer and/or Security Trustee pursuant to the Servicing Agreement.

The Servicer will delegate performance of the Services to the Delegated Servicer but remains fully liable for the performance of its obligations in accordance with the terms of the Servicing Agreement.

**"Mortgage 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* and where applicable correspondence between the Borrower and the relevant Originator and including mortgage documentation applicable to each Mortgage Loan, each letter of offer for that Mortgage Loan, the Valuation Report and the Certificate of Title (where available), whether in original form or otherwise.

**"Title Deeds"** means, in relation to a Mortgage Loan, the deed constituting the relevant Mortgage and any documents of title to the relevant Mortgaged Property and to the Related Security.

**"Valuation Report"** means the valuation report or reports for mortgage purposes, in the form of the *pro forma* contained in the Standard Documentation, obtained by the relevant Legal Title Holder from a valuer in respect of each Mortgaged Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a reasonable Prudent Mortgage Lender.

#### **Limit to Servicer's Liability**

The Servicer shall indemnify each of the Issuer and the Security Trustee and their respective directors, officers and employees against any Liabilities suffered or incurred by those parties arising as a result of a wilful default, fraud, negligence or material breach of the Servicing Agreement by the Servicer or any of its subcontractors or delegates in carrying out its functions as Servicer under the Servicing Agreement.

The maximum liability of the Servicer and/or the Legal Title Holder whether in contract, tort (including negligence and breach of statutory duty) or otherwise arising out of or in connection with the Servicing Agreement shall be, for all claims arising in the 12 month period commencing on the Closing Date and thereafter each successive 12 month period (or part thereof) commencing on an anniversary of the Closing Date, an amount equal to the aggregate of the fees paid or payable to the Servicer and/or the Legal Title Holder pursuant to the Servicing Agreement in respect of such 12 month period.

The Servicer's limitation of liability pursuant to the Servicing Agreement shall not apply in respect of any liability arising as a result of its fraud, negligence or wilful default in the performance of its obligations under the Servicing Agreement or as to any sum which the Servicer holds or should hold on trust for the Issuer and for which the Servicer fails to account to the Issuer.

#### **Audits**

The Servicer has agreed to allow certain audits to take place periodically to, among other things, verify that the Services are being provided in accordance with the Servicing Agreement.

#### **Governing Law**

The Servicing Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **The Collection Accounts Declaration of Trust**

On or prior to the Closing Date, the Legal Title Holder, the Issuer, the Security Trustee and the Collection Account Bank will enter into the Collection Accounts Declaration of Trust, pursuant to which the Legal Title Holder will declare a trust in favour of the Issuer absolutely over its rights, title, interest and benefit, present and future, in all amounts standing to the credit of the Collection Accounts from time to time.

The Servicer will procure that amounts standing to the credit of the Collection Accounts will be transferred to the Transaction Account no later than one Business Day following receipt into the Collection Accounts, in accordance with the provisions of the Servicing Agreement.

**Governing Law**

The Collection Accounts Declaration of Trust and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## 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 Receipts and Available Principal Receipts**

During the life of the Notes, the interest payable by Borrowers on the Mortgage Loans may in certain limited circumstances, even assuming that all of the Mortgage Loans are fully performing, result in Available Revenue Receipts not being sufficient to pay the amounts payable under items (a) to (m) (inclusive) of the Pre-Enforcement Revenue Priority of Payments as a result of, amongst other things, the lack of hedging in respect of the interest rate mismatch between the Mortgage Loans and the Notes; see "*Risk Factors – Limited Source of Funds*" and "*Risk Factors – Interest Rate Risk*" for further information. Two of the key factors impacting Available Revenue Receipts are the interest rates applicable to the Mortgage Loans in the Mortgage Portfolio relative to the payments due on the Notes and the Certificates, and the performance of the Mortgage Portfolio.

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

Available Principal Receipts will be applied on each Interest Payment Date as Available Revenue Receipts to cure any Revenue Shortfall in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments.

2. **Principal Deficiency Ledger**

A Principal Deficiency Ledger will be established to record (i) any Available Principal Receipts applied in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments and (ii) any Losses affecting the Mortgage Loans in the Mortgage Portfolio. The "**Principal Deficiency Ledger**" will comprise 3 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**") and the Principal Deficiency Ledger relating to the Class C Notes (the "**Class C Principal Deficiency Sub-Ledger**"), (each a "**Principal Deficiency Sub-Ledger**"). (i) Any Available Principal Receipts applied in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments and (ii) any Losses on the Mortgage Portfolio in each case recorded on the date that the Cash Manager determines amounts to be applied in accordance with item (a) of the Pre-Enforcement Priority of Payments or is informed of such Losses by the Servicer, and will each be recorded as a debit: (a) *first*, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; (b) *second*, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; and (c) *third*, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes. Investors should note that realised losses in any period will be calculated after applying any recoveries following enforcement of a Mortgage Loan and its Related Security 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 Available Revenue Receipts applied pursuant to items (g), (i) and (k) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon become Available Principal Receipts).

3. **Use of Available Principal Receipts to pay a Revenue Shortfall**

On each Interest Calculation Date prior to the service of an Enforcement Notice and with reference to the immediately following Interest Payment Date, the Cash Manager will calculate whether there will be a Revenue Shortfall on such Interest Payment Date. If the Cash Manager determines that there will be a Revenue Shortfall, then pursuant to item (a) of the Pre-Enforcement Principal Priority of Payments, the Cash Manager on behalf of the Issuer shall apply Available Principal Receipts as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

4. **Available Revenue Receipts and Available Principal Receipts**

Available Revenue Receipts and Available Principal Receipts shall be applied on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, respectively. Other than amounts which the Issuer expects to generate in each accounting period as the profit in respect of its business in accordance with item (d) of the Pre-Enforcement Revenue Priority of Payments, it is not intended that any surplus will be accumulated in the Issuer.

If, on any Interest Payment Date on which there are Notes outstanding, the Issuer has insufficient Available Revenue Receipts to pay interest due in respect of such Notes that would otherwise be payable (other than interest due in respect of the Most Senior Class of Notes then outstanding), then the Issuer will be entitled under Condition 17 (*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 the interest or amounts on the Most Senior Class of Notes or Certificates then outstanding or in issue (as applicable) within any applicable grace period in accordance with the Conditions and the Certificate Conditions shall constitute an Event of Default under the Notes or the Certificates which may result in the Notes being accelerated and the Security Trustee enforcing the Security.

## CASHFLOWS AND CASH MANAGEMENT

Payments made by the Borrowers under the Mortgage Loans shall be paid into the Collection Accounts, and any and all amounts standing the credit of the Collection Accounts by close of business on any date shall be transferred to the Transaction Account on a daily basis, the transfer of such amounts from the Collection Accounts to the Transaction Account being subject to a time lag of three Business Days.

### Definition of Revenue Receipts

"**Revenue Receipts**" means (a) payments of interest and other fees due from time to time under the Mortgage Loans but excluding any Capitalised Arrears and any Capitalised Expenses; (b) any net amounts of Recovery Proceeds of a revenue nature and recoveries of interest and other amounts that do not (subject to (c) below) represent Principal Receipts from defaulting Borrowers under Mortgage Loans being enforced; (c) all amounts recovered or received in relation to any Mortgage Loans in respect of which a debit entry has been recorded on the Principal Deficiency Ledger; (d) the proceeds of payments attributable to VMSA Mortgage Loan Warranty Indemnification Amounts paid by the Seller or the Vendor (as applicable) or any other indemnity payment made by the Seller or Vendor (as applicable) to the Issuer pursuant to the Mortgage Sale Agreement or the VMSA, respectively, of a revenue nature; (e) proceeds received by the Issuer from any insurance claim, in each case to the extent that such proceeds constitute or are attributable to interest or represent action in respect of interest; and (f) any other amounts received by the Issuer, whether in respect of the Mortgage Loans and their Related Security or otherwise, that do not represent Principal Receipts.

"**Accrued Interest**" means as at any date in relation to any Mortgage Loan the aggregate amount of interest accrued or charged on such Mortgage Loan but not yet paid from (and including) the immediately preceding Mortgage Loan Payment Date to (but excluding) that given date.

"**Arrears of Interest**" means as at any date and in relation to any Mortgage Loan, the aggregate of all interest (other than Accrued Interest) on such Mortgage Loan which is currently due, payable and unpaid on that date.

"**Mortgage Loan Payment**" means, in respect of a Mortgage Loan, the amount which the applicable Mortgage Conditions to which such Mortgage Loan is subject require the relevant Borrower to pay on a Mortgage Loan Payment Date in respect of that Mortgage Loan.

"**Mortgage Loan Payment Date**" means, in respect of a Mortgage Loan, the date on which the relevant Borrower is required to make a payment of interest and, if applicable, principal, in respect of such Mortgage Loan, as required by the applicable Mortgage Conditions to which such Mortgage Loan is subject.

"**Mortgage Loan Warranties**" means the MSA Mortgage Loan Warranty and the VMSA Mortgage Loan Warranties.

"**Recovery Proceeds**" means the proceeds of discounted pay-offs, enforcement or foreclosure in respect of any Mortgage Loan, including any Shortfall Proceeds.

"**Shortfall Proceeds**" means in respect of a Mortgage Loan which has been subject to enforcement proceedings and where following completion of such enforcement proceedings there were insufficient proceeds received to provide for all amounts owed by the Borrower under the relevant Mortgage Loan in full (the difference between the amount owed and the amount received being the "**Shortfall**"), any proceeds subsequently received in respect of that Shortfall whether in respect of principal, interest or other amounts.

### Definition of Available Revenue Receipts

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

- (a) (i) Revenue Receipts received by or on behalf of the Issuer during the immediately preceding Calculation Period and (ii) in respect of the exercise of the Portfolio Purchase Option, amounts received from a third party purchaser or amounts received from the Portfolio Option Holder, as applicable, to be applied as Revenue Receipts, including accrued interest, fees, costs and



expenses for the Issuer and other amounts to be applied as revenue to effect a redemption in full of the Notes pursuant to Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*);

- (b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Calculation Period and income from any Authorised Investments to be received in the immediately preceding Calculation Period;
- (c) any amounts standing to the credit of the Transaction Account (other than amounts standing to the credit of the Issuer Profit Ledger) that do not represent Principal Receipts as at the end of the immediately preceding Calculation Period (but excluding, for the purposes of the First Interest Payment Date, an amount equal to the Establishment Expenses);
- (d) other net income of the Issuer received during the immediately preceding Calculation Period, for the avoidance of doubt, excluding any Principal Receipts;
- (e) any Available Principal Receipts to be applied as Available Revenue Receipts pursuant to items (a) or (i) of the Pre-Enforcement Principal Priority of Payments

*less*

- (f) amounts applied from time to time during the immediately preceding Calculation Period in making payment of certain monies in connection with the acquisition, disposal, holding and/or servicing of the Mortgage Loans which properly belong to third parties (including the Seller) such as (but not limited to):
  - (i) amounts debited from the Transaction Account during the immediately preceding Calculation Period in respect of (i) one or more Direct Debit amount(s) which are repaid to the bank making the Direct Debit payment if such bank is unable to recoup or recall such amounts itself from its customer's account or is required to refund an amount previously debited, and (ii) such other amounts that have been paid in error or otherwise recalled or that are required by the Collection Account Bank to be credited to a reserve which will set aside an amount for such payments in the Collection Accounts, as applicable; and
  - (ii) any amount received from a Borrower for the express purpose of payment being made out of the Transaction Account to a third party for the provision of a service to that Borrower,

(items within this paragraph (f) being collectively referred to herein as "**Permitted Withdrawals**");

(taking into account any amount paid by way of Permitted Withdrawals) amounts to remedy any overdraft in relation to the Collection Accounts, or to pay any amounts due to the Collection Account Bank in respect of the Mortgage Loans.

"**Establishment Expenses**" means the fees and expenses payable by the Issuer relating to the establishment of the Transaction, as certified by the Seller, payable on or about the Closing Date, including, without limitation, the fees payable to the Corporate Services Provider as set out in a corporate services fee letter to the Issuer from the Corporate Services Provider.

"**First Interest Payment Date**" means the Interest Payment Date falling in August 2018.

#### **Application of Available Principal Receipts to cure a Revenue Shortfall**

Prior to service of an Enforcement Notice on the Issuer, if the Cash Manager calculates that there will be a Revenue Shortfall on the immediately following Interest Payment Date, the Issuer shall use Available Principal Receipts (to the extent available, and disregarding for these purposes item (a) of the Pre-Enforcement Principal Priority of Payments) to cure such a Revenue Shortfall on such Interest Payment Date, and such amounts will be applied as Available Revenue Receipts on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments.

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

On each relevant Interest Payment Date prior to the service of an Enforcement Notice by the Note Trustee on the Issuer, the Cash Manager, on behalf of the Issuer, shall apply or provide for the application of the Available Revenue Receipts standing to the credit of the Transaction Account in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Pre-Enforcement Revenue Priority of Payments**"):

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) any fees, costs, charges, Liabilities, expenses and all other amounts then due to the Note Trustee (in its personal capacity as such) and any Appointee (in its personal capacity as such) under the provisions of the Note Trust Deed and the other Transaction Documents together with (if payable) VAT thereon as provided therein; and
  - (ii) any fees, costs, charges, Liabilities, expenses and all other amounts then due to the Security Trustee (in its personal capacity as such) and any Appointee (in its personal capacity as such) under the provisions of the Deed of Charge and the other Transaction Documents together with (if payable) VAT thereon as provided therein;
- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, in each case then due or which are projected to become due and payable prior to the immediately following Interest Payment Date (in each case without double counting) of:
- (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agent and any fees, costs, charges, Liabilities and expenses then due to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
  - (ii) any remuneration then due and payable to the Cash Manager and any fees, costs, charges Liabilities and expenses then due to the Cash Manager under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
  - (iii) any remuneration then due and payable to the Servicer together with any fees, costs, charges, Liabilities and expenses then due to such Servicer under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;
  - (iv) any remuneration then due and payable to the Corporate Services Provider and any fees, costs, charges, Liabilities and expenses then due to it under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;
  - (v) any remuneration then due and payable to the Replacement Servicer Facilitator and any fees, costs, charges, Liabilities and expenses then due to it under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein;
  - (vi) any remuneration then due and payable to the Replacement Cash Manager Facilitator and any fees, costs, charges, Liabilities and expenses then due to it under the provisions of the Servicing Agreement, together with (if payable) VAT thereon as provided therein
  - (vii) any remuneration then due and payable to the Issuer Account Bank and any fees, costs, charges, Liabilities and expenses then due to it under the provisions of the Issuer Account Bank Agreement, together with (if applicable) VAT thereon as provided therein; and
  - (viii) any remuneration then due and payable to the Collection Account Bank and any fees, costs, charges, Liabilities and expenses then due to it under the provisions of the collection account agreement, together with (if applicable) VAT thereon as provided therein;

- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any amounts due and payable by the Issuer to third parties (including any amounts payable by the Issuer by way of indemnification) and any fees, costs, charges, liabilities, expenses and all other amounts incurred by the Issuer in connection with the issuance of the Notes and Certificates, in each case 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 tax of the Issuer (but in respect of corporation tax of the Issuer only to the extent not capable of being satisfied out of amounts retained by the Issuer under paragraph (d) below) up to a maximum amount of £100,000 per annum;
- (d) *fourth*, to retain an amount equal to the Issuer Profit Amount, which shall be credited to the Issuer Profit Ledger (which may be used by the Issuer to pay or discharge any liability of the Issuer for corporation tax thereon);
- (e) *fifth*, in or towards satisfaction of Class X Payment due and payable on the Class X Certificate;
- (f) *sixth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class A Notes;
- (g) *seventh*, (so long as the Class A Notes remain outstanding), to credit the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (h) *eighth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class B Notes;
- (i) *ninth*, (so long as the Class B Notes remain outstanding), to credit the Class B Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (j) *tenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class C Notes;
- (k) *eleventh*, (so long as the Class C Notes remain outstanding), to credit the Class C Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (l) *twelfth*, to pay any costs and expenses of the Issuer which remain unpaid following the application of Available Revenue Receipts pursuant to paragraph (c) above; and
- (m) *thirteenth*, to provide for any amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, the Class Y Payment due and payable on the Class Y Certificates (which shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations under paragraphs (a) to (l) above) and any other amounts due and payable to the Class Y Certificateholders.

"**Appointee**" means any attorney, manager, agent, delegate, nominee, custodian, financial adviser or other professional adviser or other person properly appointed by the Note Trustee under the Note Trust Deed or the Security Trustee under the Deed of Charge (as applicable) to discharge any of its functions.

"**Class X Payment**" means, on any date of determination:

- (a) prior to the delivery of an Enforcement Notice and in respect of each Interest Payment Date, an amount equal to:

$$\frac{A \times B \times C}{D}$$

where,

"A" = 0.10 per cent.

"B" = the aggregate Current Balance of the Mortgage Loans calculated as of the immediately preceding Calculation Date)

"C" = the number of days in the relevant Interest Period

"D" = 365

with the total figure rounded downwards to the nearest £0.01, **provided that** if the Class X Certificate is cancelled prior to the date falling five years from the Closing Date, component "C" of the calculation for the Class X Payment on the relevant cancellation date shall be the number of days remaining from such date until the date falling five years from the Closing Date; or

- (b) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, any Class X Payment calculated in accordance with paragraph (a) above which has accrued but is unpaid on the date of the Enforcement Notice.

"Class Y Payment" means, on any date of determination:

- (a) prior to the delivery of an Enforcement Notice, in respect of each Interest Payment Date from (and including) the Closing Date, the amount by which Available Revenue Receipts exceeds the amounts required to satisfy items (a) to (l) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date; and
- (b) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, the amount by which amounts available for payment in accordance with the Post-Enforcement Priority of Payments exceeds the amounts required to satisfy items (a) to (g) of the Post-Enforcement Priority of Payments on that date.

"Interest Period" means the period 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.

"Issuer Profit Amount" means retained profit of the Issuer in an amount of £300 on each Interest Payment Date for retention by the Issuer.

"Revenue Shortfall" means the amount by which Available Revenue Receipts available for such purpose on any Interest Payment Date are insufficient to provide for payments of (i) items (a) to (d) inclusive; (ii) the Class X Payment; and (iii) interest due and payable on the Class A Notes, the Class B Notes and the Class C Notes then outstanding, in each case in accordance with the Pre-Enforcement Revenue Priority of Payments.

#### Definition of Principal Receipts

"Principal Receipts" means payments received by the Issuer representing (without double counting):

- (a) any payment in respect of principal received in respect of any Mortgage Loan (including Capitalised Arrears and Capitalised Expenses but excluding Accrued Interest), including, for the avoidance of doubt, all prepayments and repayments, including repayments at maturity or extended maturity but excluding any amounts recovered or received in relation to any Mortgage Loans in relation to which a debit entry has been recorded on the Principal Deficiency Ledger;
- (b) any net amounts of Recovery Proceeds of a principal nature and all recoveries of principal from defaulting Borrowers under Mortgage Loans being enforced following the sale of a Property or which result from any settlement or payment arrangement agreed with a Borrower but excluding any amounts recovered or received in relation to any Mortgage Loans which have been recorded on the Principal Deficiency Ledger;

- (c) any other net proceeds of any disposal in respect of any Mortgage Loan but excluding any amounts recovered or received in relation to any Mortgage Loans which have been recorded on the Principal Deficiency Ledger;
- (d) proceeds received by the Issuer from any insurance claim, in each case to the extent that such proceeds constitute or are attributable to principal or represent action in respect of principal but excluding any amounts received or recovered in relation to any Mortgage Loans which have been recorded on the Principal Deficiency Ledger;
- (e) the proceeds of payments attributable to VMSA Mortgage Loan Warranty Indemnification Amounts or any other indemnity payment made by the Vendor to the Issuer pursuant to the VMSA of a principal nature; and
- (f) any other payment received by the Issuer in the nature of principal.

#### **Definition of Available Principal Receipts**

"**Available Principal Receipts**" means for any Interest Payment Date an amount credited to the Transaction Account equal to the aggregate of (without double counting):

- (a) all Principal Receipts received by or on behalf of the Issuer during the immediately preceding Calculation Period;
- (b) the amounts (if any) calculated on the Interest Calculation Date as of the Calculation Date preceding that Interest Payment Date pursuant to the Pre-Enforcement Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class B Principal Deficiency Sub-Ledger and/or the Class C Principal Deficiency Sub-Ledger is to be reduced on that Interest Payment Date by the application of Available Revenue Receipts;
- (c) in respect of the exercise of the Portfolio Purchase Option, amounts received from a third party purchaser or amounts received from the Portfolio Option Holder, as applicable, to be applied as Principal Receipts pursuant to Condition 8.4 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*); and
- (d) principal from any Authorised Investments received during the immediately preceding Calculation Period.

#### **Application of Available Principal Receipts prior to the service of an Enforcement Notice on the Issuer**

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

- (a) *first*, in or towards satisfaction of any Revenue Shortfall to the extent that the same remain unpaid prior to the application of Available Principal Receipts pursuant to this item (a);
- (b) *second*, in or towards payment, *pro rata* and *pari passu*, of interest due and payable on the Class A Notes on such Interest Payment Date to the extent the same remain unpaid prior to application of Available Principal Receipts pursuant to this item (b);
- (c) *third*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (d) *fourth*, in or towards payment, *pro rata* and *pari passu*, of interest due and payable on the Class B Notes on such Interest Payment Date to the extent the same remain unpaid prior to application of Available Principal Receipts pursuant to this item (d);

- (e) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
- (f) *sixth*, in or towards payment, *pro rata* and *pari passu*, of interest due and payable on the Class C Notes on such Interest Payment Date to the extent the same remain unpaid prior to application of Available Principal Receipts pursuant to this item (f);
- (g) *seventh*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
- (h) *eighth*, in or towards payment of any costs and expenses of the Issuer to the extent the same remain unpaid prior to application of Available Principal Receipts pursuant to this item (h); and
- (i) *ninth*, any excess in or towards application as Available Revenue Receipts.

#### **Distributions following the service of an Enforcement Notice on the Issuer**

After an Enforcement Notice has been served on the Issuer, the Security Trustee (or the Cash Manager on its behalf) or any Receiver appointed by the Security Trustee in connection with the enforcement of the Security will apply all amounts received or recovered other than any amount standing to the credit of the Issuer Profit Ledger (which shall be applied by the Issuer in or towards satisfaction of any liability of the Issuer for corporation tax of the Issuer) in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Post-Enforcement Priority of Payments**" and, together with the Pre- Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, the "**Priority of Payments**"):

- (a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:
  - (i) any fees, costs, charges, Liabilities, expenses and all other amounts then due and payable to the Note Trustee (in its personal capacity as such), Receiver and any Appointee (in their personal capacity as such) under the provisions of the Note Trust Deed and the other Transaction Documents, together with VAT (if payable) thereon as provided therein; and
  - (ii) any fees, costs, charges, Liabilities, expenses and all other amounts then due and payable to the Security Trustee (in its personal capacity as such), Receiver and any Appointee (in their personal capacity as such) under the provisions of the Deed of Charge and the other Transaction Documents, together with VAT (if payable) thereon as provided therein;
- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:
  - (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agent and any costs, charges, Liabilities and expenses then due and payable to them under the provisions of the Agency Agreement, together with VAT (if payable) thereon as provided therein;
  - (ii) any remuneration then due and payable to the Cash Manager and any fees, costs, charges, Liabilities and expenses then due to the Cash Manager under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
  - (iii) any remuneration then due and payable to the Servicer together with any fees, costs, charges, Liabilities and expenses then due to such Servicer under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;
  - (iv) any remuneration then due and payable to the Corporate Services Provider, including any fees, costs, charges, Liabilities and expenses then due and payable to the Corporate Services Provider under the provisions of the Corporate Services Agreement together with VAT (if payable) thereon as provided therein;

- (v) any remuneration then due and payable to the Replacement Servicer Facilitator, including any fees, costs, charges, Liabilities and expenses then due and payable to the Replacement Servicer Facilitator under the provisions of the Servicing Agreement together with VAT (if payable) thereon as provided therein;
  - (vi) any remuneration then due and payable to the Replacement Cash Manager Facilitator, including any fees, costs, charges, Liabilities and expenses then due and payable to the Replacement Cash Manager Facilitator under the provisions of the Cash Management Agreement together with VAT (if payable) thereon as provided therein;
  - (vii) any remuneration then due and payable to the Issuer Account Bank and any fees, costs, charges, Liabilities and expenses then due and payable to the Issuer Account Bank under the provisions of the Issuer Account Bank Agreement, together with VAT (if payable) thereon as provided therein; and
  - (viii) any remuneration then due and payable to the Collection Account Bank and any fees, costs, charges, Liabilities and expenses then due to the Collection Account Bank under the provisions of the collection account agreement, together with VAT (if applicable) thereon as provided therein.
- (c) *third*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof (i) in or towards satisfaction of any Class X Payment which has accrued but is unpaid on the date of the Enforcement Notice and (ii) to the amounts of any interest due and payable on the Class A Notes and any principal due and payable on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero and any other amounts due in respect of the Class A Notes;
- (d) *fourth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof to the amounts of any interest due and payable on the Class B Notes and any principal due and payable on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero and third, any other amounts due in respect of the Class B Notes;
- (e) *fifth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof to the amounts of any interest due and payable on the Class C Notes and any principal due and payable on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero and third, any other amounts due in respect of the Class C Notes;
- (f) *sixth*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of any amounts due and payable by the Issuer to third parties (including any amounts payable by the Issuer by way of indemnification) and any fees, costs, charges, liabilities, expenses and other amounts incurred by the Issuer in connection with the issuance of the Notes and Certificates, in each case 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 (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under item (g) below);
- (g) *seventh*, to pay the Issuer the Issuer Profit Amount (which may be used by the Issuer to pay or discharge any liability of the Issuer for corporation tax thereon); and
- (h) *eighth*, to pay, according to the respective outstanding amounts thereof in or towards satisfaction of any Class Y Payment which has accrued but is unpaid on the date of the Enforcement Notice (which shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations ranking paragraphs (a) to (g) above) and any other amounts due and payable to the Class Y Certificateholders.

### **Cash Management Agreement**

On the Closing Date, the Cash Manager, the Servicer, the Replacement Cash Manager Facilitator, the Issuer and the Security Trustee will enter into a cash management agreement (the "**Cash Management Agreement**").

***Cash Management Services to be provided to the Issuer***

Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer or, upon the Security Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer, the Security Trustee. The Cash Manager's principal function will be effecting payments to and from the Transaction Account. In addition, the Cash Manager will, among other things:

- (a) on each Interest Payment Date prior to the delivery of an Enforcement Notice, apply, or cause to be applied, Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments;
- (b) on each Interest Calculation Date determine if there would be a Revenue Shortfall following the application of Available Revenue Receipts for the relevant Interest Payment Date;
- (c) on each Interest Calculation Date, determine whether the immediately following Interest Payment Date is the Final Maturity Date;
- (d) on each Interest Calculation Date, determine if there are sufficient Available Principal Receipts available to redeem the Notes in full on the immediately following Interest Payment Date;
- (e) record credits to, and debits from, the Ledgers, as and when required; and
- (f) if required (i) during the Determination Period, calculate the Interest Determination Ratio, the Calculated Revenue Receipts and the Calculated Principal Receipts and (ii) following any Determination Period, upon receipt by the Cash Manager of the Servicer Reports in respect of such Determination Period, reconcile the calculations to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amounts in accordance with Condition 6.8 (*Determinations and Reconciliation*), Certificate Condition 6.7 (*Determination and Reconciliation*) and the Cash Management Agreement.

In addition, the Cash Manager will also:

- (a) maintain the following ledgers (the "**Ledgers**") on behalf of the Issuer:
  - (i) the "**Principal Ledger**", which will record as a credit all Principal Receipts received by the Issuer and as a debit the distribution of the Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments (as applicable);
  - (ii) the "**Revenue Ledger**", which shall record as a credit all Revenue Receipts and as a debit the distribution of the Available Revenue Receipts and the distribution of any other relevant amounts recorded on the Revenue Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable);
  - (iii) the "**Principal Deficiency Ledger**", which will record on the appropriate sub-ledger as a debit (i) any Available Principal Receipts applied in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments and (ii) all Losses on the Mortgage Loans in sequential order to the Class C Principal Deficiency Sub-Ledger, the Class B Principal Deficiency Sub-Ledger and the Class A Principal Deficiency Sub-Ledger, in each case until the balance of the relevant Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class C Notes, the Class B Notes and the Class A Notes respectively and record as a credit Available Revenue Receipts applied as Available Principal Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments (if any) on each Interest Payment Date (see "*Credit Structure – Principal Deficiency Ledger*" below); and
  - (iv) the "**Issuer Profit Ledger**", which shall record as a credit any amounts retained by the Issuer as profit in accordance with the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments and as a debit any amount used to



discharge any tax liability of the Issuer or to pay any dividends or make any other distribution to its shareholders;

- (b) calculate on each Interest Calculation Date (prior to service of an Enforcement Notice) the amount of Available Revenue Receipts and Available Principal Receipts to be applied on the immediately following Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Principal Priority of Payments (as applicable);
- (c) on and from the month in which the first Interest Payment Date falls (assuming delivery by the Servicer of the Monthly Servicer Report by no later than the day falling 7 Business Days following the last day of the immediately preceding Collection Period (or if such day is not a Business Day, the Business Day immediately following such date) (the "**Monthly Servicer Report Date**") provide the Monthly Investor Report by no later than the 5 Business Days following the Monthly Servicer Report Date (the "**Monthly Investor Report Date**") (other than in months in which an Interest Payment Date falls, in which case such Quarterly Investor Report will be provided in accordance with paragraph (d) below, to the Issuer, the Servicer, the Security Trustee, the Noteholders and Bloomberg; and
- (d) on and from the month in which the first Interest Payment Date falls (assuming delivery by the Servicer of the previous Servicer Reports in accordance with paragraph (c) above) provide the Quarterly Investor Report by no later than 3 Business Days prior to the Interest Payment Date to the Issuer, the Servicer, the Security Trustee, the Noteholders and Bloomberg.

"**Collection Period**" means each period from (and including) the first day in a calendar month to (and including) the last day of that same calendar month.

"**Losses**" means (i) all realised losses on the Mortgage Loans which are not recovered from the proceeds following the sale of the Property to which such Mortgage Loan relates or which result from any settlement or payment arrangement agreed with any Borrower in respect of a Mortgage Loan relates and (ii) any loss to the Issuer as a result of an exercise of any set-off by any Borrower in respect of its Mortgage Loan where the related Mortgage Loan has not been indemnified against or repurchased by the Seller pursuant to the Mortgage Sale Agreement.

The Cash Manager, on behalf of and in the name of the Issuer, may (but shall not be obliged to) invest monies standing from time to time to the credit of the Transaction Account in Authorised Investments, subject to the following provisions:

- (a) any investment in any Authorised Investments shall be made in the name of the Issuer subject to appropriate custody arrangements being put in place;
- (b) any costs properly incurred in making, changing or otherwise disposing of any investment in any Authorised Investments will be reimbursed to the Cash Manager by the Issuer;
- (c) all income and other distributions arising on, or proceeds following the disposal or maturity of, Authorised Investments shall be credited to the Transaction Account prior to the relevant Calculation Date; and
- (d) such Authorised Investments shall mature at least one Business Day before the next Calculation Date.

As of the Closing Date, no custody arrangements have been put in place, the Issuer may however arrange for the custody arrangements to be put in place.

The Cash Manager shall not be responsible (save where any loss results from the Cash Manager's own fraud, wilful default or gross negligence) for any loss occasioned by reason of any such investment in any Authorised Investments or any purported investment in any Authorised Investments whether by depreciation in value or otherwise, **provided that** any such investment in any Authorised Investments was made in accordance with the terms of the Cash Management Agreement.

***Cash Manager and Directions from the Security Trustee***

The Cash Manager will act upon the direction of the Security Trustee (given in accordance with the terms and provisions of the Deed of Charge) upon the Security Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer.

***Remuneration of Cash Manager***

The Cash Manager will be paid a cash management fee for its cash management services under the Cash Management Agreement. Such fees will be determined under a separate fee letter between the Issuer and the Cash Manager. All fees payable to the Cash Manager are inclusive of any VAT. The cash management fee is payable in the manner contemplated by and in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments.

***Termination of Appointment and Replacement of Cash Manager***

If any of the following events ("**Cash Manager Termination Events**") shall occur:

- (a) default is made by the Cash Manager in the giving of a payment instruction, on the due date, in respect of any payment due and payable by it under the Cash Management Agreement (**provided that** in each case there are funds available for such payment standing to the credit of the relevant Issuer Accounts) and such default continues unremedied for a period of five Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied; or
- (b) default is made by the Cash Manager in the performance or observance of any of its other material covenants and obligations under the Cash Management Agreement, and such default continues unremedied for a period of 30 Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied;
- (c) it is or will become unlawful for the Cash Manager to perform or comply with any of its obligations under this Agreement or under any other Transaction Document; or
- (d) the occurrence of an Insolvency Event in respect of the Cash Manager,

then prior to the delivery of an Enforcement Notice, the Issuer (with the prior written consent of the Security Trustee), or following the delivery of an Enforcement Notice, the Security Trustee, may, with the assistance of the Replacement Cash Manager Facilitator, at once or at any time thereafter while such default continues, by notice in writing to the Cash Manager (with a copy to the Security Trustee if such notice is delivered by the Issuer), terminate its appointment as Cash Manager under the Cash Management Agreement with effect from a date (not earlier than the date of the notice) specified in such notice, **provided that**, the Cash Manager's appointment shall not be terminated until a replacement cash manager has been appointed. Upon and following the termination of the appointment of the Cash Manager as cash manager under the Cash Management Agreement, the Issuer and the Replacement Cash Manager Facilitator, if requested to do so by the Issuer, shall use its reasonable endeavours to appoint a replacement cash manager that satisfies the conditions set out below.

Any replacement cash manager must agree to enter into an agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute cash manager agrees to assume and perform all material duties and obligations of the Cash Manager under the Cash Management Agreement.

***Resignation of the Cash Manager***

The Cash Manager may resign on giving not less than 60 days' written notice (or such shorter time as may be agreed between the Cash Manager, the Issuer and the Security Trustee) of its resignation to the Issuer and the Security Trustee without providing any reason therefor and without being responsible for any

Liability incurred by reason thereof unless such Liability arises as a result of its own gross negligence, wilful default or fraud or that of its officers, directors or employees, **provided that**:

- (a) a replacement cash manager shall be appointed by the Issuer (with the assistance of the Replacement Cash Manager Facilitator), such appointment to be effective not later than the date of such termination;
- (b) such replacement cash manager has the requisite cash management experience to perform the functions to be given to it under the Cash Management Agreement and is approved by the Issuer and the Security Trustee; and
- (c) such replacement cash manager enters into a cash management agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute cash manager agrees to assume and perform all material duties and obligations of the Cash Manager under the Cash Management Agreement.

To the extent the Issuer does not appoint a replacement Cash Manager in accordance with the terms of the Cash Management Agreement prior to the termination date specified in the notice delivered by the Cash Manager in accordance the Cash Management Agreement (or such other date as agreed between the Issuer and the Cash Manager from time to time), the Cash Manager may appoint a substitute Cash Manager, **provided that** such appointment satisfies the provisions of the Cash Management Agreement.

"**Liability**" means, in respect of any person, any fees, loss, damage, cost, charge, award, claim, demand, expense, judgment, decree, action, proceeding or other liability whatsoever including properly incurred legal fees and any Tax (other than any Tax incurred on actual net income, profits or gains) and penalties incurred by that person.

#### ***Replacement Cash Manager Facilitator***

The Replacement Cash Manager Facilitator shall, within 60 days of the date on which a Cash Manager Termination Event occurs, use all reasonable efforts to identify, on behalf of the Issuer, a suitably experienced replacement Cash Manager which meets the requirements for a substitute Cash Manager provided for by the Cash Management Agreement and outlined above.

#### ***Governing Law***

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### **The Issuer Account Bank Agreement**

Pursuant to the terms of an issuer account bank agreement entered into on or about the Closing Date between the Issuer, the Issuer Account Bank, the Cash Manager and the Security Trustee (the "**Issuer Account Bank Agreement**"), the Issuer will maintain the transaction account (the "**Transaction Account**") with the Issuer Account Bank which will be operated in accordance with the Issuer Account Bank Agreement, the Cash Management Agreement and the Deed of Charge, as applicable. The Issuer Account Bank is required to have the Account Bank Rating.

In this Prospectus:

"**Account Bank Rating**" means in respect of the Issuer Account Bank:

- (a) in the case of S&P, a short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-1 by S&P (if a short-term unsecured, unguaranteed and unsubordinated debt rating is assigned by S&P) and a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A by S&P, or should the Issuer Account Bank not benefit from a short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-1 from S&P, a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A+ by S&P;
- (b) in the case of Fitch, a short term issuer default rating of at least F1 by Fitch and a long term issuer default rating of at least A by Fitch;

- (c) in the case of Moody's, a long-term, deposit rating of at least A3 by Moody's; and
- (d) (in each case), such other credit rating as would not adversely affect the then current rating of the Notes (if any).

***Governing Law***

The Issuer Account Bank Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## SECURITY AND NOTE TRUST DEED

### Deed of Charge

On the Closing Date, the Issuer will enter into the Deed of Charge with, *inter alios*, the Security Trustee.

### Security

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

- (a) a first fixed charge over the benefit of the Issuer's rights, title and interest in each Issuer Account, any bank or other accounts in which the Issuer may at any time have or acquire any benefit and (to the extent of its interest) all monies now or in the future standing to the credit of or accrued or accruing on such accounts; and
- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, present and future, to and under the Transaction Documents (other than any Scottish Supplemental Charge and any Scottish Declaration of Trust) and any sums derived therefrom;
- (c) an assignment by way of security of (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) (in each case, subject to the subsisting rights of redemption of the relevant Borrowers) the Issuer's interest in the English Mortgage Loans and their Related Security and other related rights comprised in the Mortgage Portfolio (other than in respect of Scottish Mortgage Loans) and any sums derived therefrom;
- (d) an assignment by way of security of (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge) over the Issuer's Benefit in the Insurance Contracts assigned to the Issuer pursuant to the Mortgage Sale Agreement;
- (e) an assignment by way of security (and, to the extent not effectively assigned to the Security Trustee, a charge by way of first fixed charge over) (but subject to the right of reassignment) the Benefit in the Issuer's Share of the Collection Accounts Trust (created pursuant to the Collection Accounts Declaration of Trust);
- (f) a charge by way of first fixed charge over the Issuer's rights, title, interests and benefit, present or future, to and under or in respect of any Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf; and
- (g) a charge by way of first floating charge over the whole of the Issuer's undertaking and all its property and assets, rights and revenues, whatsoever and wheresoever, both present and future, other than its share capital but including its uncalled capital, including any fixed charges which may take effect as floating charges, except those assets not otherwise subject to the charges referred to above or otherwise secured under the Deed of Charge.

The floating charge created by the Deed of Charge may "crystallise" and become a first specific fixed charge or first ranking fixed security over the relevant class of assets owned by the Issuer at the time of crystallisation. Crystallisation will occur automatically (although subject to applicable law) following the occurrence of specific events set out in the Deed of Charge, including, among other events, service of an Enforcement Notice. A crystallised floating charge will rank ahead of the claims of unsecured creditors which are in excess of the prescribed part but will rank behind the expenses of any administration or liquidator, the claims of preferential creditors and the beneficiaries of the prescribed part on enforcement of the Security.

### Governing Law

The Deed of Charge and any non-contractual obligations arising out of or in connection with it will be governed by English law.

### Security relating to the Scottish Mortgages

***Scottish Declaration of Trust***

On or about the Closing Date, the Seller will enter into a declaration of trust in favour of the Issuer relating to the Scottish Mortgages (the "**Scottish Declaration of Trust**"), being substantially in the form set out in the Mortgage Sale Agreement.

***Scottish Supplemental Charge***

On the Closing Date, the Issuer will enter into the Scottish supplemental charge with, *inter alios*, the Security Trustee (the "**Scottish Supplemental Charge**").

***Security***

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

- (a) an assignation in security of the Issuer's rights, title, interest and benefit in, present and future, to and under the Scottish Declaration of Trust and any sums derived therefrom; and
- (b) a charge by way of first floating charge over the whole of the Issuer's undertaking and all its property and assets, rights and revenues, whatsoever and wheresoever, both present and future, other than its share capital but including its uncalled capital, including any fixed charges which may take effect as floating charges, except those assets not otherwise subject to the charges referred to above or otherwise secured under the Scottish Supplemental Charge.

***Governing Law***

The Scottish Declaration of Trust and Scottish Supplemental Charge and any non-contractual obligations arising out of or in connection with them will be governed by Scots law.

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

Prior to the Note Trustee serving an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) or Certificate Condition 10 (*Events of Default*), declaring the Notes to be immediately due and payable, the Cash Manager (on behalf of the Issuer) shall apply monies standing to the credit of the Transaction Account as described in "*Cashflows and Cash Management*" below.

**Post-Enforcement Priority of Payments**

After the Note Trustee has served an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes or Certificate Condition 10 (*Events of Default*), declaring the Notes to be immediately due and payable, the Security Trustee (or the Cash Manager on its behalf) or any Receiver appointed by it shall apply the monies standing to the credit of the Transaction Account in accordance with the Post-Enforcement Priority of Payments defined in "*Cashflows and Cash Management*" above.

The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer in accordance with the applicable Priority of Payments. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to above without further enquiry and shall incur no liability to any person for so doing.

**Note Trust Deed**

On or about the Closing Date, the Issuer and the Note Trustee will enter into the Note Trust Deed pursuant to which the Issuer and the Note Trustee will agree that the Notes and the Certificates are subject to the provisions in the Note Trust Deed. The Conditions and the Certificate Conditions and the forms of each class of Notes and the Certificates will each be constituted by, and set out in, the Note Trust Deed.

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

In accordance with the terms of the Note Trust Deed, the Issuer will pay a fee (inclusive of any VAT) to the Note Trustee for its services under the Note Trust Deed at the rate and times agreed between the Issuer and the Note Trustee together with payment of any liabilities incurred by the Note Trustee in relation to the Note Trustee's performance of its obligations under or in connection with the Note Trust Deed and the other Transaction Documents.

#### ***Retirement of Note Trustee***

The Note Trustee may retire at any time upon giving not less than 60 days' prior notice in writing to the Issuer without giving any reason therefor and without being responsible for any liabilities occasioned by such retirement. The holders of the Most Senior Class may, by Extraordinary Resolution, remove all trustees (but not some only) for the time being who are acting pursuant to the Note Trust Deed and the Deed of Charge. The retirement of the Note Trustee shall not become effective unless there remains a trust corporation entitled by rules made under the Public Trustee Act 1906 to carry out the functions of a custodian trustee (a trust corporation) in office after such retirement or removal by Extraordinary Resolution. The Issuer will agree in the Note Trust Deed that, in the event of the sole trustee or the only trustee under the Note Trust Deed giving notice of its retirement, the Issuer shall use its best endeavours to procure a new trustee to be appointed as soon as practicable thereafter and if, after 60 days from the date of such notice of resignation the Note Trustee gives its notice of retirement or the applicable Extraordinary Resolution of the holders of the Most Senior Class, the Issuer is not able to find such replacement, the Note Trustee will be entitled to procure that a new trustee be appointed but no such appointment shall take effect unless previously approved by Extraordinary Resolution of the holders of the Most Senior Class.

#### ***Governing Law***

The Note Trust Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law.

#### ***Agency Agreement***

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or prior to the Closing Date and made between the Issuer, the Note Trustee and the Security Trustee, the Principal Paying Agent, the Registrar and the Agent Bank, provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes and the payment of Class X Payment and the Class Y Payment.

#### ***Governing Law***

The Agency Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## DESCRIPTION OF THE NOTES IN GLOBAL FORM

### General

As at the Closing Date, each Class of Notes will be represented by either a Rule 144A Global Note and/or a Reg S Global Note, as applicable, in fully registered form without interest coupons or principal receipts. Beneficial interests in a Rule 144A Global Note may only be held through Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). Beneficial interests in a Reg S Global Note may only be held through Euroclear or Clearstream, Luxembourg or their participants.

All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Rule 144A Global Notes will have an ISIN and a common code. The Reg S Global Notes will have an ISIN and a common code.

The Global Notes will be deposited on or about the Closing Date with the Common Safekeeper and registered on or about the Closing Date in the name of the nominee for the Common Safekeeper for both Euroclear and Clearstream, Luxembourg. 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 book-entry interests ("**Book-Entry Interests**") in the related Global Notes.

Book-Entry Interests in respect of each Global Note will be recorded in denominations of £100,000 and higher integral multiples of £1,000 (an "**Authorised Denomination**"). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg ("**Participants**") or persons that hold interests in the Book-Entry Interests through Participants 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. 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 interest 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.

Beneficial interests in a Rule 144A Global Note may only be held by persons who are QIBs holding their interests for their own account or for the account of another QIB. By acquisition of a beneficial interest in a Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Rule 144A Global Note (see "*Transfers and Transfer Restrictions*").

So long as a nominee for 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 Global Note for all purposes under the Note Trust Deed. Except as set out under "*Description of the Notes in Global Form – 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 Notes in definitive registered form and will not be considered the holders thereof under the Note Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes under the Note Trust Deed. See "*Action in respect of the Global Notes and the Book-Entry Interests*" below.



Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests will not have the right under the Note Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Global Note, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg, as applicable 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 Note 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 the Common Safekeeper to a successor of the Common Safekeeper.

Purchasers of Book-Entry Interests in a Global Note will hold Book-Entry Interests in the 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 out under "*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 Arranger, the Joint Lead Managers, the Note Trustee, the Security Trustee, a Paying Agent, the Cash Manager, the Registrar or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective Participants or account holders of their respective obligations under the rules and procedures governing their operations.

### **Payments on the Global Notes**

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Sterling by or to the order of Citibank, N.A., London Branch (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 deduction or withholding for or on account of any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer, the Paying Agents nor any other person will be obliged to pay additional amounts in respect thereof. Any payments due in respect of the Notes shall only be made on a Business Day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business).

In accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, 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, as applicable. 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 and held by Euroclear or Clearstream, Luxembourg, 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, (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 (including the Cash Manager or a Paying Agent), the Arranger, the Joint Lead Manager, the Note Trustee or the Security 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, the Note Trustee or the Security 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 Note Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

### **Redemption**

In the event that a 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 clearing systems 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 "*General*" above.

Each Rule 144A Global Note will bear a legend substantially identical to that appearing under "*Transfer Restrictions and Investor Representations*", and the holder of any Rule 144A Global Note or any Book-Entry Interest in such Rule 144A Global Note will be deemed to undertake that it will not transfer such Notes except in compliance with the transfer restrictions set forth in such legend. A Book-Entry Interest in a Rule 144A Global Note of one Class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Reg S Global Note of the same Class whether before or after the expiration of the period ending 40 days after the later of the commencement of the offering of the Notes and the Closing Date (the "**Distribution Compliance Period**"), only upon receipt by the Issuer of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144A under the Securities Act (if available).

Each Reg S Global Note will bear a legend substantially identical to that appearing under "*Transfer Restrictions and Investor Representations*". Prior to the expiration of the Distribution Compliance Period, a Book-Entry Interest in a Reg S Global Note of a particular Class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same Class only upon receipt by the Issuer of written certification from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is purchasing for its own account or for an account or accounts as to which it exercises sole investment discretion and that such person and such account or accounts is a QIB within the meaning of Rule 144A, in each case, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Any Book-Entry Interest in a Reg S Global Note of one Class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same Class will, upon transfer, cease to be represented by a Book-Entry Interest in such Reg S Global Note and will become represented by a Book-Entry Interest in such Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Rule 144A Global Note for as long as it remains such a Book-Entry Interest. Any Book-Entry Interest in a Rule 144A Global Note of one Class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Reg S Global Note of the same Class will, upon transfer, cease to be represented by a Book-Entry Interest in such Rule 144A Global Note and will become represented by a Book-Entry Interest in such Reg S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Reg S Global Note as long as it remains such a Book-Entry Interest.

### **Issuance of Registered Definitive Notes**

Holders of Book-Entry Interests in a Rule 144A Global Note or a Reg S Global Note will be entitled to receive Notes in definitive registered form (such exchanged Global Notes in definitive registered form, "**Registered Definitive Notes**") in exchange for their respective holdings of Book-Entry Interests if (a) in the case of Global Notes cleared by Euroclear and Clearstream, Luxembourg, 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 and no alternative clearing system satisfactory to the Note Trustee is available 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 authority therein or thereof having power to tax 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 Agent is or will be required to make any deduction or withholding 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 as applicable, from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders 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 – Book-entry Interests*" 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 notices in respect of a Global Note or any notice of solicitation of consents or requests for a waiver or other action by the holder of such 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 Global Note and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Note in accordance with any instructions set out in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "*General*" above with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

### **Notices**

Whilst any Class of Notes are represented by Global Notes the Issuer may, at its option, send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to the applicable Noteholders for communication by Euroclear and Clearstream, Luxembourg to such Noteholders. Alternatively, such notices regarding the Notes may instead be published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom; **provided that** if, at any time, the Issuer procures that the information contained in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders, publication in such newspaper shall not be required with respect to such information so long as the rules of Euronext Dublin allow. The Issuer may elect not to publish any notice in a newspaper for so long as the Notes are held in global form and notice is given to Euroclear and Clearstream, Luxembourg. The Note Trustee may, in accordance with Condition 16.2 (*Note Trustee's Discretion to Select Alternative Method*) sanction other methods of giving notice to all or some of the Noteholders if such method is reasonable having regard to, among other things, the market practice then prevailing and the requirements of the relevant stock exchange. See also Condition 16 (*Notice to Noteholders*) of the Notes.

### **New Safekeeping Structure and Eurosystem Eligibility**

The Notes are intended to be held in a manner which would allow Eurosystem eligibility, this simply means that the Notes will be deposited with one of the ICSDs as common safekeeper. However, the deposit of the Notes with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that any of the Notes 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.

**Issuer ICSDs Agreement**

Prior to the issuance of the Notes, the Issuer will enter into an Issuer ICSDs agreement with the ICSDs in respect of the Notes (the "**Issuer ICSDs Agreement**"). The Issuer ICSDs will, in respect of the Notes (while being held in the new safekeeping structure), maintain their respective portion of the issue outstanding amount through their records. The Issuer ICSDs Agreement will be governed by Irish law.

## DESCRIPTION OF CERTIFICATES IN GLOBAL FORM

### General

Each Class of Certificates, as at the Closing Date, will be represented by a Global Certificate. The Global Certificates 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, Luxembourg Banking. 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 Principal Paying Agent that it has been issued with the Global Certificates, Euroclear or Clearstream, Luxembourg, as the case may be, will record the beneficial interests in the Global Certificate ("**Certificate Book-Entry Interests**") representing beneficial interests in the 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 Managers. 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 for the Common Safekeeper is the registered holder of the Global Certificate underlying the Certificate Book-Entry Interests, it will be considered the sole Certificateholder of the Certificate represented by that Global Certificate for all purposes under the Note Trust Deed. Except as set out under the section entitled "*Description of the Notes in Global Form – Issuance of Registered Definitive Notes*", Participants or Indirect Participants will not receive or be entitled to receive physical delivery of Certificates in definitive form and will not be considered the holders thereof under the Note 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 Note Trust Deed. See the section below entitled "*Action in respect of the Global Certificates and the Certificate Book-Entry Interests*".

Unlike legal owners or holders of the Certificates, holders of the Certificate Book-Entry Interests will not have the right under the Note Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Certificateholders. Instead, a holder of 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 Certificate 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 Note Trust Deed.

Unless and until Certificate Book-Entry Interests are exchanged for Definitive Certificates, the Certificates 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 Certificate will hold Certificate Book-Entry Interests in the Certificates relating thereto. Investors may hold their Certificate Book-Entry Interests in respect of a Certificate directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out in the section below entitled "*Transfer 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 each Certificate 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 to continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Arranger, the Managers, the Note Trustee, the Security Trustee, a Paying Agent, the Cash Manager, the Registrar 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.

### **Transfer 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 "*General*" above.

### **Issuance of Registered Definitive Certificates**

Holders of Book-Entry Interests in the Global Certificate will be entitled to receive Certificates in definitive registered form (such exchanged Global Certificates in definitive registered form, "**Registered Definitive Certificates**") in exchange for their respective holdings of Certificate 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 the settlement of beneficial interests in such Global Certificates and do in fact do either of those things and no alternative clearing system satisfactory to the Note Trustee is available 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 authority therein or thereof having power to tax 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 Agent is or will be required to make any deduction or withholding from any payment in respect of the Certificates which would not be required were the Notes in definitive registered form. Any Registered Definitive Certificates 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. Holders of Registered Definitive Certificates issued in exchange for Certificate Book-Entry Interests in the Global Certificate will not be entitled to exchange such Registered Definitive Certificates for Certificate Book-Entry Interests in such Global Certificate. Any Certificates issued in definitive form will be issued in registered form only and will be subject to the provisions set out under "*Transfer 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 Certificate.

### **Payments on Global Certificate**

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 Certificate. Any payments due in respect of the Certificates shall only be made on a Business Day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business).

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 to the

order of the Common Safekeeper or its nominee in respect of those Certificate Book-Entry Interests. All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then 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 Certificates. The Record Date in respect of the Certificates shall be as at the close of business on 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. 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 Managers, the Note Trustee or the Security Trustee, a Paying Agent, the Cash Manager or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's 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 the lack of simultaneous transfers of securities.
- Euroclear and Clearstream, Luxembourg provide various services, including the 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, the Note Trustee or the Security 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 to take any action that a holder is entitled to give or take under the Note Trust Deed or the Deed of Charge, 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.

#### **Action in respect of the Global Certificates and the Certificate Book-Entry Interests**

Not later than ten days after receipt by the Issuer of any notice in respect of a Global Certificate or any notice of solicitation of consents or requests for a waiver or other action by the Certificateholder of such Global Certificate, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Certificate Book-Entry Interests or the Global 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 in so far as practicable to take such action regarding the requested consent, waiver or other action in respect of the Certificate Book-Entry Interests or the Global 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 Certificateholders for communication by Euroclear and Clearstream, Luxembourg to the Certificateholders and shall procure that the information contained in such notice shall appear on a Relevant Screen (see also Certificate Condition 15 (*Notice to Certificateholders*)). The Note Trustee may, in accordance with Certificate Condition 15.2 (*Note Trustee's Discretion to Select Alternative Method*), sanction other methods of giving notice to all or some of the Certificateholders, if such method is reasonable having regard to the then prevailing market practice.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes in the form (subject to amendment) in which they will be set out in the Note Trust Deed (as defined below).*

### 1. GENERAL

The £701,300,000 Class A mortgage backed floating rate notes due February 2045 (the "**Class A Notes**"), the £131,500,000 Class B mortgage backed floating rate notes due February 2045 (the "**Class B Notes**") and together with the Class A Notes, the "**Floating Rate Notes**") and £42,600,000 Class C mortgage backed fixed rate notes due February 2045 (the "**Class C Notes**" or the "**Fixed Rate Notes**", and together with the Floating Rate Notes, the "**Notes**") in each case of Kirkby RMBS plc (the "**Issuer**") are constituted by a note trust deed (the "**Note Trust Deed**") dated on or about 8 May 2018 (the "**Closing Date**") and made between, among others, the Issuer and Citibank, N.A., London Branch as trustee for the Noteholders (in such capacity, the Note Trustee). Any reference in these terms and conditions (the "**Conditions**") to a Class of Notes or of Noteholders shall be a reference to the Class A Notes, the Class B Notes and the Class C Notes as the case may be, or to the respective holders thereof. Any reference in these Conditions to the Noteholders means the registered holders for the time being of the Notes, or if preceded by a particular Class designation of Notes, the registered holders for the time being of such Class of Notes. Any reference in these Conditions to the Certificateholders means the registered holders for the time being of the Certificates, or if preceded by a particular Class designation of Certificates, the registered holders for the time being of such Class of Certificates. The security for the Notes is constituted by an English law governed deed of charge (the "**Deed of Charge**") dated on the Closing Date and made between, among others, the Issuer and Citibank, N.A., London Branch as trustee for the Secured Creditors (in such capacity, the Security Trustee).

Pursuant to an agency agreement (the Agency Agreement) dated on or prior to the Closing Date and made between *inter alia* the Issuer the Note Trustee and Citibank, N.A., London Branch as principal paying agent (in such capacity, the Principal Paying Agent and, together with any further or other paying agent appointed under the Agency Agreement, the Paying Agent), Citibank, N.A., London Branch as registrar (in such capacity, the Registrar) and Citibank, N.A., London Branch as agent bank (in such capacity, the Agent Bank), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Note Trust Deed, the Deed of Charge, the Agency Agreement, a master framework agreement (the "**Master Framework Agreement**"), the Risk Retention Undertaking, the Servicing Agreement, the Corporate Services Agreement, the Cash Management Agreement, the Issuer Account Bank Agreement, the Collection Accounts Declaration of Trust and other Transaction Documents (as defined in the Master Framework Agreement) entered into by, among others, the Issuer, the Note Trustee and the Security Trustee on the Closing Date (as defined therein).

Physical copies of the Note Trust Deed, the Deed of Charge, the Agency Agreement, the Master Framework Agreement and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of the Paying Agent. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

### 2. INTERPRETATION

#### 2.1 Definitions

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Framework Agreement available as described above.

#### 2.2 Interpretation

These Conditions shall be construed in accordance with the principles of construction set out in the Master Framework Agreement.

### 3. FORM, DENOMINATION AND TITLE

#### 3.1 Form and Denomination

Each Class of Notes will initially be represented by a global note certificate in registered form (a "**Global Note**").

For so long as any of the Notes 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 S.A./N.V. ("**Euroclear**") or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), as appropriate.

The aggregate nominal amount of each Class of Notes initially offered and sold outside the United States to non-U.S. persons pursuant to Regulation S ("**Reg S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**") is represented by one or more global registered notes in fully registered form (the "**Reg S Global Notes**") without coupons attached. The aggregate nominal amount of the Rule 144A Notes initially offered and sold within the United States to persons who are "qualified institutional buyers" as defined in, and in reliance on, Rule 144A under the Securities Act ("**Rule 144A**"), in transactions made in accordance with Rule 144A, is represented by one or more global registered notes in fully registered form without coupons attached (the "**Rule 144A Global Notes**" and together with the Reg S Global Notes, the "**Global Notes**").

For so long as the Notes are represented by a Global Note, and for so long as Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof.

A Global Note will be exchanged for the relevant Note in definitive registered form (such exchanged Global Notes in definitive registered form, the Registered Definitive Notes) only if any of the following applies:

- (a) in the case of the Global Notes, both Euroclear and Clearstream, Luxembourg:
  - (i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or
  - (ii) 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 or in fact do either of those things,

and in either case no alternative clearing system satisfactory to the Note Trustee is available; 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 authority therein or thereof having power to tax, 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 deduction or withholding for or on account of tax 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 originally represented by a Global Note, the beneficial interests represented by such Global Note shall be exchanged by the Issuer for the relevant Notes 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 Note 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.

The minimum denomination of the Notes in definitive form (if issued and printed) will be issued in the minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof (or the equivalent thereto).

References to Notes in these Conditions shall include the Global Notes and the Registered Definitive Notes.

### 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 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*). 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 RELATIONSHIP BETWEEN THE NOTES, CERTIFICATES AND SECURITY**

### 4.1 **Status and relationship between the Notes and Certificates**

- (a) The Class X Certificate constitutes direct, secured and (subject to the limited recourse provision in Certificate Condition 11.4 (*Limited Recourse*)) unconditional obligations of the Issuer. Accordingly, the interests of the persons who for the time being are registered in the Register as holder of the Class X Certificate (the "**Class X Certificateholders**") will rank senior to the interests of the holders of all Classes of Notes and the Class Y Certificates with respect to the Class X Payment.
- (b) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12.3 (*Limited Recourse*)) unconditional obligations of the Issuer. The Class A Notes will rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate in relation to payments of interest only to the Class X Certificate with respect to payments of the Class X Payment, as provided in the 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 A Notes (the "**Class A Noteholders**") will be subordinated to the interests of the Class X Certificateholders in respect of the Class X Payment.
- (c) The Class B Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12.3 (*Limited Recourse*)) and Condition 17 (*Subordination by Deferral*) unconditional obligations of the Issuer. The Class B Notes will rank *pari passu* without preference or priority among themselves in relation to payment of interest and

principal at all times, but subordinate in relation to payments of interest only to the Class X Certificate with respect to payments of the Class X Payment and in relation to payments of interest and principal the Class A Notes, as provided in the 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 be subordinated to the interests of the Class X Certificateholders in respect of the Class X Payment and the interests of the Class A Noteholders (so long as any Class A Notes remain outstanding).

- (d) The Class C Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12.3 (*Limited Recourse*)) and Condition 17 (*Subordination by Deferral*) unconditional obligations of the Issuer. The Class C Notes will rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate in relation to payments of interest only to the Class X Certificate with respect to payments of the Class X Payment and in relation to payments of interest and principal the Class A Notes and the Class B Notes, as provided in the 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 Class X Certificateholders in respect of the Class X Payment, the interests of the Class A Noteholders (so long as any Class A Notes remain outstanding) and the interests of the Class B Noteholders (so long as any Class B Notes remain outstanding).
- (e) The Class Y Certificates constitute direct, secured and (subject to the limited recourse provision in Certificate Condition 11.4 (*Limited Recourse*)) unconditional obligations of the Issuer. The Class Y Certificates will rank *pari passu* without preference or priority among themselves in relation to payment of the Class Y Payment, but subordinate to the Class X Certificate with respect to payments of the Class X Payment and in relation to payments of interest only the Class A Notes, the Class B Notes and the Class C Notes, as provided in the Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class Y Certificates (the "**Class Y Certificateholders**") will be subordinated to the interests of the Class X Certificateholders in respect of the Class X Payment, the interests of the Class A Noteholders (so long as any Class A Notes remain outstanding), the interests of the Class B Noteholders (so long as any Class B Notes remain outstanding) and the interests of the Class C Noteholders (so long as any Class C Notes remain outstanding).
- (f) The Note Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of holders of each Class of Notes and each Class of Certificates (subject to the rights of the Directing Certificateholder) equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or Classes of Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Most Senior Class (subject to the rights of the Directing Certificateholder).
- (g) The Note Trust Deed and the Deed of Charge also contain provisions limiting the powers of any Class of Noteholders or Class of Certificateholders to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Class or Classes of Notes and/or Certificates ranking in priority thereto. Except in certain circumstances described in Condition 13 (*Meetings of Noteholders and Certificateholders, Modification, Waiver and Substitution*), the Note Trust Deed and the Deed of Charge contain no such limitation on the powers of the holders of the Most Senior Class, the exercise of which will be binding (save in respect of a Basic Terms Modification) on the holders of all other Classes of Notes and all other Classes of Certificates in each case irrespective of the effect thereof on their respective interests.

As long as any Notes or Certificates are outstanding but subject to Condition 13.4, the Note Trustee and the Security Trustee shall not have regard to the interests of the other Secured Creditors.

"**Secured Creditors**" means the Security Trustee, any Appointee of the Note Trustee or the Security Trustee, any Receiver appointed by the Security Trustee pursuant to the Deed of Charge, the Note Trustee, the Noteholders, the Certificateholders, the Seller, the Servicer, the Replacement Servicer Facilitator, the Cash Manager, the Replacement Cash Manager Facilitator, the Issuer Account Bank, the Corporate Services Provider, the Principal Paying Agent, the Registrar, the Agent Bank, the Legal Title Holder and any other person who is expressed in any deed supplemental to the Deed of Charge to be a secured creditor.

"**Receiver**" means any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Assets by the Security Trustee pursuant to the relevant Deed of Charge.

#### 4.2 Security

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

#### 5. COVENANTS AND UNDERTAKINGS

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

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertakings;
- (b) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, declare any trust over or deal with, or grant any option or present or future right to acquire all or any of its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (c) **Equitable and beneficial interest:** permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein other than the Legal Title Holder in respect of the legal title to the Mortgage Loans;
- (d) **Dividends or distributions by the Issuer:** pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the applicable Priority of Payments which are available for distribution in accordance with the Issuer's memorandum and articles of association and with applicable laws or issue any further shares;
- (e) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;
- (f) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;

- (g) ***No modification or waiver:*** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied, modified, terminated, postponed, waived or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;
- (h) ***Restrictions on Activities***
  - (i) engage in any activity which is not reasonably incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;
  - (ii) have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
  - (iii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises; or
  - (iv) act as a director of any company;
- (i) ***Purchase Notes:*** purchase or otherwise acquire any Notes; or
- (j) ***U.S. activities:*** engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

## 6. INTEREST

### 6.1 Accrual of interest

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 surrender in accordance with Condition 7 (*Payments*), payment of the principal in respect of the Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Note Trust Deed.

### 6.2 Interest Payment Dates

- (a) Interest will be payable in arrear on each Interest Payment Date, for all Classes of Notes. The first Interest Payment Date will be the Interest Payment Date falling in August 2018.
- (b) In these Conditions, "**Interest Payment Date**" means the 22<sup>nd</sup> day of February, May, August and November 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 August 2018.
- (c) 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 above, an "**Interest Period**").

### 6.3 **Rate of Interest**

- (a) The rate of interest payable on the Notes from time to time (the "**Rate of Interest**") will be determined on the basis of paragraph (b) below in relation to the Floating Rate Notes and (c) below in relation to the Fixed Rate Notes.
- (b) The floating rate of interest payable from time to time in respect of the Floating Rate Notes (each a "**Floating Rate of Interest**") and any Interest Period will be determined on the basis of the following provisions:
- (i) the Agent Bank will determine the Relevant Screen Rate as at or about 11 am (London time) on the Interest Calculation Date (as defined below) in question. If the Relevant Screen Rate is unavailable, the Agent Bank will, in conjunction with the Issuer, request the principal London office of each of the Reference Banks to provide the Agent Bank with its offered quotation to leading banks for three month Sterling deposits as at or about 11 am (London time) on the relevant Interest Calculation Date. The floating rates of interest for the relevant Interest Period shall be the aggregate of (I) the Margin plus (II) the Relevant Screen Rate (or, if the Relevant Screen Rate is unavailable, the arithmetic mean of such offered quotations for three months (rounded upwards, if necessary, to five decimal places)) (the "**Rates of Interest**");
  - (ii) if, on any Interest Calculation Date, the Relevant Screen Rate is unavailable and only two or three of the Reference Banks provide offered quotations, the Rates of Interest for the relevant Interest Period shall be determined in accordance with the provisions of paragraph (i) above on the basis of the offered quotations of those Reference Banks providing such quotations;
  - (iii) if, on any such Interest Calculation Date, only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank and the Rates of Interest for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank); and
  - (iv) if no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the Rates of Interest for the relevant Interest Period shall be the Rates of Interest in effect for the last preceding Interest Period. Following the occurrence of the circumstances set out in this Condition 6.3(b)(iv), the Note Trustee may agree with the Issuer and the Agent Bank in making any modification in the manner in which the Rates of Interest are determined for the relevant Interest Period, **provided that** the holders of each Class of Notes approve such modification or amendment acting by Extraordinary Resolution,

**provided further that**, if there has been a public announcement of the permanent or indefinite discontinuation of the Relevant Screen Rate, the Issuer shall use commercially reasonable endeavours to propose an alternative Relevant Screen Rate in accordance with Condition 13.7 (*Additional Right of Modification in Relation to LIBOR Cessation*), no later than the discontinuation of the Relevant Screen Rate becoming effective.

The minimum Rate of Interest will be zero.



- (c) The Rate of Interest payable from time to time in respect of the Class C Notes in relation to any Interest Period will be 2.25 per cent. per annum (the "**Fixed Rate of Interest**").
- (d) In these Conditions (except where otherwise defined), the expression:
- (i) "**Affiliate**" means, in relation to any person (i) a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company; or (ii) any other person that controls, is controlled by, or is under common control with such person;
  - (ii) "**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;
  - (iii) "**Certificates**" means the Class X Certificate and the Class Y Certificates;
  - (iv) "**Holding Company**" means, in relation to a person, any other person in respect of which it is a Subsidiary;
  - (v) "**Optional Redemption Date**" means the Interest Payment Date following the date on which the aggregate Current Balance of the Mortgage Portfolio (as of the immediately preceding Calculation Date) becomes equal to or less than 20 per cent. of the Current Balance of the Mortgage Portfolio as at the Cut-Off Date;
  - (vi) "**Interest Calculation Date**" means the date falling 5 Business Days prior to each Interest Payment Date;
  - (vii) "**Interest Determination Ratio**" means, on any Interest Payment Date, (A) the aggregate Revenue Receipts calculated in the three preceding Servicer Reports (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports) divided by (B) the aggregate of all Revenue Receipts and all Principal Receipts calculated in such Servicer Reports;
  - (viii) "**Margin**" means:
    - (A) in respect of the Class A Notes 0.80% per annum; and
    - (B) in respect of the Class B Notes 2.00% per annum.
  - (ix) "**Monthly Servicer Report**" means a monthly servicer report detailing, *inter alia*, the principal and total balances of the Mortgage Loans and related reconciliations and any other information to be delivered on each Monthly Servicer Report Date (other than in a calendar month where a Quarterly Servicer Report is required to be delivered).
  - (x) "**Monthly Servicer Report Date**" means the day falling 7 Business Days following the last day of the immediately preceding Collection Period (or if such day is not a Business Day, the Business Day immediately following such date).
  - (xi) "**Most Senior Class**" means the Class A Notes, or, if there are no Class A Notes then outstanding, the Class B Notes, or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes, or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class Y Certificates, or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding and there are no Class Y Certificates then in issue, the Class X Certificate;
  - (xii) "**Notes**" means the Class A Notes, the Class B Notes and the Class C Notes;

- (xiii) "**outstanding**" means, in relation to the Notes, all the Notes issued from time to time other than:
- (A) those Notes which have been redeemed in full and cancelled pursuant to the Conditions;
  - (B) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption monies (including all interest payable thereon) have been duly paid to the Note Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relevant Noteholders in accordance with the Conditions) and remain available for payment in accordance with the Conditions;
  - (C) those Notes which have been cancelled in accordance with Condition 8.8 (*Cancellation on redemption in full*) of the Notes;
  - (D) those Notes which have become void or in respect of which claims have become prescribed, in each case under Condition 10 (*Prescription*) of the Notes;
  - (E) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 15 (*Replacement of Notes*) with respect to the Notes;
  - (F) (for the purpose only of ascertaining the Principal Amount Outstanding of the Notes outstanding and without prejudice to the status for any other purpose of the relevant Note) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 15 (*Replacement of Notes*) with respect to the Notes; and
  - (G) any Global Note to the extent that it shall have been exchanged for another Global Note in respect of the Notes of the relevant Class or for the Notes of the relevant Class in definitive form pursuant to its provisions,

**provided that** for each of the following purposes, namely:

- I. the right to attend and vote at any meeting of the Noteholders of any Class or Classes or to participate in any Ordinary Resolution in writing, any Extraordinary Resolution in writing, any written resolution or an electronic consent as envisaged by the Note Trust Deed and any direction or request by the holders of Notes of any Class or Classes;
- II. the determination of how many and which Notes are for the time being outstanding for the purposes of the Note Trust Deed and Conditions 11 (*Events of Default*), 12 (*Enforcement*) and 13 (*Meetings of Noteholders and Certificateholders, Modification, Waiver and Substitution*);
- III. any discretion, power or authority (whether contained in the trust presents, or vested by operation of law) which the Security Trustee and/or the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders or any Class or Classes thereof; and
- IV. the determination by the Note Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders or any Class or Classes thereof,

those Notes or Certificates (if any) which are for the time being held by or on behalf of or for the benefit of the Seller or the Retention Holder (to the extent that such holding relates to the Retained Interest only) or any Affiliate thereof (each a Relevant Person), 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 Relevant Person where all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Class of Notes (the Relevant Class of Notes) shall be deemed to remain outstanding.

- (xiv) "**Quarterly Investor Report Date**" means the date falling 5 Business Days prior to each Interest Payment Date;
- (xv) "**Quarterly Servicer Report**" means a quarterly servicer report detailing, *inter alia*, the principal and total balances of the Mortgage Loans and related reconciliations and any other information to be delivered by the Servicer on each Quarterly Servicer Report Date.
- (xvi) "**Quarterly Servicer Report Date**" means the date falling 8 Business Days prior to each Interest Payment Date.
- (xvii) "**Reconciliation Amount**" means in respect of any Collection Period (a) the actual Principal Receipts as determined in accordance with the available Servicer Reports, less (b) the Calculated Principal Receipts in respect of such Collection Period, plus (c) any Reconciliation Amount not applied in previous Collection Periods;
- (xviii) "**Reference Banks**" means the principal London office of each of five major banks engaged in the London interbank market selected by the Agent Bank, in consultation with the Issuer, **provided that**, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such;
- (xix) "**Relevant Screen Rate**" means in respect of the Notes, the arithmetic mean of offered quotations for three-month Sterling deposits in the London interbank market displayed on the Reuters Screen page LIBOR01;
- (xx) "**Servicer Report**" means each Monthly Servicer Report and each Quarterly Servicer Report; and
- (xxi) "**Subsidiary**" means any person (referred to as the first person) in respect of which another person (referred to as the second person):
  - (A) holds a majority of the voting rights in that first person or has the right under the constitution of the first person to direct the overall policy of the first person or alter the terms of its constitution; or
  - (B) is a member of that first person and has the right to appoint or remove a majority of its board of directors or equivalent administration, management or supervisory body; or
  - (C) has the right to exercise (directly or indirectly) a dominant influence (which must include the right to give directions with respect to operating and financial policies of the first person which its directors are obliged to comply with whether or not for its benefit) over the first person by virtue of provisions contained in the articles (or equivalent) of the first person or by virtue of a control contract which is in writing and is authorised by the articles (or equivalent) of the first person and is permitted by the law under which such first person is established; or
  - (D) is a member of that first person and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting

rights in the first person or the rights under its constitution to direct the overall policy of the first person or alter the terms of its constitution; or

- (E) has the power to exercise, or actually exercises (in either case, directly or indirectly) dominant influence or control over the first person; or
- (F) together with the first person are managed on a unified basis,

and for the purposes of this definition, a person shall be treated as a member of another person if any of that person's Subsidiaries is a member of that other person or, if any shares in that other person are held by a person acting on behalf of it or any of its Subsidiaries. A subsidiary undertaking shall include any subsidiary undertaking the shares of which (if any) are subject to a security interest and where the legal title to the shares so secured are registered in the name of the secured party or its nominee pursuant to such security.

#### 6.4 **Determination of Rates of Interest**

- (a) In relation to the Notes, the Agent Bank shall, as soon as practicable after 11 am (London time) on the Interest Calculation Date falling in such Interest Period, but in no event later than the third Business Day thereafter, determine the Sterling amounts that would be payable in respect of interest on the Principal Amount Outstanding of each Class of the Notes for the relevant Interest Period.
- (b) The Interest Amounts applicable in respect of each Class of Notes shall be determined by applying the relevant Rate of Interest to the Principal Amount Outstanding of such Class of 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 cent.

**"Interest Amount"** means in respect of an Interest Period and a Class of Notes, the Sterling amount, payable in respect of interest on the Principal Amount Outstanding of such Class of Notes for the relevant Interest Period, as determined by the Agent Bank as soon as practicable after 11.00 a.m. (London time) on the Interest Determination Date falling in such Interest Period, but in no event later than the third Business Day thereafter.

#### 6.5 **Publication of Rates of Interest**

The Agent Bank shall cause the Rate of Interest 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 Note Trustee, the Registrar 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 16 (*Notice to Noteholders*) as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date. The Interest Amounts and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

#### 6.6 **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 6, whether by the Reference Banks (or any of them), the Agent Bank or the Note Trustee, will (in the absence of wilful default or fraud or manifest error) be binding on the Issuer, the Note Trustee, the Agent Bank, the Registrar, the Paying Agents and all Noteholders and (in the absence of wilful default or fraud) no liability to the Issuer or the Noteholders shall attach to the Reference Banks (or any of them), the Cash Manager, the Agent Bank or, if applicable, the Note Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 6.

## 6.7 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 Note 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 Class X Payment or Class Y Payment or the Interest Amounts in respect of any Class of Notes for any Interest Period, subject to the prior written approval of the Note Trustee, appoint another major bank engaged in the relevant interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed on terms commercially acceptable in the market.

## 6.8 Determinations and Reconciliation

- (a) In the event that the Cash Manager does not receive all three Servicer Reports to be delivered by the Servicer with respect to the three most recent Collection Periods (each such period, a "**Determination Period**"), then the Cash Manager may use the Servicer Reports in respect of the three most recent Collection Periods for which all relevant Servicer Reports are available (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in Condition 6.8(b). When the Cash Manager receives the Servicer Reports relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 6.8(b)(i). Any (i) calculations properly made on the basis of such estimates in accordance with Conditions 6.8(b) and/or 6.8(b)(i); (ii) payments made under any of the Notes, Certificates 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 6.8(b) and/or 6.8(b)(i), shall 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.
- (b) In respect of any Determination Period the Cash Manager shall on the Interest Calculation Date immediately preceding the Determination Period:
- (i) determine the Interest Determination Ratio (as defined above) by reference to the three most recent Collection Periods in respect of which all relevant Servicer Reports are available (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports);
  - (ii) 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 Receipts**"); and
  - (iii) calculate the Principal Receipts for such Determination Period as the product of (A) one minus the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the "**Calculated Principal Receipts**").
- (c) Following the end of any Determination Period, upon receipt by the Cash Manager of the Servicer Report in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 6.8(b) above to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amount as follows:
- (i) 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 Receipts (with a corresponding debit of the Revenue Ledger); and

- (ii) 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 Receipts (with a corresponding debit of the Principal Ledger),

**provided that** the Cash Manager shall apply such Reconciliation Amount in determining Available Revenue Receipts and Available Principal Receipts for such Collection Period in accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Note Trustee of such Reconciliation Amount.

## 7. PAYMENTS

### 7.1 Payment of Interest and Principal

Subject to paragraph (b) of Condition 3.1 (*Form and Denomination*), payments of any amount in respect of a Note, including principal and interest, shall be made by:

- (a) (other than in the case of final redemption) wire transfer; or
- (b) (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 fifteenth 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
- (c) (in the case of final redemption) wire transfer 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.

### 7.2 Laws and Regulations

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

### 7.3 Payment of Interest following a Failure to pay Principal

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 6.1 (*Accrual of interest*) will be paid in accordance with this Condition 7.

### 7.4 Change of Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents **provided that** there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London and the Registrar with a specified office in London.

Except where otherwise provided in the Note Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*).

#### 7.5 **No Payment on non-Business Day**

If the date for payment of any amount in respect of a Note is not a Presentation Date, Noteholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to further interest or other payment in respect of such delay. In this Condition 7.5, the expression Presentation Date means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

#### 7.6 **Partial Payment**

If a Paying Agent makes a partial payment in respect of any Note, the Registrar will, in respect of the relevant Note, annotate the Register indicating the amount and date of such payment.

#### 7.7 **Payment of Interest**

If interest is not paid in respect of a Note of any Class on the date when due and payable (other than because the due date is not a Presentation Date (as defined in Condition 7.5 (*No Payment on non-Business Day*)) or by reason of non-compliance by the Noteholder with Condition 7.1 (*Payment of Interest and Principal*)), then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such Note until such interest and interest thereon are available for payment and notice thereof has been duly given by the Issuer in accordance with Condition 16 (*Notice to Noteholders*).

### 8. **REDEMPTION**

#### 8.1 **Redemption at Maturity**

Unless previously redeemed in full and cancelled as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding (together with accrued but unpaid interest (including any interest deferred in accordance with Condition 17 (*Subordination by Deferral*)) up to but excluding the date of redemption) on the Interest Payment Date falling in February 2045, (the "**Final Maturity Date**").

#### 8.2 **Mandatory Redemption**

- (a) Prior to the service of an Enforcement Notice, each Class of Notes shall be redeemed on each Interest Payment Date in an amount equal to the Available Principal Receipts available for such purpose in accordance with the Pre-Enforcement Principal Priority of Payments, together with accrued but unpaid interest (if any), Class X Payment or Class Y Payment (including any amounts deferred, in accordance with Condition 17 (*Subordination by Deferral*)) up to but excluding the date of redemption.
- (b) The Principal Amount Outstanding of each Class of Notes shall be redeemed on each Interest Payment Date prior to the Final Maturity Date or the Optional Redemption Exercise Date in accordance with the relevant Priority of Payments. The principal amount to be redeemed in respect of a Class of Notes (the "**Note Principal Payment**") on any Interest Payment Date prior to the service of an Enforcement Notice shall be the Available Principal Receipts on such Interest Payment Date in accordance with the relevant Priority of Payments, as calculated on the Calculation Date immediately preceding such Interest Payment Date, divided by the amount of Notes in the relevant Class then outstanding. With respect to each Note on (or as soon as practicable after) each Interest Calculation Date, the Issuer shall determine (or cause the Cash Manager to determine) (i) the amount of any Note Principal Payment due on the Interest Payment Date next following such Interest Calculation Date, (ii) the Principal Amount Outstanding of each such Note and (iii) the fraction expressed as a decimal to the sixth decimal point (the "**Pool Factor**"), of which the numerator is the Principal Amount Outstanding of that Note (as referred to in (ii) above) and the denominator, in the case of the Notes, is the denomination the aggregate Principal Amount Outstanding on the Notes of the same class. Each determination by or on behalf of the Issuer of any principal repayment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default or manifest error) be final and binding on all persons.

- (c) The Issuer will cause each determination of a principal repayment, Principal Amount Outstanding and Pool Factor to be notified by not less than two Business Days prior to the relevant Interest Payment Date to the Note Trustee, the Paying Agents, the Agent Bank and (for so long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on its Main Securities Market) Euronext Dublin, and will immediately cause notice of each such determination to be given in accordance with Condition 16 (*Notice to Noteholders*) not later than two Business Days prior to the relevant Interest Payment Date. If no principal repayment is due to be made on the Notes on any Interest Payment Date a notice to this effect will be given to the holders of the Notes.

### 8.3 **Optional Redemption for Taxation or Other Reasons**

If:

- (a) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or the Paying Agents would be required to deduct or withhold from any payment on any Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Notes) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax; or
- (b) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any of the Notes; or
- (c) 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 UK corporation tax in an accounting period on an amount which materially exceeds the aggregate Issuer Profit Amount retained during that accounting period,

then the Issuer shall, if the same would avoid the effect of such relevant event described in paragraphs (a), (b) or (c) above appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Notes and the Note Trust Deed, **provided that:**

- (i) the Note Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the holders of the Notes (and in making such determination, the Note Trustee shall rely, without investigation or inquiry, on a certification from the Issuer in writing to the Cash Manager, the Note Trustee and the Security Trustee that such proposed action (i) would not have an adverse impact on the Issuer's ability to make payment when due in respect of the Notes and (ii) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security); and
- (ii) such substitution would not require registration of any new security under U.S. securities laws or materially increase the disclosure requirements under U.S. law.
- (d) **Provided that** no Enforcement Notice has been delivered by the Note Trustee, if the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that one or more of the events described in paragraphs (a), (b) or (c) above is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution, then the Issuer may, on any Interest Payment Date and having given not more than 60 nor less than 30 days' notice (or, in the case of an event described in paragraph (b) above, such shorter period



expiring on or before the latest date permitted by relevant law) to the Note Trustee and holders of the Notes in accordance with Condition 16 (*Notice to Noteholders*), redeem all (but not some only) of the Notes at their respective Principal Amount Outstanding together with any interest accrued (and unpaid) thereon up to (but excluding) the date of redemption **provided that**, prior to giving any such notice, the Issuer shall:

- (i) have given the Portfolio Option Holder not less than 14 days' notice of such relevant event as described in (a), (b) or (c) above, and the Portfolio Option Holder shall have confirmed to the Issuer that it does not intend to exercise its Portfolio Purchase Option as a result of such event, and failure to respond within 14 calendar days shall be deemed to be confirmation by the Portfolio Option Holder of its non-exercise of the Portfolio Purchase Option;
- (ii) have provided to the Note Trustee a certificate signed by two directors of the Issuer stating that (i) one or more of the circumstances referred to in subparagraph (a), (b) or (c) above prevail(s), (ii) setting out details of such circumstances and (iii) confirming that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution; and
- (iii) have provided to the Note Trustee an opinion in form and substance satisfactory to the Note Trustee of independent legal advisers of recognised standing to the effect that the Issuer or the Paying Agents has or will become obliged to deduct or withhold amounts as a result of such change.

The Note Trustee shall be entitled to accept such certificate and opinion without any enquiry or liability as sufficient evidence of the satisfaction of the circumstance set out in paragraph (iii) immediately above, in which event they shall be conclusive and binding on each Class of the holders of the Notes.

The Issuer may only redeem the Notes as described above if the Issuer has certified to the Note Trustee that it will have the necessary funds, not subject to the interest of any other person, required to redeem the Notes as aforesaid and any amounts required under the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments to be paid in priority to or *pari passu* with the Notes outstanding in accordance with the Conditions, such certification to be provided by way of a certificate signed by two directors of the Issuer on which the Note Trustee shall be entitled to rely without any enquiry or liability.

#### 8.4 **Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option**

- (a) On the Optional Redemption Exercise Date, the consideration received by the Issuer will be applied in accordance with the Post-Enforcement Priority of Payments with the result that the Notes will be redeemed in full in accordance with this Condition 8.4 on such date.
- (b) Any Note redeemed pursuant to Condition 8.4(a) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note and the Class X Payment up to but excluding the Interest Payment Date on which the redemption occurred.

#### 8.5 **Principal Amount Outstanding**

The "**Principal Amount Outstanding**" of each Class of Notes on any date shall be, in each case, their original principal amount, in respect of the Class A Notes of £701,300,000, in respect of the Class B Notes of £131,500,000 and in respect of the Class C Notes of £42,600,000, in each case less the aggregate amount of all principal payments in respect of such Class of Notes which have been made since the Closing Date.

## 8.6 **Notice of Redemption**

Any such notice as is referred to in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above. Any certificate or legal opinion given by or on behalf of the Issuer pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) may be relied on by the Note Trustee without further investigation or liability and, if so relied on, shall be conclusive and binding on the Noteholders.

## 8.7 **No Purchase by the Issuer**

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

## 8.8 **Cancellation on redemption in full**

All Notes redeemed in full will be cancelled upon redemption. Notes cancelled upon redemption in full may not be resold or reissued.

## 9. **TAXATION**

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed ("**Taxes**"), unless the withholding or deduction of the Taxes is required by applicable law. In that event, subject to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), the Issuer, the Note Trustee, the Security Trustee or, as the case may be, the Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. For the avoidance of doubt, the Issuer, the Trustee and the Paying Agent shall be permitted to withhold or deduct any amounts requested pursuant to a FATCA withholding. None of the Issuer, the Trustee and any Paying Agent nor any other person shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

## 10. **PRESCRIPTION**

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

In this Condition 10, the "**Relevant Date**", in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Noteholders in accordance with Condition 16 (*Notice to Noteholders*).

## 11. **EVENTS OF DEFAULT**

### 11.1 **Notes**

The Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class shall, (subject to being indemnified and/or pre-funded and/or secured to its satisfaction as more particularly described in the Note Trust Deed) give a notice (an "**Enforcement Notice**") to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued (but unpaid) interest as provided in the Note Trust Deed (with a copy of such Enforcement Notice being sent simultaneously to the Security Trustee, the Issuer Account Bank, the Servicer and the Cash Manager), if any of the following events (each, an "**Event of Default**") occur:

- (a) if default is made in the payment of any principal or interest due in respect of the Class X Certificate and/or the Most Senior Class of Notes then outstanding and the default

continues for: (i) a period of seven Business Days in the case of principal, or (ii) 14 Business Days in the case of interest; or

- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions, the Certificate Conditions or any Transaction Document to which it is a party which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the failure continues for a period of 30 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the failure to be incapable of remedy, then no continuation or notice as is aforementioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the matters giving rise to such misrepresentation are not remedied within a period of 30 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (d) if any order is made by any competent court or any resolution is passed for the winding-up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of each Class of the Noteholders and the Certificateholders; or
- (e) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of each Class of the Noteholders and the Certificateholders, or (ii) the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or (iii) is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or
- (f) if proceedings are initiated against the Issuer under any applicable liquidation, examinership, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with the court) for the appointment of an administrative or other receiver, manager, examiner, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order), unless initiated by the Issuer, is not discharged within 30 days; or
- (g) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, examinership reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

## 11.2 General

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Condition 11.1 (*Notes*), all the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amount Outstanding, together with accrued interest as provided in the Note Trust Deed.

## 12. ENFORCEMENT

### 12.1 General

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

- (a) it shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding or directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Notes of the Most Senior Class; and
- (b) in all cases, it shall have been indemnified and/or pre-funded and/or secured to its satisfaction.

### 12.2 Limitations on Enforcement

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

The Noteholders shall not have any recourse against any director, shareholder or officer of the Issuer in respect of any obligations, covenants or agreements entered into or made by the Issuer pursuant to the terms of these Conditions or any of the provisions of the Transaction Documents to which the Issuer is a party or any notice or documents which it is requested to deliver hereunder or thereunder.

### 12.3 Limited Recourse

- (a) If at any time following:
  - (i) the occurrence of either:
    - (A) the Final Maturity Date or any earlier date upon which all of the Notes of each Class are due and payable; or
    - (B) the service of an Enforcement Notice; and
  - (ii) realisation of the Charged Assets and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Priority of Payments,

the proceeds of such realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Priority of Payments, to pay in full all amounts then due and payable under any respective Class of Notes or Class of Certificates then the amount remaining to be paid (after such application in full of the amounts first referred to in (ii) above) under such Class of Notes or Class of Certificates shall, on the day following such application in full of the amounts referred to in (ii) above, cease to be due and payable by the Issuer.

- (b) Apart from the Note Trustee and the Security Trustee, none of the Noteholders or any other Secured Creditor (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer or its directors, officers, successors or assigns, or join in any institution against the Issuer of, any bankruptcy, examinership, reorganisation, arrangement, insolvency, winding up or liquidation proceedings or for the appointment of a liquidator, administrator, receiver or any other insolvency official in relation to the Issuer or in relation to the whole or any substantial part of the undertakings of the Issuer.

"**Charged Assets**" means the property, assets and undertakings of the Issuer which are the subject of any security created under and pursuant to the Deed of Charge.

### 13. MEETINGS OF NOTEHOLDERS AND CERTIFICATEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

#### 13.1 General

- (a) The Note Trust Deed contains provisions for convening meetings of the Noteholders and/or Certificateholders of each Class and, in certain cases, more than one Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents.
- (b) For the purpose of these conditions, "**Most Senior Class**" means the Class A Notes, or, if there are no Class A Notes then outstanding, the Class B Notes, or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes, or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class Y Certificates, or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding and there are no Class Y Certificates then in issue, the Class X Certificate.

#### 13.2 Most Senior Class, Limitations on other Noteholders

- (a) Other than in relation to a Basic Terms Modification, which requires an Extraordinary Resolution of the holders of each affected Class of Notes and/or Certificates then outstanding or in issue, as applicable or in relation to matters determined or directed by or at the discretion of the Directing Certificateholder and other than where an Extraordinary Resolution of each Class of the Notes is required under Condition 6.3(b)(iv) (*Rate of Interest*):
- (i) an Extraordinary Resolution passed at any meeting of the holders of the Most Senior Class shall be binding on such Noteholders and/or Certificateholders and all other Classes of Noteholders and Certificateholders irrespective of the effect it has upon them;
  - (ii) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on such Noteholders or Certificateholders and all other Classes of Noteholders and Classes of Certificateholders ranking junior to such Class of Noteholders or Certificateholders in the Pre-Enforcement Principal Priority of Payments, irrespective of the effect it has upon them; and
  - (iii) no Extraordinary Resolution of any Class of Noteholders or Certificateholders shall take effect for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the holders of all other Classes of Noteholders and Classes of Certificateholders ranking senior to such Class of Noteholders or Certificateholders in the Pre-Enforcement Principal Priority of Payments or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of such senior ranking Classes of Noteholders and Certificateholders.
- (b) No Extraordinary Resolution of the holders of a Class of Notes and/or a Class of Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Class of Certificates shall take effect unless it has been

sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding and/or the holders of each affected Class of Certificates then in issue which are affected by such Basic Terms Modification.

- (c) No Ordinary Resolution that is passed by the holders of the Notes or Certificates shall take effect for any purpose while any of the Notes remain outstanding unless it shall have been sanctioned by an Ordinary Resolution of the holders of the Most Senior Class, or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class or has been sanctioned by the Directing Certificateholder in respect of any matter relating to the rights of the Directing Certificateholder.

### 13.3 Quorum

- (a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes of Notes or Certificateholders of any Class or Classes of Certificates for passing an Ordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates then outstanding or in issue, as applicable.
- (b) Subject as provided below, the quorum at any meeting of Noteholders and/or Certificateholders of any Class of any Notes or Certificates for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes or Certificates then outstanding or in issue, as applicable.
- (c) Subject to the more detailed provisions set out in the Note Trust Deed, the quorum at any meeting of any holders of any Class of Notes or holders of any Class of Certificates for passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of any Class of Notes or Certificates, (ii) sanction a modification of the date of payment of principal or interest or amounts due in respect of any Class of Notes (other than any LIBOR Modification (as defined in Condition 13.7) (iii) sanction a reduction of the amount of principal or the rate of interest payable in respect of any Class of Notes or, where applicable, sanction a modification of the method of calculating the amount of any principal or interest or the method of calculating of the Class X Payment or Class Y Payment payable in respect of any Class of Notes or Certificates (other than when calculated in accordance with Condition 6.4 and other than any LIBOR Modification (as defined in Condition 13.7)), (iv) alter the currency in which payments under any Class of Notes or Certificates are to be made, (v) alter the quorum or majority required in relation to a resolution or a meeting of holders of any Class of Notes or Certificates, (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of the Notes or Certificates, (vii) alter the priority of payment of interest or principal in respect of any Class of Notes or amounts in respect of any Class of Certificates and (viii) change the definition of a Basic Terms Modification, (each a "**Basic Terms Modification**") shall be one or more persons holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of the affected Class of Notes or Certificates then outstanding or in issue, as applicable.
- (d) The quorum at any adjourned meeting will be:
  - (i) for an Ordinary Resolution, one or more persons present and holding or representing not less than 10 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates then outstanding or in issue, as applicable; and
  - (ii) subject as provided below, for an Extraordinary Resolution, one or more persons present and holding or representing in the aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates then outstanding or in issue, as applicable; and

- (iii) for a Basic Terms Modification, one or more persons present and holding or representing not less than 75 per cent. of the aggregate Principal Amount Outstanding of the affected Class of Notes or Certificates then outstanding or in issue, as applicable.

13.4 The Note Trustee may, or may direct the Security Trustee to, in the case of paragraph (c) below shall at any time and from time to time, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree with the Issuer and any other parties in making or sanctioning any modification:

- (a) to the Conditions, the Certificate Conditions, the Note Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee, will not be materially prejudicial to the interests of the Noteholders, the Certificateholders or the Note Trustee or the Security Trustee; or
- (b) to the Conditions, the Certificate Conditions the Note Trust Deed or any other Transaction Document if in the opinion of the Note Trustee such modification is of a formal, minor or technical nature or to correct a manifest error; or
- (c) that would result in the Issuer entering into any new and/or amended Issuer Account Bank Agreement or collection account agreement (including (i) where the unsecured, unsubordinated and unguaranteed debt obligations of the Issuer Account Bank or Collection Account Bank are downgraded below any relevant rating level as set out in the relevant Transaction Document, and the Issuer is required to take certain remedial action (as set out in the relevant Transaction Documents) and/or (ii) following the Closing Date, any collection account agreement, Issuer Account Bank Agreement and/or declaration of trust in respect of any collection account by Topaz in its capacity as Legal Title Holder for the benefit of the Issuer **provided that** the Issuer certifies to the Security Trustee and/or the Note Trustee (upon which the Security Trustee and Note Trustee shall rely without further enquiry or liability) that any such new agreement and/or amendment (including, for the avoidance of doubt, any new appointment made thereunder) would not have an adverse effect on the Most Senior Class and **further provided that** neither the Note Trustee nor the Security Trustee shall be obliged to agree to any such new agreement and/or amendment (including, for the avoidance of doubt, any new appointment made thereunder) which, in the sole opinion of the Note Trustee or the Security Trustee, would have the effect of (i) exposing the Note Trustee and/or the Security 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 protections, of the Note Trustee and/or the Security Trustee under the Transaction Documents and/or the Conditions and/or the Certificate Conditions.

13.5 The Note Trustee may, or may direct the Security Trustee to, without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without prejudice to its rights in respect of any further or other breach or Event of Default, from time to time and at any time, but only if and in so far as in the sole opinion of the Note Trustee, the interests of the Noteholders or the Certificateholders will not be materially prejudiced thereby, authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions, the Certificate Conditions or any of the Transaction Documents by any party thereto or determine that any Event of Default shall not be treated as such, **provided that** the Note Trustee shall not exercise any powers conferred on it by this Condition 13.5 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class or by a direction under Condition 11 (*Events of Default*) but so that no such direction shall affect any waiver, authorisation or determination previously given or made.

### 13.6 **Additional Right of Modification**

Notwithstanding the foregoing provisions of this Condition 13, the Note Trustee shall be obliged, without any consent or sanction of the Noteholders or Certificateholders, or, subject to paragraph (e)(iii) below, any of the other Secured Creditors, to concur with the Issuer or direct the Security Trustee to concur in making any modification (other than in respect of a Basic Terms Modification) to these Conditions or any other Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary:

- (a) for the purpose of complying with any changes in the requirements of the U.S. Credit Risk Retention Requirements, Article 254 of the Solvency II Regulation, Article 405 of the CRR, Article 17 of the AIFMD, Article 51 of the AIFMR or Section 15G of the Securities Exchange Act of 1934, as added by section 941 of the Dodd-Frank Wall Street Reform, the Securitisation Regulations and the Consumer Protection Act, after the Issue Date, including as a result of the adoption of Regulatory Technical Standards in relation to the CRR or the AIFMR or any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (b) for the purpose of enabling the Notes to be (or to remain) listed on Euronext Dublin, provided that the Issuer certifies to the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (c) for the purposes of enabling the Issuer or any of the other Transaction Parties to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), provided that the Issuer or the relevant Transaction Party, as applicable, certifies to the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (d) for the purposes of enabling the Issuer to comply with the provisions of Rule 17g-5 of the Securities Exchange Act of 1934, provided that the Issuer certifies to the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (e) for the purpose of complying with any changes in the requirements of the Credit Rating Agencies Regulation after the Issue Date, including as a result of the adoption of Regulatory Technical Standards in relation to the Credit Rating Agencies Regulation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by the Issuer or the relevant Transaction Party, as the case may be, pursuant to paragraphs (a) to (f) above being a "**Modification Certificate**"), provided that:

- (i) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee;
- (ii) the Modification Certificate in relation to such modification shall be provided to the Note Trustee both at the time the Note Trustee is notified of the proposed modification and on the date that such modification takes effect; and
- (iii) the consent of each Secured Creditor which is party to the relevant Transaction Document has been obtained,

and **provided further that** (x) the Issuer has provided at least 30 calendar days' notice to the Noteholders and Certificateholders of each Class of the proposed modification in accordance with Condition 16 (*Notices to Noteholders*) and Certificate Condition 15 (*Notice to Certificateholders*) and by publication on Bloomberg on the "Company



News" screen relating to the Notes, and (y) Noteholders or Certificateholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding or in issue have not contacted the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Note Trustee that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes have notified the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes or 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 of the Most Senior Class of Notes is passed in favour of such modification in accordance with Condition 13.2 (*Most Senior Class, Limitations on other Noteholders*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

Notwithstanding any other provision of any Transaction Document:

- (a) when implementing any modification pursuant to this Condition 13.6 (save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification), the Note 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 investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 13.6 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 Note Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Note Trustee would have the effect of (i) exposing the Note Trustee or the Security 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 protections, of the Note Trustee or the Security Trustee in the Transaction Documents and/or these Conditions.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:

- (a) the Secured Creditors; and
- (b) the Noteholders in accordance with Condition 16 (*Notices to Noteholders*).

### 13.7 **Additional Right of Modification in Relation to LIBOR Cessation**

Notwithstanding the foregoing provisions of this Condition 13, the Note Trustee shall be obliged, without any consent or sanction of the Noteholders, Certificateholders or any other Secured Creditor, to concur with the Issuer or direct the Security Trustee to concur in making any modification to the Note Trust Deed or the Conditions or any other Transaction Documents (other than any Basic Terms Modification) that the Issuer considers necessary for the purpose of changing the Screen Rate (any such rate, a "**LIBOR Replacement Rate**") and making such other related or consequential amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change (a "**LIBOR Modification**"), **provided that**, in relation to any amendment under this Condition 13.7:

- (i) the Issuer certifies to the Note Trustee in writing (such certificate, a "**LIBOR Modification Certificate**") that:
- (A) such LIBOR Modification is being undertaken due to:
- (1) LIBOR ceasing to exist or be published;
  - (2) a public statement by the LIBOR administrator that it will cease publishing LIBOR permanently or indefinitely (in circumstances where no successor LIBOR administrator has been appointed that will continue publication of LIBOR);
  - (3) a public statement by the supervisor of the LIBOR administrator that LIBOR has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
  - (4) a public statement by the supervisor of the LIBOR administrator that means LIBOR may no longer be used or that its use is or will be subject to restrictions or adverse consequences; or
  - (5) the reasonable expectation of the Issuer that any of the events specified in paragraphs (1), (2), (3) or (4) above will occur or exist within six months of the proposed effective date of such LIBOR Modification; and
- (B) such LIBOR Replacement Rate is:
- (1) a reference rate published, endorsed, approved or recognised by the Bank of England or the European Central Bank, any regulator in the United Kingdom or the European Union or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);
  - (2) a reference rate utilised in a material number (such material number to be determined by the Issuer in consultation with the Directing Certificateholder) of publicly-listed new issues of asset-backed floating rate notes denominated in the same currency as the Notes prior to the effective date of such LIBOR Modification; or
  - (3) such other reference rate as the Issuer reasonably determines; and
- (ii) the Seller pays all fees, costs and expenses (including legal fees) incurred by the Issuer and the Note Trustee or any other Transaction Party in connection with such modification,

**provided that:**

- (A) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee;
- (B) the LIBOR Modification Certificate in relation to such modification shall be provided to the Note Trustee both at the time the Note Trustee is notified of the proposed modification and on the date that such modification takes effect; and
- (C) the Issuer certifies in writing to the Note Trustee (which certification may be in the LIBOR Modification Certificate) that the Issuer has

provided at least 30 calendar days' notice to the Noteholders of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) and Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer or the Principal Paying Agent (acting on behalf of the Issuer) in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer or the Principal Paying Agent (acting on behalf of the Issuer) that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Principal Paying Agent (acting on behalf of the Issuer) or the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such 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 Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 13.12.

Notwithstanding anything to the contrary in this Condition 13.7 or any Transaction Document:

- (a) when implementing any modification pursuant to this Condition 13.7 (save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification), the Note Trustee shall not consider the interests of the Noteholders, the Certificateholders, 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 LIBOR Modification Certificate) or evidence provided to it by the Issuer pursuant to this Condition 13.7 and shall not be liable to the Noteholders, Certificateholders or 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 Note Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Note Trustee, would have the effect of (i) exposing the Note Trustee or the Security 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 protections, of the Note Trustee or the Security Trustee in the Transaction Documents and/or these Conditions.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:

- (a) the Note Trustee; and
- (b) the Noteholders in accordance with Condition 16 (*Notice to Noteholders*).

13.8 Any such modification, waiver, authorisation or determination by the Note Trustee and/or the Security Trustee, as applicable, in accordance with these Conditions, Certificate Conditions or Transaction Documents shall be binding on the Noteholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16 (*Notice to Noteholders*).

13.9 In connection with any such substitution of principal debtor referred to in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) or Condition 13.17 (*Issuer Substitution Condition*), the Note Trustee and the Security Trustee may also agree, without the consent of the Noteholders or the other Secured Creditors, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents, **provided that** such change would not, in

the opinion of the Note Trustee or, as the case may be, the Security Trustee, be materially prejudicial to the interests of the Noteholders.

13.10 Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Conditions, the Certificate Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), and subject to the rights of the Directing Certificateholder, the Note Trustee or the Security Trustee is required to have regard to the interests of the Noteholders or Certificateholders of any Class or Classes, it shall (A) have regard to the general interests of the Noteholders or Certificateholders of such Class or Classes but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders or Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Noteholder or Certificateholder be entitled to claim, from the Issuer, the Note Trustee or the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Certificateholders and (B) subject to the more detailed provisions of the Note Trust Deed and the Deed of Charge, as applicable, have regard to the interests of holders of each Class of Notes and Class of Certificates (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or Class of Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Most Senior Class of Notes or Certificates.

13.11 "**Ordinary Resolution**" means, in respect of the holders of any of the Classes of Notes and/or Certificates:

- (a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Note Trust Deed and these Conditions by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the relevant class of Notes and/or Certificates held by such Eligible Persons);
- (b) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of a clear majority of the aggregate Principal Amount Outstanding of the Notes and/or Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant class of Noteholders and/or Certificateholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding of a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes or Class of Certificates, in each case, **provided that** any resolution relating to matters concerning the rights of the Directing Certificateholder shall only be binding if sanctioned by the Directing Certificateholder.

"**Clearing System**" means Euroclear and/or Clearstream, Luxembourg and includes in respect of any Note any clearing system on behalf of which such Note is held or which is the holder or (directly or through a nominee) registered owner of a Note, in either case whether alone or jointly with any other Clearing System(s).

13.12 "**Extraordinary Resolution**" means, in respect of the holders of any of the Classes of Notes and/or Certificates:

- (a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Note Trust Deed and these Conditions by at least 75 per cent. of Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly

demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the relevant class of Notes and/or Certificates held by such Eligible Persons);

- (b) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of at least 75 per cent. of the aggregate Principal Amount Outstanding of the Notes and/or the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant class of Noteholders and/or Certificateholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding of at least 75 per cent. in aggregate Principal Amount Outstanding of the relevant class of Notes and/or Certificates.

13.13 "**Eligible Person**" means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a bearer of any Voting Certificate; and
- (b) a proxy specified in any Block Voting Instruction.

13.14 "**Voting Certificate**" means an English language certificate issued by a Paying Agent in which it is stated:

- (a) that on the date thereof the Notes and/or Certificates (not being the Notes and/or Certificates (as applicable) in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Notes and/or Certificates will cease to be so blocked until the first to occur of:
  - (i) the conclusion of the meeting specified in such Voting Certificate; and
  - (ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and
- (b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes and/or Certificates represented by such Voting Certificate.

13.15 "**Block Voting Instruction**" means an English language document issued by a Paying Agent in which:

- (a) it is certified that on the date thereof Notes and/or Certificates (not being Notes and/or Certificates in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Notes and/or such Certificates will cease to be so blocked until the first to occur of:
  - (i) the conclusion of the meeting specified in such Block Voting Instruction; and
  - (ii) the Notes and/or the Certificates ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;
- (b) it is certified that each holder of such Notes and/or such Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the Certificates so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion thereof, neither revocable nor capable of amendment;

- (c) the aggregate principal amount or aggregate total amount of the Notes and/or the number of Certificates so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (d) one or more persons named in such Block Voting Instruction (each hereinafter called a proxy) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes and/or the Certificates so listed in accordance with the instructions referred to in paragraph (c) above as set out in such Block Voting Instruction, **provided that** no such person shall be named as a proxy:
  - (i) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
  - (ii) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the meeting when it is resumed.

13.16 The Certificates will not have a Principal Amount Outstanding. However, for the purposes of the voting and quorum provisions, and the provisions concerning the giving of directions in writing to the Note Trustee or the Security Trustee, set out in the Conditions, the Certificate Conditions, the Deed of Charge and the Note Trust Deed any reference to the Principal Amount Outstanding of the Class X Certificate and the Class Y Certificates shall be deemed to be £10,000 and £10,000 respectively

13.17 **Issuer Substitution Condition**

The Note Trustee may agree, subject to such amendment of these Conditions and of any of the Transaction Documents, and to such other conditions as the Note Trustee may require and subject to the terms of the Note Trust Deed, but without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Note Trust Deed and the Notes and the Certificates and in respect of the other secured obligations, **provided that** the conditions set out in the Note Trust Deed are satisfied including, *inter alia*, that the Notes are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Condition 5 (*Covenants and Undertakings*). In the case of a substitution pursuant to this Condition 13.17, the Note Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change in law governing the Notes, the Certificates and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders.

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

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

The Note Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for,

individual Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## 15. **REPLACEMENT OF NOTES**

If any Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar subject to all applicable laws and stock exchange requirements. Replacement of any mutilated, defaced, lost, stolen or destroyed Note 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 Note must be surrendered before a new one will be issued.

## 16. **NOTICE TO NOTEHOLDERS**

### 16.1 **Publication of Notice**

- (a) Subject to paragraph (d) below, any notice to Noteholders shall be validly given if published in the Financial Times or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom, **provided that** if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders (in each case a Relevant Screen), or (ii) paragraph (c) below applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice. Any such notice shall be deemed to have been given 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 (or on the Relevant Screen) publication is required.
- (b) In respect of Notes in definitive form, notices to Noteholders will be sent to them by first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail at the respective addresses on the Register. Any such notice will be deemed to have been given on the fourth day after the date of posting.
- (c) While the Notes are represented by Global Note, notices to Noteholders will be valid if published as described above or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid shall be deemed to have been given on the day of such delivery.
- (d) So long as the relevant Notes are admitted to trading on, and listed on the official list of, Euronext Dublin all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of Euronext Dublin (which includes delivering a copy of such notice to Euronext Dublin) and any such notice will be deemed to have been given on the date sent to Euronext Dublin.

### 16.2 **Note Trustee's Discretion to Select Alternative Method**

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities and/or quotation systems on or by which the Notes are then listed, quoted and/or traded and **provided that** notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

## 17. SUBORDINATION BY DEFERRAL

### 17.1 Interest

Other than in respect of the Class X Certificate and the Most Senior Class of Notes, if, on any Interest Payment Date the Issuer has insufficient funds to make payment in full of the Class X Payment and all amounts of interest (which shall, for the purposes of this Condition 17, include any interest previously deferred under this Condition 17.1 and accrued interest thereon) payable in respect of the Notes (other than in respect of the Most Senior Class of Notes) after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer shall be entitled to defer to the next Interest Payment Date the payment of interest (such interest, the "**Deferred Interest**") in respect of the relevant Notes to the extent only of any insufficiency of funds.

### 17.2 General – Interest

Any amounts of Deferred Interest in respect of a relevant Class of Notes shall accrue interest ("**Additional Interest**"). 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 17.1 (*Interest*) applies) or on such earlier date as the relevant Class of Notes becomes due and repayable in full in accordance with these Conditions. This Condition 17.2 does not apply to the Most Senior Class of Notes then outstanding.

### 17.3 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 17, the Issuer will give notice thereof to the relevant Class of Noteholders, as appropriate, in accordance with Condition 16 (*Notice to Noteholders*). Any deferral of interest in accordance with this Condition 17 will not constitute an Event of Default. The provisions of this Condition 17 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.

## 18. DIRECTING CERTIFICATEHOLDER

18.1 The Directing Certificateholder shall be appointed in accordance with Certificate Condition 16.1 (*Directing Certificateholder*). The Directing Certificateholder will have the rights of the Directing Certificateholder set out in the Transaction Documents.

18.2 Each Noteholder acknowledges and agrees, by its purchase of the Notes, that:

- (a) the Directing Certificateholder may have special relationships and interests that conflict with those of the holders of one or more classes of the Notes and/or Certificates;
- (b) the Directing Certificateholder may act solely in the interests of, and take actions that favour the interests of, the Instructing Certificateholders over the interests of the other Noteholders and/or Certificateholders;
- (c) the Directing Certificateholder does not have any duties to any Noteholders or Certificateholders other than the Instructing Certificateholders;
- (d) the Directing Certificateholder will not be deemed to have been negligent or reckless, or to have acted in bad faith or engaged in wilful misconduct, by reason of its having acted solely in the interests of the Instructing Certificateholders; and
- (e) the Directing Certificateholder has no fiduciary duty to the Noteholders and/or Certificateholders and will have no liability whatsoever for having acted solely in the interests of the Instructing Certificateholders, and no holder of any other Class of Notes or Certificates may take any action whatsoever against the Directing Certificateholder for having so acted.



19. **JURISDICTION AND GOVERNING LAW**

- (a) Subject to Condition 19(c), the Courts of England (the "**Courts**") are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Certificates and/or the Transaction Documents may be brought in such Courts.
- (b) The Transaction Documents, the Notes, the Certificates and these Conditions (and any non- contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law.
- (c) Nothing shall prevent the Note Trustee or the Security Trustee from bringing proceedings in any court of competent jurisdiction.

20. **RIGHTS OF THIRD PARTIES**

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

## TERMS AND CONDITIONS OF THE CERTIFICATES

*The following are the terms and conditions of the Certificates in the form (subject to amendment) in which they will be set out in the Note Trust Deed (as defined below). The Certificates are being issued to the Seller.*

### 1. GENERAL

The Class X Certificate (the "**Class X Certificate**") and the 10,000 Class Y Certificates (the "**Class Y Certificates**") and together with the Class X Certificate, the "**Certificates**") of Kirkby RMBS plc (the "**Issuer**") are constituted by a note trust deed (the "**Note Trust Deed**") dated on or about 8 May 2018 (the "**Closing Date**") and made between, among others, the Issuer and Citibank, N.A., London Branch as trustee (in such capacity, the "**Note Trustee**") for the registered holders for the time being of the Certificates (the "**Certificateholders**"). Any reference in these certificates terms and conditions (the "**Certificate Conditions**") to a "**Class**" of Notes or of Noteholders shall be a reference to the Class A Notes, the Class B Notes or the Class C Notes, as the case may be, or to the respective holders thereof. Any reference in these Certificate Conditions to a "**Class**" of Certificates or Certificateholders shall be a reference to the Class X Certificate or the Class Y Certificates or to the respective holders thereof. The security for the Certificates is constituted by a deed of charge and assignment (the "**Deed of Charge**") dated on the Closing Date and made between, among others, the Issuer and Citibank, N.A., London Branch as trustee for the Secured Creditors (in such capacity, the "**Security Trustee**").

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or prior to the Closing Date and made between *inter alia* the Issuer, the Note Trustee, Citibank, N.A., London Branch as principal paying agent (in such capacity, the "**Principal Paying Agent**" and, together with any further or other paying agent appointed under the Agency Agreement, the "**Paying Agent**"), Citibank, N.A., London Branch as registrar (in such capacity, the "**Registrar**") and Citibank, N.A., London Branch as agent bank (in such capacity, the "**Agent Bank**"), provision is made for, *inter alia*, the payment of amounts in respect of the Certificates.

The statements in these Certificate Conditions include summaries of, and are subject to, the detailed provisions of the Note Trust Deed, the Deed of Charge, the Agency Agreement and a master framework agreement (the "**Master Framework Agreement**") entered into by, among others, the Issuer, the Note Trustee and the Security Trustee on the Closing Date and the other Transaction Documents (as defined in the Master Framework Agreement).

Physical copies of the Note Trust Deed, the Deed of Charge, the Agency Agreement, the Master Framework Agreement and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of the Principal Paying Agent. The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

### 2. INTERPRETATION

#### 2.1 Definitions

Capitalised terms not otherwise defined in these Certificate Conditions shall bear the meanings given to them in the Master Framework Agreement available as described above.

#### 2.2 Interpretation

These Certificate Conditions shall be construed in accordance with the principles of construction set out in the Master Framework Agreement.

### 3. FORM, DENOMINATION AND TITLE

#### 3.1 Form and Denomination

Each Certificate will initially be represented by a global certificate in registered form (a "**Global Certificate**").

For so long as any of the Certificates are represented by a Global Certificate, transfers and exchanges of beneficial interests in such Global Certificate and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank S.A./N.V. ("**Euroclear**") or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), as appropriate. The Global Certificate will be deposited with and registered in the name of a nominee of a common safekeeper for Euroclear and Clearstream, Luxembourg.

A Global Certificate will be exchanged for the relevant Certificate in definitive registered form (such exchanged Global Certificate in definitive registered form, the "**Definitive Certificates**") only if either of the following applies:

- (a) both Euroclear and Clearstream, Luxembourg:
  - (i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or
  - (ii) announce an intention permanently to cease business or to cease to make their book-entry systems available for settlement of beneficial interests in the Global Certificate and do in fact do either of those things,

and in either case no alternative clearing system satisfactory to the Note Trustee is available; 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 authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations which become effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Certificates which would not be required were the relevant Certificates in definitive registered form.

If Definitive Certificates are issued in respect of Certificates originally represented by a Global Certificate, the beneficial interests represented by such Global Certificate shall be exchanged by the Issuer for the relevant Certificates in registered definitive form.

Definitive Certificates will be serially numbered and will be issued in registered form only.

References to "**Certificates**" in these Certificate Conditions shall include the Global Certificate and the Definitive Certificates.

### 3.2 Title

Title to the Global Certificate 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 Certificate 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 Certificate 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 Definitive Certificates shall only pass by and upon registration of the transfer in the Register.

Definitive Certificates may be transferred upon the surrender of the relevant Definitive Certificate, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. All transfers of Definitive Certificates are subject to any restrictions on transfer set out on the Definitive Certificates and the detailed regulations concerning transfers in the Agency Agreement.

Each new Definitive Certificate to be issued upon transfer of such Definitive Certificate will, within five Business Days of receipt and surrender of such Definitive Certificate (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 Definitive Certificate to such address as may be specified in the relevant form of transfer.

Registration of a Definitive Certificate 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 SECURITY

##### 4.1 Status of the Certificates

- (a) The Certificates constitute direct, secured and (subject to the limited recourse provision in Condition 12.3 (*Limited Recourse*)) unconditional obligations of the Issuer.
- (b) The Class X Certificate ranks subordinate to items (a) to (d) of the Pre-Enforcement Revenue Priority of Payments as provided in these Certificate Conditions and the Transaction Documents.
- (c) The Class Y Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of the Class Y Payment at all times, but subordinate to items (a) to (l) of the Pre-Enforcement Revenue Priority of Payments as provided in these Certificate Conditions and the Transaction Documents.
- (d) The Note Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of the holders of each Class of Notes and each Class of Certificates (subject to the rights of the Directing Certificateholder) equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or Classes of Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Most Senior Class (subject to the rights of the Directing Certificateholder).
- (e) The Note Trust Deed and the Deed of Charge also contain provisions limiting the powers of any Class of Noteholders or Class of Certificateholders to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Class or Classes of Notes and/or Certificates ranking in priority thereto. Except in certain circumstances described in Condition 13 (*Meetings of Noteholders and Certificateholders, Modification, Waiver and Substitution*), the Note Trust Deed and the Deed of Charge contain no such limitation on the powers of the holders of the Most Senior Class, the exercise of which will be binding (save in respect of a Basic Terms Modification) on the holders of all other Classes of Notes and all other Classes of Certificates, in each case irrespective of the effect thereof on their respective interests.

As long as any Notes or Certificates are outstanding but subject to Condition 13.4, the Note Trustee and the Security Trustee shall not have regard to the interests of the other Secured Creditors.

##### 4.2 Security

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

5. **ISSUER COVENANTS**

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

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking;
- (b) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, declare any trust over or deal with, or grant any option or present or future right to acquire all or any of, its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (c) **Equitable and beneficial interest:** permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein other than the Legal Title Holder in respect of the legal title to the Mortgage Loans;
- (d) **Dividends or distributions by the Issuer:** pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the applicable Priority of Payments which are available for distribution in accordance with the Issuer's memorandum and articles of association and with applicable laws or issue any further shares;
- (e) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;
- (f) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;
- (g) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied, modified, terminated, postponed, waived or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;
- (h) **Restrictions on Activities**
  - (i) engage in any activity which is not reasonably incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;
  - (ii) have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
  - (iii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises; or
  - (iv) act as a director of any company;
- (i) **Purchase Certificates:** purchase or otherwise acquire any Certificates; or

- (j) **U.S. activities:** engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

6. **PAYMENTS**

6.1 **Right to Payments**

Each Certificate represents a *pro rata* entitlement of the Certificateholder to receive the Payments by way of deferred consideration for the purchase by the Issuer of the Portfolio.

6.2 **Payment**

A Payment shall be payable in respect of the Certificates on each Interest Payment Date as referred to below.

- (a) **"in issue"** means, in relation to the Certificates, all the Certificates issued from time to time other than:

- (i) those Certificates which have been cancelled in accordance with Certificate Condition 11.3 (*Limited Recourse*);
- (ii) those Certificates which have become void or in respect of which claims have become prescribed, in each case under Certificate Condition 9 (*Prescription*);
- (iii) those mutilated or defaced Certificates which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Certificate Condition 14 (*Replacement of Certificates*);
- (iv) any Global Certificate to the extent that it shall have been exchanged for another Global Certificate or for the Certificates in definitive form pursuant to the Certificate Conditions,

**provided that** for each of the following purposes, namely:

- (A) the right to attend and vote at any meeting of the Certificateholders of any Class or Classes or to participate in any Ordinary Resolution in writing, any Extraordinary Resolution in writing, any written resolution or an electronic consent as envisaged by the Note Trust Deed and any direction or request by the holders of Certificates of any Class or Classes;
- (B) the determination of how many and which Certificates are for the time being outstanding for the purposes of the Note Trust Deed, Certificate Condition 10 (*Events of Default*) and Certificate Condition 11 (*Enforcement*);
- (C) any discretion, power or authority (whether contained in the trust presents, or vested by operation of law) which the Security Trustee and/or the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Certificateholders or any Class or Classes thereof; and
- (D) the determination by the Note Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Certificateholders or any Class or Classes thereof,

those Certificates (if any) which are for the time being held by or on behalf of or for the benefit of the Seller or the Retention Holder (to the extent that such holding relates to the Retained Interest only) or any Affiliate thereof (the "**Relevant Person**"), in each case as

beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding except where all of the Certificates are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case the Certificates shall be deemed to remain in issue;

- (b) "**Interest Payment Date**" means the 22<sup>nd</sup> day of February, May, August and November 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 August 2018.
- (c) "**Payment**" means, in relation to the Class X Certificate, the Class X Payment, and in relation to the Class Y Certificates, the Class Y Payment.
- (d) "**Payment Amount**" means, for a Certificate on any date on which amounts are to be applied in accordance with the applicable Priority of Payments, the Payment for that date, divided by the number of Certificates of the relevant Class then in issue.
- (e) "**Class X Payment**" means, on any date of determination:

- (i) prior to the delivery of an Enforcement Notice and in respect of each Interest Payment Date, an amount equal to:

$$\frac{A \times B \times C}{D}$$

where,

"A" = 0.10 per cent.

"B" = the aggregate Current Balance of the Mortgage Loans calculated as of the immediately preceding Calculation Date)

"C" = the number of days in the relevant Interest Period

"D" = 365

with the total figure rounded downwards to the nearest £0.01, **provided that** if the Class X Certificate is cancelled prior to the date falling five years from the Closing Date, component "C" of the calculation for the Class X Payment on the relevant cancellation date shall be the number of days remaining from such date until the date falling five years from the Closing Date; or

- (ii) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, any Class X Payment calculated in accordance with paragraph (i) above which has accrued but is unpaid on the date of the Enforcement Notice.
- (f) "**Class Y Payment**" means, on any date of determination:
    - (i) prior to the delivery of an Enforcement Notice, in respect of each Interest Payment Date from (and including) the Closing Date, the amount by which Available Revenue Receipts exceeds the amounts required to satisfy items (a) to (l) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date; and
    - (ii) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, the amount by which amounts available for payment in accordance with the Post-Enforcement Priority of Payments exceeds the amounts required to satisfy items (a) to (g) of the Post-Enforcement Priority of Payments on that date.

- (g) "**Affiliate**" means, in relation to any person (i) a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company; or (ii) any other person that controls, is controlled by, or is under common control with such person.
- (h) "**Holding Company**" means, in relation to a person, any other person in respect of which it is a Subsidiary.
- (i) "**Subsidiary**" means any person (referred to as the "**first person**") in respect of which another person (referred to as the "**second person**"):
  - (i) holds a majority of the voting rights in that first person or has the right under the constitution of the first person to direct the overall policy of the first person or alter the terms of its constitution; or
  - (ii) is a member of that first person and has the right to appoint or remove a majority of its board of directors or equivalent administration, management or supervisory body; or
  - (iii) has the right to exercise (directly or indirectly) a dominant influence (which must include the right to give directions with respect to operating and financial policies of the first person which its directors are obliged to comply with whether or not for its benefit) over the first person by virtue of provisions contained in the articles (or equivalent) of the first person or by virtue of a control contract which is in writing and is authorised by the articles (or equivalent) of the first person and is permitted by the law under which such first person is established; or
  - (iv) is a member of that first person and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the first person or the rights under its constitution to direct the overall policy of the first person or alter the terms of its constitution; or
  - (v) has the power to exercise, or actually exercises (in either case, directly or indirectly) dominant influence or control over the first person; or
  - (vi) together with the first person are managed on a unified basis,

and for the purposes of this definition, a person shall be treated as a member of another person if any of that person's Subsidiaries is a member of that other person or, if any shares in that other person are held by a person acting on behalf of it or any of its Subsidiaries. A subsidiary undertaking shall include any subsidiary undertaking the shares of which (if any) are subject to a security interest and where the legal title to the shares so secured are registered in the name of the secured party or its nominee pursuant to such security.

### 6.3 **Determination of Payment**

The Cash Manager shall on each Interest Calculation Date determine the Payment payable on the immediately following Interest Payment Date (if any) and the Payment Amount payable in respect of each Class of Certificates on such Interest Payment Date.

### 6.4 **Publication of Payment and Payment Amount**

The Cash Manager shall cause the Payment and Payment Amount (if any) for each Class of Certificates for each Interest Payment Date to be notified to the Issuer, the Note Trustee, the Registrar and the Paying Agents (as applicable) and to be published in accordance with Certificate Condition 15 (*Notice to Certificateholders*) as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date.



## 6.5 **Determination by the Note Trustee**

The Note Trustee may, without liability therefor, if the Cash Manager defaults at any time in its obligation to determine the Payment and Payment Amount for any Class of Certificates (if any) in accordance with the above provisions and the Note Trustee has been notified of this default, determine or cause to be determined the Payment and Payment Amount (if any), in the manner provided in this Certificate Condition 6.5. In each case, the Note Trustee may, at the expense of the Issuer, engage an expert to make the determination and any such determination shall be deemed to be a determination made by the Cash Manager.

## 6.6 **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 Certificate Condition 6.6, whether by the Cash Manager or the Note Trustee, will (in the absence of wilful default or fraud) be binding on the Issuer, the Cash Manager, the Note Trustee, the Registrar, the Paying Agents and all Certificateholders and (in the absence of wilful default or fraud) no liability to the Issuer or the Certificateholders shall attach to the Cash Manager, the Registrar or, if applicable, the Note Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Certificate Condition 6.6.

## 6.7 **Determinations and Reconciliation**

Condition 6.8 (*Determinations and Reconciliation*) of the Notes shall have effect in relation to the Class Y Certificates as if set out in full herein.

## 7. **PAYMENTS**

### 7.1 **Payment of Payment Amounts**

Subject to paragraph (b) of Certificate Condition 3.1 (*Form and Denomination*), payments of Payment Amounts shall be made by:

- (a) (other than in the case of final cancellation) Sterling cheque; or
- (b) (other than in the case of final cancellation) upon application by the relevant Certificateholder to the specified office of the Principal Paying Agent not later than the fifteenth 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
- (c) (in the case of final cancellation) wire transfer 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.

### 7.2 **Laws and Regulations**

Payments of any Payment Amounts are subject, in all cases, to (a) any fiscal or other laws and regulations applicable thereto and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto. Certificateholders will not be charged commissions or expenses on payments.

### 7.3 **Change of Paying Agents**

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents, **provided that** there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London, and a person appointed to perform the obligations of the Registrar with a specified office in London.

Except where otherwise provided in the Note Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 60 days and no less than 30 days of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Certificateholders in accordance with Certificate Condition 15 (*Notice to Certificateholders*).

7.4 **No Payment on non-Business Day**

If the date for payment of any amount in respect of a Certificate is not a Presentation Date, Certificateholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to interest or other payment in respect of such delay. In this Certificate Condition 7.4, the expression "**Presentation Date**" means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

8. **TAXATION**

8.1 All payments by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imports, duties, fees, deductions, withholding or charges of any nature whatsoever and wheresoever imposed ("**Taxes**"), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer, the Note Trustee or the Security Trustee, or, as the case may be, the Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. For the avoidance of doubt, the Issuer, the Trustee and the Paying Agent shall be permitted to withhold or deduct any amounts required pursuant to a FATCA withholding. None of the Issuer, the Note Trustee, or the Security Trustee and any Paying Agent nor any other person shall be obliged to make any additional payments to Certificateholders in respect of such withholding or deduction.

9. **PRESCRIPTION**

Claims in respect of Payment Amounts will be prescribed after ten years from the Relevant Date in respect of the relevant payment.

In this Certificate Condition 9, the "**Relevant Date**", in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Certificateholders in accordance with Certificate Condition 15 (*Notice to Certificateholders*).

10. **EVENTS OF DEFAULT**

10.1 **Certificates**

The Note Trustee at its absolute discretion may, and, if so directed in writing by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class shall (subject to being indemnified and/or pre-funded and/or secured to its satisfaction as more particularly described in the Note Trust Deed), give a notice (an "**Enforcement Notice**") to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued (but unpaid) interest as provided in the Note Trust Deed (with a copy of such Enforcement Notice being sent simultaneously to the Security Trustee, the Relevant Servicer, the Issuer Account Bank and the Cash Manager in any of the following events (each, an "**Event of Default**")):

- (a) if default is made in the payment of any principal or interest due in respect of the Class X Certificate and/or the Most Senior Class of Notes and the default continues for: (i) a period of seven Business Days in the case of principal, or (ii) 14 Business Days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions of the Notes, these Certificate Conditions or any Transaction Document to which it is a party which in the opinion of the Note Trustee is materially prejudicial to the interests of

the holders of the Most Senior Class and the failure continues for a period of 30 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the failure to be incapable of remedy, then no continuation or notice as is aforementioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or

- (c) if any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the matters giving rise to such misrepresentation are not remedied within a period of 30 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (d) if any order is made by any competent court or any resolution is passed for the winding-up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of each Class of the Noteholders and Certificateholders; or
- (e) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of each Class of the Noteholders and the Certificateholders, or (ii) the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or (iii) is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or
- (f) if proceedings are initiated against the Issuer under any applicable liquidation, examinership, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with the court) for the appointment of an administrative or other receiver, manager, examiner, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the Issuer, is not discharged within 30 days; or
- (g) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, examinership, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

## 10.2 **General**

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Certificate Condition 10.1 (*Certificates*), the Payment for the relevant Class of Certificates pursuant to the Certificates shall thereby immediately become due and payable.

## 11. **ENFORCEMENT**

### 11.1 **General**

The Note Trustee may, at any time, at its discretion and without notice, take (or direct the Security Trustee to take) such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case

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

- (a) it shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding or directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Notes and/or the Certificates of the Most Senior Class; and
- (b) in all cases, it shall have been indemnified and/or pre-funded and/or secured to its satisfaction.

#### 11.2 **Limitations on Enforcement**

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

#### 11.3 **Limited Recourse**

If at any time following:

- (a) the occurrence of either:
  - (i) the Final Maturity Date or any earlier date upon which all of the Notes of each Class are due and payable; or
  - (ii) the service of an Enforcement Notice; and
- (b) realisation of the Charged Assets and application in full of any amounts available to pay amounts due and payable under the Certificates (including Payment Amounts),

the proceeds of such realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Priority of Payments to make a payment in respect of the Certificates, then the amount remaining to be paid shall cease to be due and payable by the Issuer and the Certificateholders shall have no further claim against the Issuer in respect of any further amounts due to be paid in respect of the Certificates.

Apart from the Note Trustee and the Security Trustee, none of the Certificateholders or any other Secured Creditor (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer or its directors, officers, successors or assigns, or join in any institution against the Issuer of, any bankruptcy, examinership, reorganisation, arrangement, insolvency, winding up or liquidation proceedings or for the appointment of a liquidator, administrator, receiver or any other insolvency official in relation to the Issuer or in relation to the whole or any substantial part of the undertakings of the Issuer.

## 12. **MEETINGS OF CERTIFICATEHOLDERS AND NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

### 12.1 **General**

- (a) The Note Trust Deed contains provisions for convening meetings of the Noteholders and/or Certificateholders of each Class and, in certain cases, more than one Class, to consider any matter affecting their interests, including the sanctioning by Extraordinary

Resolution of a modification of these Certificate Conditions, the Conditions or the provisions of any of the Transaction Documents.

- (b) For the purposes of these Certificate Conditions, "**Most Senior Class**" means the Class A Notes, or, if there are no Class A Notes then outstanding, the Class B Notes, or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes, or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class Y Certificates, or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding and there are no Class Y Certificates then in issue, the Class X Certificate.

12.2 **Most Senior Class, Limitations on other Noteholders and Certificateholders**

- (a) Other than in relation to a Basic Terms Modification, which requires an Extraordinary Resolution of the holders of each affected Class of Notes and/or Certificates then in issue, as applicable or in relation to matters determined or directed by or at the discretion of the Directing Certificateholder:
  - (i) an Extraordinary Resolution passed at any meeting of the holders of the Most Senior Class shall be binding on such Noteholders and/or Certificateholders and all other Classes of Noteholders and Classes of Certificateholders irrespective of the effect it has upon them;
  - (ii) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on such Noteholders and/or Certificateholders and all other Classes of Noteholders and Classes of Certificateholders ranking junior to such Class of Noteholders or Certificateholders in the Pre-Enforcement Revenue Priority of Payments irrespective of the effect it has upon them; and
  - (iii) no Extraordinary Resolution of any Class of Noteholders or Certificateholders shall take effect for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the holders of all other Classes of Noteholders and Classes of Certificateholders ranking senior to such Class of Noteholders or Certificateholders in the Pre-Enforcement Revenue Priority of Payments or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of such senior ranking Classes of Noteholders and Certificateholders.
- (b) No Extraordinary Resolution of the holders of a Class of Notes and/or a Class of Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Class of Certificates shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding and/or the holders of each affected Class of Certificates then in issue which are affected by such Basic Terms Modification.
- (c) No Ordinary Resolution that is passed by the holders of the Notes or Certificates shall take effect for any purpose while any of the Notes remain outstanding unless it shall have been sanctioned by an Ordinary Resolution of the holders of the Most Senior Class, or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class or has been sanctioned by the Directing Certificateholder in respect of any matter relating to the rights of the Directing Certificateholder.

12.3 **Quorum**

- (a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes of Notes or Certificateholders of any Class or Classes of Certificates for passing an Ordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates then outstanding or in issue, as applicable.

- (b) Subject as provided below, the quorum at any meeting of Noteholders and/or Certificateholders of any Class of any Notes or Certificates for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes or Certificates then outstanding or in issue, as applicable.
- (c) Subject to the more detailed provisions set out in the Note Trust Deed, the quorum at any meeting of any holders of any Class of Notes or holders of any Class of Certificates for passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of any Class of the Notes or Certificates, (ii) sanction a modification of the date of payment of principal or interest or amounts due in respect of any Class of the Notes or Certificates, (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of any Class of the Notes, or where applicable, of the method of calculating the amount of any principal or interest payable in respect of any Class of the Notes or of the method of calculating the amounts payable in respect of any Class of the Certificates, (iv) alter the currency in which payments under any Class of the Notes or Certificates are to be made, (v) alter the quorum or majority required in relation to a resolution or a meeting of holders of any Class of the Notes or Certificates, (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of the Notes or the Certificates, (vii) alter the priority of payment of interest or principal in respect of any Class of the Notes or amounts in respect of any Class of Certificates and (viii) change the definition of Basic Terms Modification, (each a "**Basic Terms Modification**"), shall be one or more persons holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of the affected Class of Notes or Certificates then outstanding or in issue, as applicable.
- (d) The quorum at any adjourned meeting will be:
  - (i) for an Ordinary Resolution, one or more persons present and holding or representing not less than 10 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates then outstanding or in issue, as applicable; or
  - (ii) subject as provided below, for an Extraordinary Resolution, one or more persons present and holding or representing in the aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes or Certificates then outstanding or in issue, as applicable; and
  - (iii) for a Basic Terms Modification, one or more persons present and holding or representing not less than 75 per cent. of the aggregate Principal Amount Outstanding of the affected Class of Notes or Certificates then outstanding or in issue, as applicable.

12.4 The Note Trustee or, as the case may be, the Security Trustee may or, in the case of paragraph (c) below, shall at any time and from time to time, only with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree with the Issuer and any other parties in making or sanctioning any modification:

- (a) to the Conditions, the Certificate Conditions, the Note Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee or, as the case may be, the Security Trustee will not be materially prejudicial to the interests of the Noteholders or the interests of the Certificateholders or the interests of the Note Trustee or the Security Trustee; or
- (b) to the Conditions, the Certificate Conditions, the Note Trust Deed or any other Transaction Document if in the opinion of the Note Trustee or, as the case may be, the Security Trustee such modification is of a formal, minor or technical nature or to correct a manifest error; or

- (c) that would result in the Issuer entering into any new and/or amended bank account agreement or collection account agreement (including (i) where the unsecured, unsubordinated and unguaranteed debt obligations of the Issuer Account Bank or Collection Account Bank are downgraded below any relevant rating level as set out in the relevant Transaction Document, and the Issuer is required to take certain remedial actions (as set out in the relevant Transaction Document) and/or (ii) following the Closing Date, any collection account agreement, Issuer Account Bank Agreement and/or declaration of trust in respect of any collection account by Topaz in its capacity as Legal Title Holder for the benefit of the Issuer **provided that** the Issuer certifies to the Security Trustee and/or the Note Trustee (upon which the Security Trustee and Note Trustee shall rely without further enquiry or liability) that any such new agreement and/or amendment (including, for the avoidance of doubt, any new appointment made thereunder) would not have an adverse effect on the Most Senior Class and **further provided that** neither the Note Trustee nor the Security Trustee shall be obliged to agree to any such new agreement and/or amendment (including, for the avoidance of doubt, any new appointment made thereunder) which, in the sole opinion of the Note Trustee or the Security Trustee, would have the effect of (i) exposing the Note Trustee and/or the Security 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 protections, of the Note Trustee and/or the Security Trustee under the Transaction Documents and/or the Conditions and/or the Certificate Conditions.

12.5 The Note Trustee may, or may direct the Security Trustee to, without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without prejudice to its rights in respect of any further or other breach or Event of Default, from time to time and at any time, but only if and in so far as in the sole opinion of the Note Trustee or, as the case may be, the Security Trustee the interests of the Noteholders or the Certificateholders will not be materially prejudiced thereby, authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions, the Certificate Conditions or any of the Transaction Documents by any party thereto or determine that any Event of Default shall not be treated as such, **provided that** the Note Trustee shall not exercise any powers conferred on it by this Certificate Condition 12.5 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class or by a direction under Certificate Condition 10 (*Events of Default*) but so that no such direction shall affect any waiver, authorisation or determination previously given or made.

12.6 Notwithstanding the foregoing provisions of this Condition 12, the Note Trustee shall be obliged, without any consent or sanction of the Noteholders or Certificateholders, or, subject to paragraph (d)(iii) below, any of the other Secured Creditors, to concur with the Issuer or direct the Security Trustee to concur in making any modification (other than in respect of a Basic Terms Modification) to these Certificate Conditions or any other Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary:

- (a) for the purpose of complying with any changes in the requirements of the U.S. Credit Risk Retention Requirements, Article 254 of the Solvency II Regulation, Article 405 of the CRR, Article 17 of the AIFMD, Article 51 of the AIFMR or Section 15G of the Securities Exchange Act of 1934, as added by section 941 of the Dodd-Frank Wall Street Reform, the Securitisation Regulations and the Consumer Protection Act, after the Issue Date, including as a result of the adoption of Regulatory Technical Standards in relation to the CRR or the AIFMR or any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (b) for the purposes of enabling the Issuer or any of the other Transaction Parties to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), provided that the Issuer or the relevant Transaction Party, as applicable, certifies to the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

- (c) for the purposes of enabling the Issuer to comply with the provisions of Rule 17g-5 of the Securities Exchange Act of 1934, provided that the Issuer certifies to the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (d) for the purpose of complying with any changes in the requirements of the Credit Rating Agencies Regulation after the Issue Date, including as a result of the adoption of Regulatory Technical Standards in relation to the Credit Rating Agencies Regulation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by the Issuer or the relevant Transaction Party, as the case may be, pursuant to paragraphs (a) to (f) above being a "**Modification Certificate**"), provided that:

- (i) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Note Trustee;
- (ii) the Modification Certificate in relation to such modification shall be provided to the Note Trustee both at the time the Note Trustee is notified of the proposed modification and on the date that such modification takes effect; and
- (iii) the consent of each Secured Creditor which is party to the relevant Transaction Document has been obtained,

and **provided further that** (x) the Issuer has provided at least 30 calendar days' notice to the Certificateholders of each Class of the proposed modification in accordance with Condition 15 (*Notice to Certificateholders*) and by publication on Bloomberg on the "Company News" screen relating to the Certificates, and (y) Noteholders or Certificateholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding or in issue have not contacted the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Certificates may be held) within such notification period notifying the Note Trustee that such Certificateholders do not consent to the modification.

If Certificateholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Certificates have notified the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes or 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 Certificateholders of the Most Senior Class of Certificates is passed in favour of such modification in accordance with Condition 12.2 (*Most Senior Class, Limitations on other Noteholders and Certificateholders*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Certificateholder's holding of the Certificate.

Notwithstanding any other provision of any Transaction Document:

- (a) when implementing any modification pursuant to this Condition 12.6 (save to the extent the Note Trustee considers that the proposed modification would constitute a Basic Terms Modification), the Note Trustee shall not consider the interests of the Certificateholders, any other Secured Creditor or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 12.6 and shall not be liable to the Certificateholders, 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 Note Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Note Trustee would have the effect of (i) exposing the Note Trustee or the Security 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 protections, of the Note Trustee or the Security Trustee in the Transaction Documents and/or these Conditions.

Any such modification shall be binding on all Certificateholders and shall be notified by the Issuer as soon as reasonably practicable to:

- (a) the Secured Creditors; and
- (b) the Certificateholders in accordance with Condition 15 (*Notice to Certificateholders*).

12.7 Any such modification, waiver, authorisation or determination by the Note Trustee and/or the Security Trustee, as applicable, in accordance with the Conditions, these Certificate Conditions or the Transaction Documents shall be binding on the Certificateholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Certificateholders as soon as practicable thereafter in accordance with Certificate Condition 15 (*Notice to Certificateholders*).

12.8 In connection with any such substitution of principal debtor referred to in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), the Note Trustee and the Security Trustee may also agree, without the consent of the Certificateholders or the other Secured Creditors, to a change of the laws governing the Certificates, these Certificate Conditions and/or any of the Transaction Documents, **provided that** such change would not, in the opinion of the Note Trustee or, as the case may be, the Security Trustee be materially prejudicial to the interests of the Certificateholders.

12.9 Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Certificate Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), and subject to the rights of the Directing Certificateholder, the Note Trustee or the Security Trustee is required to have regard to the interests of the Noteholders or Certificateholders of any Class or Classes, it shall (A) have regard to the general interests of the Noteholders or Certificateholders of such Class or Classes but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders or Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Noteholders or Certificateholders be entitled to claim from the Issuer, the Note Trustee or the Security Trustee or any other person, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Certificateholders and (B) subject to the more detailed provisions of the Note Trust Deed and the Deed of Charge, as applicable, have regard to the interests of holders of each Class of Notes and Class of Certificates (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or Class of Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Most Senior Class of Notes or Certificates.

12.10 "**Ordinary Resolution**" means:

- (a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Note Trust Deed and the Certificate Conditions by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is

duly demanded, by a clear majority of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the relevant class of Notes and/or Certificates held by such Eligible Persons);

- (b) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of not less than a clear majority of the aggregate Principal Amount Outstanding of the Notes and/or Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant class of Noteholders and/or the Certificateholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes or Class of Certificates, in each case, **provided that** that any resolution relating to matters concerning the rights of the Directing Certificateholder shall only be binding if sanctioned by the Directing Certificateholder.

12.11 "**Extraordinary Resolution**" means:

- (a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Note Trust Deed and the Certificate Conditions by at least 75 per cent. of the Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the relevant class of Notes and/or the Certificates held by such Eligible Persons);
- (b) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of at least 75 per cent. of the aggregate Principal Amount Outstanding of the Notes and/or the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant class of Noteholders and/or the Certificateholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding of at least 75 per cent. in aggregate Principal Amount Outstanding of the relevant class of Notes and/or Certificates.

12.12 "**Eligible Person**" means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a bearer of any Voting Certificate; and
- (b) a proxy specified in any Block Voting Instruction.

12.13 "**Voting Certificate**" means an English language certificate issued by a Paying Agent in which it is stated that on the date thereof the Notes and/or Certificates (not being the Notes and/or Certificates (as applicable) in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Notes and/or Certificates will cease to be so blocked until the first to occur of:

- (i) the conclusion of the meeting specified in such Voting Certificate; and
- (ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and

that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes and/or Certificates represented by such Voting Certificate.

12.14 **"Block Voting Instruction"** means an English language document issued by a Paying Agent in which:

- (a) it is certified that on the date thereof Notes and/or Certificates (not being Notes and/or Certificates (as applicable) in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Notes and/or such Certificates will cease to be so blocked until the first to occur of:
  - (i) the conclusion of the meeting specified in such Block Voting Instruction; and
  - (ii) the Notes and/or the Certificates ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;
- (b) it is certified that each holder of such Notes and/or such Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the Certificates so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion thereof, neither revocable nor capable of amendment;
- (c) the aggregate principal amount or aggregate total amount of the Notes and/or the number of Certificates so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (d) one or more persons named in such Block Voting Instruction (each hereinafter called a "**proxy**") is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes and/or the Certificates so listed in accordance with the instructions referred to in paragraph (c) above as set out in such Block Voting Instruction, **provided that** no such person shall be named as a proxy:
  - (i) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
  - (ii) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the meeting when it is resumed.

12.15 The Certificates will not have a Principal Amount Outstanding. However, for the purposes of the voting and quorum provisions, and the provision concerning the giving of directions in writing to the Note Trustee or the Security Trustee, set out in the Conditions, the Certificate Conditions, the Deed of Charge and the Note Trust Deed any reference to the Principal Amount Outstanding of the Class X Certificate and the Class Y Certificates shall be deemed to be £10,000 and £10,000 respectively.

12.16 **Issuer Substitution Condition**

The Note Trustee may agree, subject to such amendment of these Certificate Conditions and of any of the Transaction Documents, and to such other conditions as the Note Trustee may require and subject to the terms of the Note Trust Deed, but without the consent of the Certificateholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Note Trust Deed, the Notes and the Certificates and in respect of the other secured obligations, **provided that** the conditions set out in the Note Trust Deed are satisfied including, *inter alia*, that the Certificates are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Certificate Condition 5 (*Issuer Covenants*). In the case of a substitution pursuant to this

Certificate Condition 12.16, the Note Trustee may in its absolute discretion agree, without the consent of the Certificateholders, to a change in law governing the Certificates and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Certificateholders.

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

- (a) The Note Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or pre-funded and/or secured to their satisfaction.
- (b) The Note Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual Certificateholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

14. **REPLACEMENT OF CERTIFICATES**

If any 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 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 Certificate must be surrendered before a new one will be issued.

15. **NOTICE TO CERTIFICATEHOLDERS**

15.1 **Publication of Notice**

- (a) While the Certificates are represented by a Global Certificate, notices to Certificateholders will be valid if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to 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.
- (b) While the Certificates are represented by Definitive Certificates, the Note Trustee shall be at liberty to sanction any method of giving notice to the 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 Certificateholders in such manner as the Note Trustee shall deem appropriate.

15.2 **Note Trustee's Discretion to Select Alternative Method**

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Certificateholders or category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the quotation systems on or by which the Certificates are then quoted and/or traded and **provided that** notice of such other method is given to the Certificateholders in such manner as the Note Trustee shall require.

## 16. DIRECTING CERTIFICATEHOLDER

- 16.1 The holder(s) of more than 50 per cent. of the Class Y Certificates (for the avoidance of doubt excluding the Class Y Certificates held directly or indirectly by the Retention Holder) (such certificateholders, the "**Instructing Certificateholders**") may by way of Ordinary Resolution (i) appoint a Class Y Certificateholder (or its representative or nominee) as the Directing Certificateholder, or (ii) terminate a previously appointed Directing Certificateholder and appoint a Class Y Certificateholder (or its representative or nominee) as successor Directing Certificateholder. A Directing Certificateholder may retire by giving not less than 21 days' notice in writing to the Class Y Certificateholders (in accordance with the terms of Condition 16 (*Notice to Noteholders*)) and the Instructing Certificateholders may appoint a Class Y Certificateholder (or its representative or nominee) as a successor Directing Certificateholder). The Directing Certificateholder appointment shall take effect when it notifies the Issuer and Note Trustee of its appointment (attaching a copy of the relevant Ordinary Resolution).
- 16.2 The Directing Certificateholder will have the rights of the Directing Certificateholder set out in the Transaction Documents. Each Certificateholder acknowledges and agrees, by its purchase of the Certificates, that:
- (a) the Directing Certificateholder may have special relationships and interests that conflict with those of the holders of one or more classes of the Notes and/or Certificates;
  - (b) the Directing Certificateholder may act solely in the interests of, and take actions that favour the interests of, the Instructing Certificateholders over the interests of the other Noteholders and/or Certificateholders;
  - (c) the Directing Certificateholder does not have any duties to any Noteholders or Certificateholders other than the Instructing Certificateholders;
  - (d) the Directing Certificateholder will not be deemed to have been negligent or reckless, or to have acted in bad faith or engaged in wilful misconduct, by reason of its having acted solely in the interests of the Instructing Certificateholders; and
  - (e) the Directing Certificateholder has no fiduciary duty to the Noteholders and/or Certificateholders and will have no liability whatsoever for having acted solely in the interests of the Instructing Certificateholders, and no holder of any other Class of Notes or Certificates may take any action whatsoever against the Directing Certificateholder for having so acted.

## 17. JURISDICTION AND GOVERNING LAW

- (a) The Courts of England (the "**Courts**") are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Certificates and/or the Transaction Documents may be brought in such Courts.
- (b) The Transaction Documents, the Notes, the Certificates and these Certificate Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law.
- (c) Nothing shall prevent the Note Trustee or the Security Trustee from bringing proceedings in any court of competent jurisdiction.

## 18. RIGHTS OF THIRD PARTIES

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



## UNITED KINGDOM TAXATION

*The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the published practice of HMRC, which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. This summary does not deal with any taxation implications of an investment in the Certificates. Noteholders and Certificateholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders and Certificateholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes or the Certificates are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders and Certificateholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes and the Certificates even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.*

### **Interest on the Notes**

#### ***Withholding tax on payments of interest on the Notes***

The Notes will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and they are officially listed, in accordance with provisions corresponding to those generally applicable in the European Economic Area in a country outside the United Kingdom in which there is a recognised stock exchange. The Irish Stock Exchange plc, trading as Euronext Dublin is a recognised stock exchange for such purposes, and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be officially listed in Ireland and are admitted to trading on the regulated market of Euronext Dublin.

In all cases falling outside the exemption described above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

The Class C Notes will be issued at an issue price of less than 100 per cent. of their principal amount. The discount element on these Notes will not generally be subject to any United Kingdom withholding tax as described above.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the issuer pursuant to Condition 13.17 (*Issuer Substitution Condition*) of the Notes or otherwise and does not consider the tax consequences of any such substitution.

**WITHHOLDING OF U.S. TAX ON ACCOUNT OF FATCA**

The United States has enacted rules, commonly referred to as FATCA, that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA.

The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with the United Kingdom. Under the intergovernmental agreement, as currently drafted, the Issuer does not expect non-U.S. source payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future.

Whilst the Notes are in global form and held within Euroclear and Clearstream, Luxembourg (together, the "ICSDs"), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the Common Safekeeper, given that each of the entities in the payment chain from (but excluding) the Issuer to (but including) the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA-compliant holder could be subject to withholding. However, definitive Notes will only be printed in remote circumstances. Potential investors should be aware that no additional amounts will be payable if any payments in relation to the Notes are subject to withholding or deduction under FATCA.

**FATCA is particularly complex and its application is uncertain at this time. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**



## CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion addresses certain U.S. federal income tax considerations of acquiring, holding and disposing of the Rule 144A Notes.

This discussion does not address all aspects of U.S. federal tax law. In particular, except as specifically indicated in this discussion, it addresses only the tax consequences to U.S. Holders (as defined below) that purchase Rule 144A Notes in the original offering at their original issue price and hold Rule 144A Notes as capital assets for U.S. federal income tax purposes. It does not address special U.S. federal income tax considerations that may be relevant to particular investors in light of their individual investment circumstances or to certain types of investors subject to special tax rules – such as, financial institutions, insurance companies, regulated investment companies, real estate investment trusts, tax-exempt entities, dealers or traders in securities or currencies, U.S. expatriates, investors holding Rule 144A Notes as part of a conversion transaction, hedge, integrated transaction, constructive sale transaction or as a position in a straddle for tax purposes, or persons whose functional currency, for U.S. federal income tax purposes, is not the U.S. dollar. This discussion does not address the characterisation of Rule 144A Notes for U.S. federal income tax purposes that are held by members of the expanded (or modified expanded) group under temporary U.S. Treasury regulations under Section 385 of the Internal Revenue Code of 1986, as amended (the "**Code**") (or any successor regulations). Further, this discussion does not address alternative minimum tax consequences or any tax considerations to holders of Rule 144A Notes. In addition, this discussion does not address any state, local, non-U.S. or other tax considerations.

This discussion is based on the Code, the U.S. Treasury regulations promulgated thereunder and administrative and judicial authorities, all as in effect on the date of this Prospectus and all of which are subject to change, possibly on a retroactive basis. There are no authorities directly addressing instruments substantially identical to the Rule 144A Notes and the transactions associated with this offering and no ruling on any of the consequences or issues discussed below will be sought from the U.S. Internal Revenue Service (the "**IRS**") in connection with this offering. Prospective investors are urged to consult their own tax advisers about the U.S. federal income tax consequences of an investment in the Rule 144A Notes, as well as the treatment of the investment under the laws of any state, local or non-U.S. taxing jurisdictions, in light of their particular circumstances.

For the purposes of this discussion, a "**U.S. Holder**" means a holder of Rule 144A Notes that is, for U.S. federal income tax purposes:

- (i) an individual who is a citizen or resident of the United States;
- (ii) a corporation, or other entity treated as a corporation, created in or under the laws of the United States, any state, any political subdivision of any state or the District of Columbia;
- (iii) an estate whose income is includible in gross income for U.S. federal income tax purposes without regard to source; and
- (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States Persons (as defined in the Code) have the authority to control all substantial decisions of the trust.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes invests in the Rule 144A Notes, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership.

### **Certain Accrual Method Taxpayers**

Under recently enacted legislation, certain U.S. holders that use an accrual method of accounting for tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on their financial statements – which may be earlier than would be the case under the rules described above. This rule generally will be effective for such U.S. Holders for tax years beginning after 31 December 2017, except that in the case of income from a debt instrument having OID, the rule will be effective for tax years beginning after 31 December 2018. U.S. Holders that use an accrual method of accounting should consult with their tax advisors regarding the potential applicability of this legislation to their particular situations.

### **Tax Treatment of the Rule 144A Notes**

The Issuer has received advice from Clifford Chance US LLP that, subject to certain assumptions and qualifications, although there is no authority addressing the characterisation of securities with terms similar to such Rule 144A Notes under current law, and while not free from doubt, the Class A Notes and the Class B Notes will be treated as debt for U.S. federal income tax purposes. The Issuer intends to treat the Class A Notes and the Class B Notes as debt for U.S. federal income tax purposes, and each investor, by acceptance of such Notes, will agree to follow this treatment. However, this treatment is not binding on the IRS, and the IRS could assert, and a court could ultimately hold, that a class of Rule 144A Notes are equity in the Issuer for U.S. federal income tax purposes.

Rule 144A Notes that are classified as debt for U.S. federal income tax purposes will be subject to the rules discussed under "*Tax Treatment of Rule 144A Notes Classified as Debt*" below. Rule 144A Notes that are classified as equity for U.S. federal income tax purposes will be subject to the rules discussed under "*Tax Treatment of Rule 144A Notes Classified as Equity*" below. An investment in Rule 144A Notes classified as equity in the Issuer for U.S. federal income tax purposes may have materially adverse tax consequences for U.S. Holders. Prospective investors should consult with their own tax advisers as to the possibility of recharacterisation of the Rule 144A Notes treated by the Issuer as debt for U.S. federal income tax purposes as equity interests in the Issuer and the impact in their particular circumstances were this to happen.

### **Tax Treatment of Rule 144A Notes Classified as Debt**

**Payments of Interest.** Subject to the discussion about Rule 144A Notes treated as having been issued with original issue discount ("**OID**") for U.S. federal income tax purposes described below, interest on the Rule 144A Notes will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

The amount of interest paid with respect to a Rule 144A Note that is includible in income by a U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes is the U.S. dollar value of the amount paid translated at the spot rate of exchange on the date such payment is received by such U.S. Holder.

A class of Rule 144A Notes may be issued with more than a *de minimis* amount of OID. In general, OID is the excess of the stated redemption price at maturity of a debt instrument over its issue price, unless that excess falls within a statutorily defined *de minimis* exception. The issue price for the Rule 144A Notes is the price at which a substantial portion of the relevant class of Rule 144A Notes are first sold to the public. In general, the stated redemption price at maturity of a note is the sum of all payments made on the note other than payments of "qualified stated interest". Qualified stated interest is interest that (i) is payable at least annually over the entire life of the note and (ii) is based on a single fixed rate or a qualifying variable rate – or certain combinations of fixed and qualifying variable rates. Stated interest on the Rule 144A Notes is expected to be qualified stated interest. It is possible that the IRS could take the position that no interest payments on some or all Rule 144A Notes that provide for the possibility of Deferred Interest are qualified stated interest. However, it is expected that the IRS would not prevail if it advanced this position. If the deferral of an interest payment actually occurs with respect to a series of Rule 144A Notes, solely for purposes of the OID rules, those Rule 144A Notes would be treated as retired and reissued at a price equal to their fair market value at that time and the remaining interest payments would likely not be considered qualified stated interest in which case they would be added to the principal amount for purposes of determining the stated redemption price at maturity and OID on the Rule 144A Notes.

If a class of Rule 144A Notes were treated as being issued with OID, a U.S. Holder of such Rule 144A Notes would be required to include OID in income as interest over the term of such Rule 144A Note under a constant yield method using a "reasonable prepayment assumption" pursuant to the OID rules. To date, the IRS has not issued any guidance clarifying how a reasonable prepayment assumption should be determined. In general, OID must be included in income in advance of the receipt of cash representing that income. Thus, each cash payment would be treated as an amount already included in income, to the extent OID has accrued as of the date of payment. If any stated interest were required to be accrued under the OID rules, this treatment should have no significant effect on U.S. Holders using the accrual method of accounting (except to require the accrual of any discount on the Rule 144A Notes even if it would otherwise be considered *de minimis*). However, cash method U.S. Holders would be

required to report such stated interest income on the Rule 144A Notes in advance of the receipt of cash attributable to that income. Under these rules, a U.S. Holder must include that discount in income (as gain on sale) proportionately as principal payments are made on such Rule 144A Notes. Prospective investors should consult their tax advisors as to the operation of these rules.

In the case of interest on a Rule 144A Note held by a U.S. holder that uses the accrual method of accounting, and a U.S. Holder of a Rule 144A Note that bears OID, regardless of the method of accounting used, such U.S. Holder is required to include the U.S. dollar value of such interest income that accrued during the relevant accrual period. The U.S. dollar value of such accrued interest income generally is determined by translating such interest income at the average rate of exchange for such accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year). Alternatively, such U.S. Holder may elect to translate such interest income at the spot rate of exchange on the last day of such accrual period (or, with respect to an accrual period that spans two taxable years, the partial period within the taxable year). If the last day of an accrual period is within five business days of receipt of the payment in respect of the related accrued interest, a U.S. Holder that has made such election may translate such accrued interest using the spot rate of exchange on the date of receipt of such payment. The above election will apply to all debt obligations held by such U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder generally will recognise foreign currency exchange gain or loss with respect to such accrued interest income or OID on the date the payment in respect of such interest income is received if there is any difference between the rate of exchange used to determine such interest income and the rate of exchange on the date such payment is received.

Interest payments on a Rule 144A Note generally will constitute foreign source income for U.S. federal income tax purposes, while any foreign currency exchange gain or loss generally will be treated as ordinary income or loss from sources within the United States. Subject to generally applicable limitations and restrictions, any non-U.S. withholding tax imposed on interest payments may give rise to a tax credit or deduction for U.S. Holders. These rules are particularly complex and prospective investors should consult their own tax advisers concerning the application of these rules to their particular circumstances.

***Disposition or Retirement.*** Upon the sale, exchange or retirement of a Rule 144A Note – including pursuant to a redemption by the Issuer prior to its maturity date – a U.S. Holder will recognise gain or loss equal to the difference between the amount realised and the U.S. Holder's adjusted tax basis in the relevant Rule 144A Note. The amount realised does not include any amount attributable to accrued but unpaid qualified stated interest, which will be treated like a payment of interest, discussed above. In general, a U.S. Holder's adjusted tax basis in a Rule 144A Note will be equal to the U.S. Holder's cost for such debt instrument, plus any OID and less the amount of any payments received by the U.S. Holder that are not payments of qualified stated interest. The amount realised on the sale, exchange, redemption or retirement of a Rule 144A Note is treated as currency exchange gain or loss to the extent attributable to fluctuations in exchange rates between the time the Rule 144A Note was acquired and the date of disposition. This gain or loss will equal the difference between the U.S. dollar value of the principal amount of the Rule 144A Notes on the date of disposition or receipt of redemption proceeds, as applicable, and the U.S. dollar value of the principal amount on the date the U.S. Holder acquired the Rule 144A Note. This gain or loss will be realised only to the extent of the total gain or loss realised by a U.S. Holder on the disposition or retirement of the Rule 144A Note and will be treated as ordinary income or loss. Gain or loss in excess of exchange gain or loss on a Rule 144A Note will generally be treated as U.S. source capital gain or loss, and will be long-term gain or loss if the note was held for more than one year. Long-term capital gains of non-corporate U.S. Holders are generally taxed at preferential rates. The deductibility of capital losses is subject to limitations.

U.S. Holders should consult their own tax advisers regarding method to measure the U.S. dollar value of payments and the treatment of foreign currency received.

#### **Tax Treatment of Rule 144A Notes Classified as Equity**

***Investment in a Passive Foreign Investment Company.*** Because of the nature of the income of the Issuer, the Issuer will be classified as a passive foreign investment company – or "**PFIC**". Accordingly, except as provided below under "*Controlled Foreign Corporation Status*", any Rule 144A Notes treated as equity will be subject to the PFIC rules discussed below.

In general, U.S. Holders treated as shareholders of a PFIC would be subject to adverse tax rules on any gain (including gain realised on a pledge of the Rule 144A Notes that would not otherwise be a taxable event for U.S. federal income tax purposes) and certain interest payments. Such amounts will be allocated to each day in the U.S. Holder's holding period in a Rule 144A Note. Amounts allocable to the year of the gain or interest payment are taxable as ordinary income and amounts allocable to prior years are subject to tax at the highest rates that could be assessed in such year against a corporate or non-corporate investor, as applicable. In addition, the tax owed on amounts allocated to a prior year are subject to an interest charge calculated from the due date for the return for such prior year until the due date of the year of the gain or interest payment. Interest payments will be subject to these rules to the extent the interest payments for a particular taxable year exceed 125 per cent. of the average amount of interest payments (or other payments treated like distributions for U.S. federal income tax purposes) received by the U.S. Holder during the prior three years (or, if shorter, over the U.S. Holder's holding period in the Rule 144A Notes) ("**excess distributions**"). None of the distributions received by a U.S. Holder during the initial taxable year in which it invests in Rule 144A Notes will be treated as an excess distribution. However, distributions in subsequent years may be excess distributions as a result of a number of factors, including there being fewer coupon payments scheduled in that initial year, changes in exchange rates causing the payments to fluctuate in U.S. dollar terms, and (for those notes that pay interest at a floating rate) fluctuations in the interest rate over the term of the Rule 144A Notes.

U.S. Holders may elect to be subject to different rules, which may mitigate the consequences discussed above, if they are eligible to make either of two elections that can be made with respect to investment in certain PFICs. It is uncertain whether either election would be available to a U.S. Holder for the Rule 144A Notes.

The first election is to treat the Issuer as "qualified electing fund" (or "**QEF**"). The QEF election would be effective only if an investor has access to certain information, and the Issuer does not expect that this will be the case, so no assurance can be given to investors that any QEF election made with respect to the Rule 144A Notes would be effective.

If a U.S. Holder is able to and makes a QEF election with respect to a note with its tax return for the first taxable year in which it is a U.S. Holder, the U.S. Holder generally would be required to include its *pro rata* share of the Issuer's ordinary income and net capital gains in income for each taxable year and pay tax on it, even if such income and gain were not distributed to the U.S. Holder. In some cases, an electing U.S. Holder might be entitled to defer tax on such income or gains until the U.S. Holder receives corresponding payments, but would have to pay an interest charge on such deferred tax liabilities. Losses of the Issuer would not, however, be deductible by the U.S. Holder. If the Issuer later distributed the income or gain on which a U.S. Holder had already paid tax, the U.S. Holder would not be taxed on such payments again. A U.S. Holder's tax basis in such a note would be increased by the amounts included in income under this regime and decreased by the amount of non-taxable distributions received. In general, a U.S. Holder making a QEF election would recognise capital gain or loss on a disposition of its Rule 144A Notes in an amount equal to the difference, if any, between the amount realised upon such disposition and the tax basis in such Rule 144A Notes. Once made, a QEF election cannot be revoked without the consent of the IRS.

A second election that can sometimes be made with respect to an interest in a PFIC is a mark-to-market election. This election would be available if the notes are regularly traded on an exchange that the IRS determined to be qualified for these purposes. Although the Issuer believes that each class of Rule 144A Notes will be listed on a qualified exchange, the Rule 144A Notes will only be considered to be regularly traded for any calendar year during which they are traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. No assurance can be made, and no representation is being given, that the Rule 144A Notes would be eligible for the mark-to-market election.

If a U.S. Holder properly makes the mark to market election, it would be required to recognise each year as ordinary income an amount equal to the excess, if any, of the fair market value of the Rule 144A Notes at the close of the year over the U.S. Holder's adjusted tax basis in the Rule 144A Notes. For this purpose, a U.S. Holder's adjusted basis would generally be the U.S. Holder's cost for the Rule 144A Notes, increased by the amount previously included in the U.S. Holder's income pursuant to this mark-to-market election and decreased by any amount previously allowed to the U.S. Holder as a deduction pursuant to this election. If, at the close of the year, the U.S. Holder's adjusted tax basis exceeded the fair market value of the Rule 144A Notes, then the U.S. Holder could deduct any of this excess ordinary income, but only to the extent of net mark-to-market gains previously included in income. Any gain from the actual

sale of the Rule 144A Notes would be treated as ordinary income, and any loss would be treated as ordinary loss to the extent of net mark-to-market gains previously included in income.

Regardless of whether any election is made with respect to Rule 144A Notes that are treated as interests in a PFIC, a U.S. Holder would have additional U.S. tax form filing requirements as a result of the investment. Because the Issuer does not expect the QEF election to be available to an investor to mitigate the effect of the PFIC provisions, and it is unclear whether mark-to-market would be available either, U.S. Holders should consult their own tax advisers with respect to the potentially materially adverse tax consequences arising under the PFIC provisions discussed above.

*Foreign Currency Considerations* For purposes of calculating any deemed distribution of earnings of the Issuer under the PFIC rules, the amount of such earnings is determined in the functional currency of the Issuer, and translated into U.S. Dollars at the average exchange rate for the taxable year of the Issuer. Amounts which are included in the income of the U.S. Holder upon receipt are translated into U.S. Dollars at the spot rate on the date of receipt. U.S. Holders may recognise Foreign Currency gain or loss attributable to fluctuations in exchange rates between the times of deemed and actual payment by the Issuer. Any such currency gain or loss will be treated for as ordinary income from the same source as the associated income inclusion.

*Controlled Foreign Corporation Status.* If a U.S. Holder that owns, directly or indirectly, stock of the Issuer is treated as owning, directly, indirectly and constructively, 10 per cent. or more of the combined voting power or the total value of the Issuer and 50 per cent. or more of the Issuer's combined voting power or total value is treated as being owned by United States Shareholders (as defined in the Code), the U.S. Holder would be subject to the controlled foreign corporation rules instead of the PFIC rules with respect to the Rule 144A Notes. Very generally, the U.S. Holder would be required to include in income its *pro rata* share of the earnings and profits of the Issuer without making any elections. The U.S. Holder would also be subject to additional U.S. tax form filing requirements. U.S. Holders that might be subject to these rules should consult their own tax advisers about the application to their particular circumstances. The attribution rules are complex and could result in a U.S. Holder being treated as a United States Shareholder in unexpected circumstances, or in the Issuing Entity being treated as a Controlled Foreign Corporation in situations that would be hard for a U.S. Holder to Determine. U.S. Holders that might be subject to these rules should consult their own tax advisers about the application of these rules to their particular circumstances, including the application of the rules in situations where it may not be possible to determine definitively whether the Controlled Foreign Corporation or PFIC rules are applicable.

### **Reporting Requirements**

There are a number of different reporting requirements that might apply to the acquisition, ownership and disposition of the Rule 144A Notes. For example, there are special reporting rules that apply to certain acquisitions of interests in non-U.S. corporations, that apply to persons deemed to be engaged in "Reportable Transactions" with respect to their investments in non-U.S. corporations and that apply to investments in PFICs and controlled foreign corporations. The penalty for failing to properly comply with these reporting requirements can be very significant and be materially adverse to an investor. U.S. Holders should consult their own tax advisers regarding any filing requirements that may be applicable to their acquisition, ownership and disposition of the Rule 144A Notes.

### **Information Reporting and Backup Withholding**

Information reporting may apply to payments received, or deemed received, on or in connection with the Rule 144A Notes unless the recipient establishes, if required, that it is not subject to the information reporting rules (such as, for example, by establishing it is a corporation or non-U.S. Person for U.S. federal income tax purposes). Payments that are subject to these information reporting rules may be subject to backup withholding if the recipient does not provide its U.S. taxpayer identification number and otherwise comply with the backup withholding rules. Any amounts deducted and withheld would be allowed as a credit against such recipient's U.S. federal income tax, and may give rise to a refund, provided a timely return containing the required information is filed with the IRS.

## CERTAIN ERISA CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, on entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, "**ERISA Plans**") and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of any Notes it may purchase.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but to which Section 4975 of the Code applies, such as individual retirement accounts and Keogh plans, including entities whose underlying assets include the assets of such plans (collectively, together with ERISA Plans, "**Plans**")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction (each, a "**prohibited transaction**"). A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Plan that is engaged in such a non-exempt prohibited transaction may be subject to penalties under ERISA and the Code.

The Issuer, the Seller, the Note Trustee, the Security Trustee, the Joint Lead Managers, the Arranger and any of their respective affiliates (each, a "**Transaction Party**") may be parties in interest and disqualified persons with respect to many Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if Notes are acquired or held by a Plan with respect to which any Transaction Party is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, in certain cases, depending in part on the type of Plan fiduciary making the decision to acquire any Notes and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions with certain service providers) and Prohibited Transaction Class Exemption ("**PTCE**") 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by independent "qualified professional asset managers"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by certain "in-house asset managers"). There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving Notes.

Governmental plans (as defined in Section 3(32) of ERISA), non-U.S. plans (as defined in Section 4(b)(4) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to non-U.S., federal, state, local or other applicable laws that are substantially similar to the foregoing provisions of ERISA and the Code ("**Similar Laws**"). Fiduciaries of any such plans should consult with their counsel before purchasing any Notes.

**EACH PURCHASER AND EACH TRANSFEREE OF NOTES WILL BE REQUIRED TO REPRESENT AND WARRANT ON EACH DAY FROM THE DATE ON WHICH THE PURCHASER OR THE TRANSFEREE ACQUIRES SUCH INTEREST THROUGH AND INCLUDING THE DATE ON WHICH THE PURCHASER OR TRANSFEREE DISPOSES OF SUCH INTEREST, THAT ITS PURCHASE, HOLDING AND DISPOSITION OF SUCH INTEREST WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR IN A VIOLATION OF ANY SIMILAR LAW) UNLESS AN EXEMPTION IS AVAILABLE AND ALL CONDITIONS HAVE BEEN SATISFIED.**

In addition, U.S. Department of Labor regulation, 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA, the "**Plan Asset Regulation**") describes what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA, including

the fiduciary responsibility provisions of Title I of ERISA, and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an "equity interest" of an entity that is neither a "publicly-offered security" nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless it is established that the entity is an "operating company" or that equity participation in the entity by Benefit Plan Investors is not "significant." Equity participation by Benefit Plan Investors will not be "significant" if immediately after the most recent acquisition or transfer or an equity interest in an entity, less than 25% of the total value of each class of equity interest in the entity is held by Benefit Plan Investors, excluding equity interests held by persons (other than Benefit Plan Investors) who have discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and affiliates thereof. Under the Plan Asset Regulation, an "equity interest" means any interest in an entity other than an instrument that is treated as indebtedness under applicable local law and which has no substantial equity features. A "**Benefit Plan Investor**" means (i) any ERISA Plan, (ii) any Plan, or (iii) any entity whose underlying assets could be deemed to include "plan assets" by reason of an ERISA Plan's or a Plan's investment in the entity within the meaning of the Plan Asset Regulation or otherwise. Such an entity is considered to hold plan assets only to the extent of the percentage of its equity interests held by Benefit Plan Investors.

If a class of Notes was deemed to be equity for ERISA and if participation in any class of Notes deemed to be equity under ERISA by Benefit Plan Investors was deemed to be "significant" within the meaning of the Plan Asset Regulation, the assets of the Issuer could be considered to be the assets of any Plans that purchase such Notes. In such circumstances, in addition to considering the applicability of ERISA and Section 4975 of the Code, a Plan fiduciary considering an investment in such Notes should consider, among other things, the applicability of ERISA and Section 4975 of the Code to transactions involving any Transaction Party or their respective affiliates, including whether such transactions might constitute a prohibited transaction under ERISA or Section 4975 of the Code or otherwise may result in a breach of fiduciary duty under ERISA.

Benefit Plan Investors will only be permitted to acquire or hold Class A Notes (the "**ERISA Eligible Notes**").

No Transaction Party is undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of any of the Notes by any Benefit Plan Investor. In considering an investment in ERISA Eligible Notes, Plan fiduciaries should include consideration of their fiduciary duty under Section 404 of ERISA, which requires them to discharge their investment duties prudently and solely in the interest of the Plan participants and beneficiaries. Before authorising an investment in ERISA Eligible Notes, Plan fiduciaries should consider, among other things: (i) the fiduciary standards under ERISA; (ii) whether the investment in such Notes satisfies the prudence and diversification requirements of ERISA, including whether the investment is prudent in light of limitations on the marketability of such Notes; (iii) whether such fiduciaries have authority to make the investment under the appropriate Plan investment policies and governing instrument and under Title I of ERISA; and (iv) whether the investment will give rise to a "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code. In analysing the prudence of an investment in the Issuer, special attention should be given to the US Department of Labor ("**DOL**") regulation on investment duties (29 US CFR Section 2550.404a-1).

Fiduciaries of plans subject to any Similar Law should confirm that an investment in the Notes will not result in a violation of such Similar Law.

In addition, any Benefit Plan Investor or a fiduciary purchasing ERISA Eligible Notes on behalf of a Benefit Plan Investor or who represents the Benefit Plan Investor with respect to such purchase, should consider the impact of the Department of Labor regulations promulgated at 29 C.F.R. Section 2510.3-21 on April 8, 2016 (81 Fed. Reg. 20,997) (the "**Fiduciary Rule**").

Each purchaser of ERISA Eligible Notes that is a Benefit Plan Investor, including any fiduciary purchasing such Notes on behalf of a Benefit Plan Investor or who represents the Benefit Plan Investor with respect to such purchase, will be deemed to have represented by its purchase of such Notes that: (1) none of the Transaction Parties has provided or will provide advice with respect to the acquisition of such Notes by the Benefit Plan Investor; (2) with respect to the purchase of such Notes, the Benefit Plan Investor is represented by a fiduciary (the "**Plan Fiduciary**") that is independent of the Transaction Parties and either: (a) is a bank as defined in Section 202 of the Investment Advisers Act of 1940 (the

"Advisers Act"), or similar institution that is regulated and supervised and subject to periodic examination by a state or federal agency; (b) is an insurance carrier which is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of a Benefit Plan Investor; (c) is an investment adviser registered under the Advisers Act, or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state in which it maintains its principal office and place of business; (d) is a broker-dealer registered under the Securities Exchange Act of 1934, as amended; or (e) has, and at all times that the Benefit Plan Investor is invested in such Notes will have, total assets of at least U.S. \$50,000,000 under its management or control (**provided that** this clause (e) shall not be satisfied if the Plan Fiduciary is either (i) the owner or a relative of the owner of an investing individual retirement account or (ii) a participant or beneficiary of the Benefit Plan Investor investing in such Notes in such capacity); (3) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including without limitation the acquisition by the Benefit Plan Investor of such Notes; (4) the Plan Fiduciary is a "fiduciary" with respect to the Benefit Plan Investor within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, is "independent" within the meaning of 29 C.F.R. § 2510.3-21(c) and is responsible for exercising independent judgment in evaluating the Benefit Plan Investor's acquisition of such Notes; (5) none of the Transaction Parties has exercised any authority to cause the Benefit Plan Investor to invest in such Notes or to negotiate the terms of the Benefit Plan Investor's investment in such Notes; and (6) the Plan Fiduciary has been informed by the Transaction Parties: (a) that none of the Transaction Parties has undertaken or will undertake to provide impartial investment advice or has given or will give advice in a fiduciary capacity in connection with the Benefit Plan Investor's acquisition of such Notes; (b) of the existence and nature of the fees, compensation arrangements and/or financial interests of the Transaction Parties in the Benefit Plan Investor's acquisition of such Notes; and (c) that none of the Transaction Parties receives a fee or other compensation from the Benefit Plan Investor for the provision of investment advice (as opposed to other services). The above representations in this paragraph are intended to comply with the Fiduciary Rule. If the Department of Labor regulation 29 C.F.R. Section 2510.3-21(c)(1) is revoked, repealed or no longer effective, the representations in this paragraph that are responsive to such Department of Labor regulation shall be deemed to not be in effect.

The sale of any Notes to a purchaser is in no respect a representation by any of the Transaction Parties that such an investment meets all relevant legal requirements with respect to investments by purchasers generally or any particular purchaser, or that such an investment is appropriate for purchasers generally or any particular purchaser.



## SUBSCRIPTION, SALE AND SELLING RESTRICTIONS

Goldman Sachs International (the "**Arranger**" and a "**Joint Lead Manager**"), Goldman Sachs & Co. LLC (a "**Joint Lead Manager**", and together with Goldman Sachs International, the "**Joint Lead Managers**") have, pursuant to a subscription agreement dated 3 May 2018 between the Seller, the Arranger, the Joint Lead Managers and the Issuer (the "**Subscription Agreement**"), agreed (subject to certain conditions) to subscribe or purchase and pay for the Notes (other than the Retained Interest) on the Closing Date.

Each of the Joint Lead Managers will subscribe for the Rule 144A Notes on a several but not joint basis. Each of the Joint Lead Managers will subscribe for the Reg S Notes on a joint and several basis.

The Retention Holder has agreed to subscribe for the Retained Interest on the Closing Date.

The Joint Lead Managers have undertaken to subscribe for the Notes (other than the Retained Interest) and intend to sell such Notes to investors on or around the Closing Date. The Joint Lead Managers in their capacity as Joint Lead Managers may hold any Notes after the Closing Date to the extent that transactions with investors do not settle on the Closing Date.

The Issuer and the Seller have agreed to indemnify the Arranger and the Joint Lead Managers against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes.

Pursuant to the Risk Retention Letter, the Retention Holder will warrant and/or undertake to the Arranger, the Joint Lead Managers, the Issuer and the Security Trustee to:

- (a) subscribe for, hold and retain, for as long as any Class of Notes is outstanding, a material net economic interest in the securitisation comprised in the Transaction Documents in an amount equal to at least 5 per cent. of the nominal value of each Class of Notes in accordance with the text of each of Article 405(1)(a) of the CRR, Article 51(1)(a) of the AIFMR and Article 254(2)(a) of the Solvency II Regulation;
- (b) not change the manner or form in which it retains such net economic interest, except to the extent permitted or required under the CRR, AIFMR or the Solvency II Regulation;
- (c) not transfer, sell or hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to such net economic interest, except to the extent permitted or required under the CRR, AIFMR or the Solvency II Regulation;
- (d) at all times confirm, promptly upon the written request of the Arranger, the Joint Lead Managers and/or the Security Trustee, the continued compliance with paragraphs (a), (b) and (c) above **provided that** this paragraph (d) shall not impose any obligation on the Retention Holder to provide information in any greater detail than it would be required under paragraph (f) below in the Investor Reports;
- (e) promptly notify the Arranger, the Joint Lead Managers and the Security Trustee if for any reason it (i) ceases to hold the retention in accordance with the requirements of the Risk Retention Letter or (ii) fails to comply with the covenants set out in the Risk Retention Letter in respect of the retention; and
- (f) comply with the disclosure obligations described in Article 409 of the CRR by confirming its risk retention as contemplated by Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation through the provision of the information in this Prospectus, disclosure in the Investor Reports (as prepared by the Cash Manager) and procuring provision to the Issuer of access to any reasonable and relevant additional data and information referred to in Article 409 of the CRR **provided that** the obligations of the Retention Holder in this paragraph (f) shall be subject to any legal or regulatory requirements applicable to the Retention Holder **provided further that** the Retention Holder will not be in breach of the requirements of this paragraph (f) if, due to events, actions or circumstances beyond its control, it is not able to comply with the undertakings contained herein.

*This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.*

## United States

Each of the Arranger and the Joint Lead Managers has acknowledged, in the Subscription Agreement, that the Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and therefore may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except, with respect to the Rule 144A Notes only, to persons that are QIBs in reliance on Rule 144A or pursuant to any other exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or federal securities laws. In addition, the Notes cannot be resold in the United States or to U.S. persons unless they are subsequently registered or an exemption from registration is available.

In connection with any Reg S Notes, the Arranger and each Joint Lead Manager has agreed that with respect to the relevant Reg S Notes for which it has subscribed that it will not offer, sell or deliver the Reg S Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering of the Reg S 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, except in accordance with Rule 903 or 904 of Regulation S. The Arranger and each Joint Lead Manager has further agreed that it will have sent to each affiliate or person receiving a selling commission, fee or other remuneration that purchases Reg S Notes from it during the Distribution Compliance Period (other than resales pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Reg S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until the expiration of the Distribution Compliance Period, an offer or sale of the Notes within the United States by the Arranger or any Joint Lead Manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in compliance with Rule 144A or pursuant to another exemption from the registration requirements under the Securities Act.

In connection with any Rule 144A Notes, the Arranger and each Joint Lead Manager has agreed that with respect to the relevant Rule 144A Notes for which it has subscribed, it will directly or through its U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to QIBs in reliance on Rule 144A, and each purchaser of Notes is hereby notified that the Arranger and the Joint Lead Managers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Rule 144A Notes which may be purchased by a QIB is £100,000 (or the approximate equivalent thereof in any other currency). To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as restricted securities within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

The Issuer, the Arranger and the Joint Lead Managers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB within the meaning of Rule 144A to whom an offer has been made directly by the Arranger or a Joint Lead Manager or, in each case, its U.S. broker-dealer affiliate. Distribution of this Prospectus by any non-U.S. person outside the United States, or by any QIB in the United States, to any U.S. person or to any other person within the United States, other than any QIB (and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto), is unauthorised. Any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB (and those persons, if any, retained to advise such non-U.S. person or QIB), is prohibited.

## United Kingdom

Each of the Joint Lead Managers has represented 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, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issuance or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## EEA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Joint Lead Manager has represented and agreed, and each subscriber of Notes will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, (the "**Relevant Implementation Date**") it has not made and will not make an offer of the Notes which are the subject of the offering contemplated by the Prospectus in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Joint Lead Manager for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

**provided that** no such offer of the Notes referred to in paragraphs (a) to (c) above shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

*For the purposes of this provision, the expression an offer of Notes to the public in relation to any Notes in any Relevant Member State means 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 the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State; and the expression 2010 PD Amending Directive means Directive 2010/73/EU.*

## General

Other than admission of the Notes to the Official List of Euronext Dublin and the admission of the Notes to trading on its Main Securities Market, no action has been taken by the Issuer, the Arranger, the Joint Lead Managers or the Seller that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Issuer, the Arranger, the Joint Lead Managers and the Seller 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 (including as stated in the section entitled "*Important Notices*" above, not to retail investors as defined in such section), and all offers and sales of Notes by it will be made on the same terms.

It is expected that delivery of Notes will be made against payment on the Closing Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until three days prior to the Closing Date will be required, by virtue of the fact the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices, and purchasers of Notes who wish to trade Notes between the date of pricing and the Closing Date should consult their own adviser.

**TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS****Offers and Sales**

The Notes (including any interests therein) have not been and will not be registered under the Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except pursuant to an effective registration statement or in accordance with an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. Accordingly, the Notes (and any interests therein) are being offered and sold (i) in the case of the Rule 144A Notes, in the United States only to QIBs in transactions exempt from the registration requirements of the Securities Act pursuant to Rule 144A and in accordance with any state securities law and (ii) in the case of the Reg S Notes, outside the United States to non-U.S. persons in compliance with Regulation S.

The Notes may not be reoffered, resold, pledged or otherwise transferred except (a) (i) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S, or (b) pursuant to another available exemption from the registration requirements of the Securities Act, in each case in accordance with all applicable securities laws of any state or other jurisdiction of the United States.

On or prior to the expiration of the Distribution Compliance Period, ownership of interests in Reg S Global Notes will be limited to persons who have accounts with Euroclear or Clearstream, Luxembourg, or persons who hold interests through Euroclear or Clearstream, Luxembourg, and any sale or transfer of such interests to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A as provided below. Any offers, sales or deliveries of the Notes in the United States or to U.S. persons by an investor purchasing in an offshore transaction pursuant to Regulation S prior to the end of the Distribution Compliance Period may constitute a violation of United States law.

***Investor Representations and Restrictions on Resale***

Each purchaser of the Notes (including any interests therein) will be deemed to have represented and agreed as follows:

- (a) the Notes are only being offered in a transaction that does not require registration under the Securities Act and the Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction of the United States and, accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described below;
- (b) that (A) in the case of the Rule 144A Global Notes, it (i) is a QIB within the meaning of Rule 144A under the Securities Act, (ii) is aware, and each beneficial owner of such Notes has been advised, that the sale to it is being made in reliance on Rule 144A under the Securities Act, (iii) is acquiring such Notes for its own account or as a fiduciary or agent for others (which others must also be QIBs) for investment purposes and not for distribution in violation of the Securities Act, and (iv) is able to bear the economic risk of an investment in such Notes and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of purchasing the Notes; or (B) in the case of the Reg S Notes, it is not a U.S. person (within the meaning of Regulation S under the Securities Act) and is acquiring such Reg S Notes for its own account or as a fiduciary or agent for other non-U.S. persons in an offshore transaction (as defined in Regulation S) pursuant to an exemption from registration provided by Regulation S;
- (c) such Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act and such notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (d) the Issuer is not and will not be registered under the Investment Company Act;

- (e) it understands that the Notes are being offered only in a transaction that does not require registration under the Securities Act, and, if it decides to resell or otherwise transfer the Notes, then it agrees that it will resell or transfer such Notes only: (A) to the Issuer; (B) to a person whom the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A and to whom notice is given that the resale or other transfer is being made in reliance on Rule 144A; (C) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available); (D) to a non-U.S. person acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S; (E) pursuant to another available exemption from the registration requirements of the Securities Act; or (F) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States, **provided, that** the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;
- (f) it will, and will require each subsequent holder to, notify any subsequent purchaser of the Notes of the resale restrictions referred to in paragraph (e) above, if then applicable;
- (g) it understands that the Notes offered in reliance on Rule 144A will be represented by the Rule 144A Global Notes. Before any interest in the Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Reg S Global Note, it will be required to provide a transfer agent with a written certification (in the form provided in the Note Trust Deed) as to compliance with applicable securities laws;
- (h) it also understands that the Notes offered in reliance on Regulation S will be represented by the Reg S Global Notes. Before any interest in the Reg S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note, it will be required to provide a transfer agent with a written certification (in the form provided in the Note Trust Deed) as to compliance with applicable securities laws;
- (i) it understands that the Issuer, the Registrar, the Arranger and their affiliates and others will rely upon the truth and accuracy of the acknowledgments, representations and agreements contained in this section "*Transfer Restrictions and Investor Representations*". If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
- (j) with respect to any foreign purchaser claiming an exemption from United States income or withholding tax, such purchaser has delivered to the paying agent a true and complete Form W 8BEN, W-8ECI or W-8IMY, indicating such exemption; and the purchaser acknowledges that transfers of the issuing entity notes or any interest therein will otherwise be subject in all respects to any other restrictions applicable thereto contained in the Note Trust Deed.
- (k) each purchaser and subsequent transferee of any Note will be deemed by such purchase or acquisition of any such Note to have represented, warranted and agreed, on each day from the date on which the purchaser or transferee acquires such Note through and including the date on which the purchaser or transferee disposes of such Note, that its acquisition, holding and transfer or other disposition of such Note will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation of Similar Law;
- (l) each purchaser and subsequent transferee of any Note that is not an ERISA Eligible Note will be deemed by such purchase or acquisition of any such Note to have represented, warranted and agreed, on each day from the date on which the purchaser or transferee acquires such Note through and including the date on which the purchaser or transferee disposes of such Note, either that (A) it is not a Benefit Plan Investor or a governmental, church or non-U.S. plan subject to Similar Law, or (B) if it is a governmental, church or non-U.S. plan, its acquisition, holding and transfer or other disposition of such Note will not result in a violation of Similar Law; and

- (m) each purchaser of ERISA Eligible Notes that is a Benefit Plan Investor, including any fiduciary purchasing such Notes on behalf of a Benefit Plan Investor or who represents the Benefit Plan Investor with respect to such purchase, will be deemed to have represented by its purchase of such Notes that: (1) none of the Transaction Parties has provided or will provide advice with respect to the acquisition of such Notes by the Benefit Plan Investor; (2) with respect to the purchase of such Notes, the Benefit Plan Investor is represented by a fiduciary (the "**Plan Fiduciary**") that is independent of the Transaction Parties and either: (a) is a bank as defined in Section 202 of the Advisers Act, or similar institution that is regulated and supervised and subject to periodic examination by a state or federal agency; (b) is an insurance carrier which is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of a Benefit Plan Investor; (c) is an investment adviser registered under the Advisers Act, or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, is registered as an investment adviser under the laws of the state in which it maintains its principal office and place of business; (d) is a broker-dealer registered under the Securities Exchange Act of 1934, as amended; or (e) has, and at all times that the Benefit Plan Investor is invested in such Notes will have, total assets of at least U.S. \$50,000,000 under its management or control (**provided that** this clause (e) shall not be satisfied if the Plan Fiduciary is either (i) the owner or a relative of the owner of an investing individual retirement account or (ii) a participant or beneficiary of the Benefit Plan Investor investing in such Notes in such capacity); (3) the Plan Fiduciary is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including without limitation the acquisition by the Benefit Plan Investor of such Notes; (4) the Plan Fiduciary is a "fiduciary" with respect to the Benefit Plan Investor within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, is "independent" within the meaning of 29 C.F.R. § 2510.3-21(c) and is responsible for exercising independent judgment in evaluating the Benefit Plan Investor's acquisition of such Notes; (5) none of the Transaction Parties has exercised any authority to cause the Benefit Plan Investor to invest in such Notes or to negotiate the terms of the Benefit Plan Investor's investment in such Notes; and (6) the Plan Fiduciary has been informed by the Transaction Parties: (a) that none of the Transaction Parties has undertaken or will undertake to provide impartial investment advice or has given or will give advice in a fiduciary capacity in connection with the Benefit Plan Investor's acquisition of such Notes; (b) of the existence and nature of the Transaction Parties' fees, compensation arrangements and/or financial interests in the Benefit Plan Investor's acquisition of such Notes; and (c) that none of the Transaction Parties receives a fee or other compensation from the Benefit Plan Investor for the provision of investment advice (as opposed to other services). The above representations in this paragraph are intended to comply with the Fiduciary Rule. If the Department of Labor regulation 29 C.F.R. § 2510.3-21(c)(1) is revoked, repealed or no longer effective, the representations in this paragraph that are responsive to such Department of Labor regulation shall be deemed to not be in effect.

#### *Legend*

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any Class of Notes is outstanding, a Reg S Global Note will bear a legend substantially as set forth below:

NEITHER THIS NOTE NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION OF THE UNITED STATES.

AS A MATTER OF U.S. LAW, PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, ANY TRANSFER OF THE NOTES MAY ONLY BE MADE:

(A) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**"), (B) TO OR FOR THE ACCOUNT OR BENEFIT OF PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**")), OR (C) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE COMMON SAFEKEEPER OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ANY APPLICABLE REGULATIONS.

**[[INSERT FOR GLOBAL REGULATION S NOTES THAT ARE ERISA-ELIGIBLE NOTES]** EACH PURCHASER AND TRANSFEREE OF THIS NOTE OR ANY INTEREST HEREIN, BY ITS ACQUISITION OF THIS NOTE, SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE (AND WILL NOT BE ACTING ON BEHALF OF) (I) AN EMPLOYEE BENEFIT PLAN AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") WHICH IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA OR A PLAN AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (II) AN EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (III) AN ENTITY ("**PLAN ASSET ENTITY**") WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF ERISA, SECTION 4975 OF THE CODE OR ANY SIMILAR LAW, TO INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN THE ENTITY (TOGETHER WITH ITEMS (I) AND (II), A "**BENEFIT PLAN INVESTOR**"), OR (B) THAT ITS ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO SIMILAR LAW, IS NOT IN VIOLATION OF ANY SIMILAR LAW).

EACH PURCHASER OF ERISA ELIGIBLE NOTES THAT IS A BENEFIT PLAN INVESTOR, INCLUDING ANY FIDUCIARY PURCHASING SUCH NOTES ON BEHALF OF A BENEFIT PLAN INVESTOR OR WHO REPRESENTS THE BENEFIT PLAN INVESTOR WITH RESPECT TO SUCH PURCHASE, WILL BE DEEMED TO HAVE REPRESENTED BY ITS PURCHASE OF SUCH NOTES THAT: (1) NONE OF THE ISSUER, THE SELLER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE JOINT LEAD MANAGERS, THE ARRANGER AND ANY OF THEIR RESPECTIVE AFFILIATES (COLLECTIVELY, THE "**TRANSACTION PARTIES**") HAS PROVIDED OR WILL PROVIDE ADVICE WITH RESPECT TO THE ACQUISITION OF SUCH NOTES BY THE BENEFIT PLAN INVESTOR; (2) WITH RESPECT TO THE PURCHASE OF SUCH NOTES, THE BENEFIT PLAN INVESTOR IS REPRESENTED BY A FIDUCIARY (THE "**PLAN FIDUCIARY**") THAT IS INDEPENDENT OF THE TRANSACTION PARTIES FOR PURPOSES OF THE DEPARTMENT OF LABOR REGULATIONS PROMULGATED AT 29 C.F.R. SECTION 2510.3-21 (THE "**FIDUCIARY RULE**") AND EITHER: (A) IS A BANK AS DEFINED IN SECTION 202 OF THE INVESTMENT ADVISERS ACT OF 1940 (THE "**ADVISERS ACT**"), OR SIMILAR INSTITUTION THAT IS REGULATED AND SUPERVISED AND SUBJECT TO PERIODIC EXAMINATION BY A STATE OR FEDERAL AGENCY; (B) IS AN INSURANCE CARRIER WHICH IS QUALIFIED UNDER THE LAWS OF MORE THAN ONE STATE TO PERFORM THE SERVICES OF MANAGING, ACQUIRING OR DISPOSING OF ASSETS OF A BENEFIT PLAN INVESTOR; (C) IS AN INVESTMENT ADVISER REGISTERED UNDER THE ADVISERS ACT, OR, IF NOT REGISTERED AN AS INVESTMENT ADVISER UNDER THE ADVISERS ACT BY REASON OF PARAGRAPH (1) OF SECTION 203A OF THE ADVISERS ACT, IS REGISTERED AS AN INVESTMENT ADVISER UNDER THE LAWS OF THE STATE IN WHICH IT MAINTAINS ITS PRINCIPAL OFFICE AND PLACE OF BUSINESS; (D) IS A BROKER-DEALER REGISTERED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED; OR (E) HAS, AND AT ALL TIMES THAT THE BENEFIT PLAN INVESTOR IS INVESTED IN SUCH NOTES WILL HAVE, TOTAL ASSETS OF AT LEAST U.S. \$50,000,000 UNDER ITS MANAGEMENT OR CONTROL (**PROVIDED THAT THIS CLAUSE (E) SHALL NOT BE SATISFIED IF THE PLAN FIDUCIARY IS EITHER (I) THE OWNER OR A RELATIVE OF THE OWNER OF AN INVESTING INDIVIDUAL RETIREMENT ACCOUNT OR (II) A PARTICIPANT OR BENEFICIARY OF THE BENEFIT PLAN INVESTOR INVESTING IN SUCH NOTES IN SUCH CAPACITY**); (3) THE PLAN FIDUCIARY IS



CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH RESPECT TO PARTICULAR TRANSACTIONS AND INVESTMENT STRATEGIES, INCLUDING WITHOUT LIMITATION THE ACQUISITION BY THE BENEFIT PLAN INVESTOR OF SUCH NOTES; (4) THE PLAN FIDUCIARY IS A "**FIDUCIARY**" WITH RESPECT TO THE BENEFIT PLAN INVESTOR WITHIN THE MEANING OF SECTION 3(21) OF ERISA, SECTION 4975 OF THE CODE, OR BOTH, IS "INDEPENDENT" WITHIN THE MEANING OF 29 C.F.R. § 2510.3-21(C) AND IS RESPONSIBLE FOR EXERCISING INDEPENDENT JUDGMENT IN EVALUATING THE BENEFIT PLAN INVESTOR'S ACQUISITION OF SUCH NOTES; (5) NONE OF THE TRANSACTION PARTIES HAS EXERCISED ANY AUTHORITY TO CAUSE THE BENEFIT PLAN INVESTOR TO INVEST IN SUCH NOTES OR TO NEGOTIATE THE TERMS OF THE BENEFIT PLAN INVESTOR'S INVESTMENT IN SUCH NOTES; AND (6) THE PLAN FIDUCIARY HAS BEEN INFORMED BY THE TRANSACTION PARTIES: (A) THAT NONE OF THE TRANSACTION PARTIES HAS UNDERTAKEN OR WILL UNDERTAKE TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR HAS GIVEN OR WILL GIVE ADVICE IN A FIDUCIARY CAPACITY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S ACQUISITION OF SUCH NOTES; (B) OF THE EXISTENCE AND NATURE OF THE TRANSACTION PARTIES' FEES, COMPENSATION ARRANGEMENTS AND/OR FINANCIAL INTERESTS IN THE BENEFIT PLAN INVESTOR'S ACQUISITION OF SUCH NOTES; AND (C) THAT NONE OF THE TRANSACTION PARTIES RECEIVES A FEE OR OTHER COMPENSATION FROM THE BENEFIT PLAN INVESTOR FOR THE PROVISION OF INVESTMENT ADVICE (AS OPPOSED TO OTHER SERVICES). THE ABOVE REPRESENTATIONS IN THIS PARAGRAPH ARE INTENDED TO COMPLY WITH THE FIDUCIARY RULE. IF THE DEPARTMENT OF LABOR REGULATION 29 C.F.R. § 2510.3-21(C)(1) IS REVOKED, REPEALED OR NO LONGER EFFECTIVE, THE REPRESENTATIONS IN THIS PARAGRAPH THAT ARE RESPONSIVE TO SUCH DEPARTMENT OF LABOR REGULATION SHALL BE DEEMED TO NOT BE IN EFFECT.]

**[[INSERT FOR GLOBAL REGULATION S NOTES THAT ARE NOT ERISA ELIGIBLE NOTES]** BY ITS ACQUISITION AND HOLDING OF THIS NOTE, EACH HOLDER OF THIS NOTE OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE (AND WILL NOT BE ACTING ON BEHALF OF) (I) AN "**EMPLOYEE BENEFIT PLAN**" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") WHICH IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA OR A PLAN AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (II) AN EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (III) AN ENTITY ("**PLAN ASSET ENTITY**") WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF ERISA, SECTION 4975 OF THE CODE, OR ANY SIMILAR LAW TO INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN THE ENTITY, OR (B) IT IS AN EMPLOYEE BENEFIT PLAN THAT IS NOT SUBJECT TO ERISA OR SECTION 4975 OF THE CODE AND IS SUBJECT TO SIMILAR LAW, AND THE ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN DOES NOT AND WILL NOT VIOLATE ANY SIMILAR LAW. ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THESE REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.]

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any Class of Notes is outstanding, a Rule 144A Global Note will bear a legend substantially as set forth below:

THIS NOTE IS ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE

REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (IV) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE. ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG (THE COMMON SAFEKEEPER) TO THE REGISTRAR OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF SUCH ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF THE COMMON SAFEKEEPER OR SUCH OTHER REPRESENTATIVE OF THE COMMON SAFEKEEPER OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF THE COMMON SAFEKEEPER (AND ANY PAYMENT HEREON IS MADE TO SUCH ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF THE COMMON SAFEKEEPER), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO SUCH NOMINEES OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE, AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ANY APPLICABLE REGULATIONS.

**[[INSERT FOR GLOBAL 144A NOTES THAT ARE ERISA-ELIGIBLE NOTES]** EACH PURCHASER AND TRANSFEREE OF THIS NOTE OR ANY INTEREST HEREIN, BY ITS ACQUISITION OF THIS NOTE, SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE (AND WILL NOT BE ACTING ON BEHALF OF) (I) AN "**EMPLOYEE BENEFIT PLAN**" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") WHICH IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA OR A PLAN AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (II) AN EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (III) AN ENTITY ("**PLAN ASSET ENTITY**") WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF ERISA, SECTION 4975 OF THE CODE OR ANY SIMILAR LAW, TO INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN THE ENTITY, (TOGETHER WITH ITEMS (I) AND (II), A "**BENEFIT PLAN INVESTOR**") OR (B) THAT ITS ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO SIMILAR LAW, IS NOT IN VIOLATION OF ANY SIMILAR LAW).

EACH PURCHASER OF ERISA ELIGIBLE NOTES THAT IS A BENEFIT PLAN INVESTOR, INCLUDING ANY FIDUCIARY PURCHASING SUCH NOTES ON BEHALF OF A BENEFIT PLAN INVESTOR OR WHO REPRESENTS THE BENEFIT PLAN INVESTOR WITH RESPECT TO SUCH PURCHASE, WILL BE DEEMED TO HAVE REPRESENTED BY ITS PURCHASE OF SUCH NOTES THAT: (1) NONE OF THE ISSUER, THE SELLER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE JOINT LEAD MANAGERS, THE ARRANGER AND ANY OF THEIR RESPECTIVE AFFILIATES (COLLECTIVELY, THE "**TRANSACTION PARTIES**") HAS PROVIDED OR WILL PROVIDE ADVICE WITH RESPECT TO THE ACQUISITION OF SUCH

NOTES BY THE BENEFIT PLAN INVESTOR; (2) WITH RESPECT TO THE PURCHASE OF SUCH NOTES, THE BENEFIT PLAN INVESTOR IS REPRESENTED BY A FIDUCIARY (THE "**PLAN FIDUCIARY**") THAT IS INDEPENDENT OF THE TRANSACTION PARTIES FOR PURPOSES OF THE DEPARTMENT OF LABOR REGULATIONS PROMULGATED AT 29 C.F.R. SECTION 2510.3-21 (THE "**FIDUCIARY RULE**") AND EITHER: (A) IS A BANK AS DEFINED IN SECTION 202 OF THE INVESTMENT ADVISERS ACT OF 1940 (THE "**ADVISERS ACT**"), OR SIMILAR INSTITUTION THAT IS REGULATED AND SUPERVISED AND SUBJECT TO PERIODIC EXAMINATION BY A STATE OR FEDERAL AGENCY; (B) IS AN INSURANCE CARRIER WHICH IS QUALIFIED UNDER THE LAWS OF MORE THAN ONE STATE TO PERFORM THE SERVICES OF MANAGING, ACQUIRING OR DISPOSING OF ASSETS OF A BENEFIT PLAN INVESTOR; (C) IS AN INVESTMENT ADVISER REGISTERED UNDER THE ADVISERS ACT, OR, IF NOT REGISTERED AN AS INVESTMENT ADVISER UNDER THE ADVISERS ACT BY REASON OF PARAGRAPH (1) OF SECTION 203A OF THE ADVISERS ACT, IS REGISTERED AS AN INVESTMENT ADVISER UNDER THE LAWS OF THE STATE IN WHICH IT MAINTAINS ITS PRINCIPAL OFFICE AND PLACE OF BUSINESS; (D) IS A BROKER-DEALER REGISTERED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED; OR (E) HAS, AND AT ALL TIMES THAT THE BENEFIT PLAN INVESTOR IS INVESTED IN SUCH NOTES WILL HAVE, TOTAL ASSETS OF AT LEAST U.S. \$50,000,000 UNDER ITS MANAGEMENT OR CONTROL (**PROVIDED THAT THIS CLAUSE (E) SHALL NOT BE SATISFIED IF THE PLAN FIDUCIARY IS EITHER (I) THE OWNER OR A RELATIVE OF THE OWNER OF AN INVESTING INDIVIDUAL RETIREMENT ACCOUNT OR (II) A PARTICIPANT OR BENEFICIARY OF THE BENEFIT PLAN INVESTOR INVESTING IN SUCH NOTES IN SUCH CAPACITY**); (3) THE PLAN FIDUCIARY IS CAPABLE OF EVALUATING INVESTMENT RISKS INDEPENDENTLY, BOTH IN GENERAL AND WITH RESPECT TO PARTICULAR TRANSACTIONS AND INVESTMENT STRATEGIES, INCLUDING WITHOUT LIMITATION THE ACQUISITION BY THE BENEFIT PLAN INVESTOR OF SUCH NOTES; (4) THE PLAN FIDUCIARY IS A "**FIDUCIARY**" WITH RESPECT TO THE BENEFIT PLAN INVESTOR WITHIN THE MEANING OF SECTION 3(21) OF ERISA, SECTION 4975 OF THE CODE, OR BOTH, IS "INDEPENDENT" WITHIN THE MEANING OF 29 C.F.R. § 2510.3-21(C) AND IS RESPONSIBLE FOR EXERCISING INDEPENDENT JUDGMENT IN EVALUATING THE BENEFIT PLAN INVESTOR'S ACQUISITION OF SUCH NOTES; (5) NONE OF THE TRANSACTION PARTIES HAS EXERCISED ANY AUTHORITY TO CAUSE THE BENEFIT PLAN INVESTOR TO INVEST IN SUCH NOTES OR TO NEGOTIATE THE TERMS OF THE BENEFIT PLAN INVESTOR'S INVESTMENT IN SUCH NOTES; AND (6) THE PLAN FIDUCIARY HAS BEEN INFORMED BY THE TRANSACTION PARTIES: (A) THAT NONE OF THE TRANSACTION PARTIES HAS UNDERTAKEN OR WILL UNDERTAKE TO PROVIDE IMPARTIAL INVESTMENT ADVICE OR HAS GIVEN OR WILL GIVE ADVICE IN A FIDUCIARY CAPACITY IN CONNECTION WITH THE BENEFIT PLAN INVESTOR'S ACQUISITION OF SUCH NOTES; (B) OF THE EXISTENCE AND NATURE OF THE TRANSACTION PARTIES' FEES, COMPENSATION ARRANGEMENTS AND/OR FINANCIAL INTERESTS IN THE BENEFIT PLAN INVESTOR'S ACQUISITION OF SUCH NOTES; AND (C) THAT NONE OF THE TRANSACTION PARTIES RECEIVES A FEE OR OTHER COMPENSATION FROM THE BENEFIT PLAN INVESTOR FOR THE PROVISION OF INVESTMENT ADVICE (AS OPPOSED TO OTHER SERVICES). THE ABOVE REPRESENTATIONS IN THIS PARAGRAPH ARE INTENDED TO COMPLY WITH THE FIDUCIARY RULE. IF THE DEPARTMENT OF LABOR REGULATION 29 C.F.R. § 2510.3-21(C)(1) IS REVOKED, REPEALED OR NO LONGER EFFECTIVE, THE REPRESENTATIONS IN THIS PARAGRAPH THAT ARE RESPONSIVE TO SUCH DEPARTMENT OF LABOR REGULATION SHALL BE DEEMED TO NOT BE IN EFFECT.]

[[**INSERT FOR GLOBAL 144A NOTES THAT ARE NOT ERISA ELIGIBLE NOTES**] BY ITS ACQUISITION AND HOLDING OF THIS NOTE, EACH HOLDER OF THIS NOTE OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE (AND WILL NOT BE ACTING ON BEHALF OF) (I) AN "**EMPLOYEE BENEFIT PLAN**" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") WHICH IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA OR A PLAN AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (II) AN EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (III) AN ENTITY ("**PLAN ASSET ENTITY**") WHOSE UNDERLYING

ASSETS ARE DEEMED FOR PURPOSES OF ERISA, SECTION 4975 OF THE CODE, OR ANY SIMILAR LAW TO INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN THE ENTITY, OR (B) IT IS AN EMPLOYEE BENEFIT PLAN THAT IS NOT SUBJECT TO ERISA OR SECTION 4975 OF THE CODE AND IS SUBJECT TO SIMILAR LAW, AND THE ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN DOES NOT AND WILL NOT VIOLATE ANY SIMILAR LAW. ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THESE REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.]

THE PURCHASER OR ACQUIROR ACKNOWLEDGES THAT THE ISSUER RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any Class of Certificates is in issue, a Reg S Global Certificate will bear a legend substantially as set forth below:

THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, AS A MATTER OF U.S. LAW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) (1) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (2) OTHERWISE PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE CERTIFICATES AND THE CLOSING OF THE OFFERING OF THE CERTIFICATES, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any Class of Certificates is in issue, a Rule 144A Global Certificate will bear a legend substantially as set forth below:

THIS CERTIFICATE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE HOLDER OF THIS CERTIFICATE AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS CERTIFICATE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (IV) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS CERTIFICATE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE. ANY PURPORTED TRANSFER OF THIS CERTIFICATE THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

*Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.*

## LISTING AND GENERAL INFORMATION

- (a) It is expected that the admission of the Notes to the Official List and the admission of the Notes to trading on Euronext Dublin's regulated market will be granted on or around the Issue Date. Arthur Cox Listing Services Limited is acting solely in its capacity as Listing Agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to trading on the regulated market of Euronext Dublin.
- (b) None of the Issuer or Holdings has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Holdings is aware), since 20 February 2018 (being the date of incorporation of the Issuer and Holdings) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer.
- (c) The issue of the Notes was authorised pursuant to a resolution of the board of directors of the Issuer passed on or about 2 May 2018.
- (d) The following Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN and Common Codes:

<u>Class of Notes</u>	<u>Reg S ISIN</u>	<u>Reg S Common Code</u>	<u>Rule 144A ISIN</u>	<u>Rule 144A Common Code</u>
Class A.....	XS1789787303	178978730	XS1789787568	178978756
Class B.....	XS1789787725	178978772	XS1789788533	178978853
Class C.....	XS1789788616	178978861	XS1789788889	178978888

- (e) From the date of this Prospectus and for so long as the Notes are listed on Euronext Dublin's regulated market, physical copies of the following documents may be inspected at the registered office of the Note Trustee during usual business hours, on any weekday (public holidays excepted):
- (i) the constitution of the Issuer;
  - (ii) copies of the following documents:
    - (1) the Note Trust Deed;
    - (2) the Mortgage Sale Agreement;
    - (3) the Deed of Covenant;
    - (4) the Risk Retention Undertaking;
    - (5) the Servicing Agreement;
    - (6) the Deed Poll;
    - (7) the Deed of Charge;
    - (8) the Agency Agreement;
    - (9) the Master Framework Agreement;
    - (10) the Issuer Account Bank Agreement;
    - (11) the Servicing Agreement;
    - (12) the Cash Management Agreement;
    - (13) the Collection Accounts Declaration of Trust;
    - (14) the Seller Security Power of Attorney; and
    - (15) the Corporate Services Agreement.

- (f) The Servicer on behalf of the Issuer will publish the monthly Investor Report detailing, *inter alia*, certain aggregated loan data in relation to the Mortgage Portfolio. Such Investor Reports will be published on the website of the Cash Manager at <https://sf.Citidirect.com>. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. Other than as outlined above, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Mortgage Loans.
- (g) The Issuer confirms that the Mortgage Loans backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. Investors are advised that this confirmation is based on the information available to the Issuer at the date of this Prospectus and may be affected by the future performance of such assets backing the issue of the Notes. Investors are advised to review carefully any disclosure in the Prospectus together with any supplements thereto.
- (h) The total expenses to be paid in relation to admission of the Notes to the Official List and trading on the regulated market of Euronext Dublin are estimated to be approximately €8,000.
- (i) Since the date of incorporation neither the Issuer nor Holdings has commenced operations and no financial statements have been prepared.

## INDEX OF DEFINED TERMS

£ xi	Certificates .....ii, 174, 199, 200
€ xi	CFC..... 33
1999 Regulations ..... 23	CGT ..... 16
2010 Act ..... 25	Charged Assets ..... 186
ABS ..... 31	Class.....ii, 199
Account Bank Rating ..... 152	Class A Noteholders ..... 169
Accrued Interest ..... 141	Class A Notes.....ii, 167
Additional Interest..... 197	Class A Principal Deficiency Sub-Ledger .... 139
Adjustment Amount ..... 118	Class B Noteholders..... 170
Advisers Act.....229, 236, 237, 240	Class B Notes.....ii, 167
Affiliate ..... 174, 205	Class B Principal Deficiency Sub-Ledger.... 139
Agency Agreement..... 156, 199	Class C Noteholders..... 170
Agent Bank..... 199	Class C Notes..... 167
Aggregate Current Balance ..... 134	Class C Principal Deficiency Sub-Ledger.... 139
AIFM Regulation ..... v	Class X Certificate ..... 199
AIFMR ..... v	Class X Certificateholders ..... 169
Alternative Arrangement ..... 79	Class X Payment ..... 144, 204
Alternative Portfolio Option Current Value Purchase Price ..... 79	Class Y Certificateholders ..... 170
Ancillary Fees ..... 71, 134	Class Y Certificates..... 199
Applicable Laws..... 128	Class Y Payment ..... 145, 204
Appointee ..... 144	Clearing System ..... 193
Arranger ..... ii, 230	Clearstream, Luxembourg..... 157, 168, 200
Arrears Management Fee ..... 72, 134	Closing Date .....ii, 167, 199
Arrears of Interest..... 141	CMA ..... 25
Arrears Policy and Procedures ..... 128	Code..... 206, 222, 237, 238, 239, 240
ATP ..... 113	Collection Account Bank Rating ..... 132
Authorised Denomination ..... 157	Collection Accounts..... 130
Authorised Investments ..... 45	Collection Accounts Declaration of Trust.... 132
Authority ..... 126	Collection Period ..... 150
Available Principal Receipts ..... 59, 146	Common Safekeeper .....vii
Available Revenue Receipts..... 58, 141	Compensation Payment ..... 118
Bank of England Base Rate ..... 4	Conditions..... 167
Banking Act..... 20	Consideration ..... 64
Base Rate Mortgage Loans..... 115	Consortium.....vi
Basel Committee ..... 29	Consumer Buy-to-Let Mortgage Loan..... 21
Basel III ..... 29	Core Service Fees ..... 71, 134
Basic Terms Modification ..... 187, 211	Corporate Services Agreement ..... 84, 92
Benchmarks Regulation..... iii	Corporate Services Provider ..... 92
Benefit Plan Investor ..... 228, 237, 239	Courts..... 198, 218
Block Voting Instruction ..... 194, 216	CRA ..... 23
Book-Entry Interests..... 157	CRD ..... 29
Borrower..... 63, 116	CRD IV ..... 29
Borrower Fee..... 130	CRR ..... v
Borrowers ..... 63	Current Balance ..... 64
Business Day ..... 48, 174	Customer Claim ..... 128
Calculated Principal Receipts ..... 178	Cut-off Date ..... 93
Calculated Revenue Receipts ..... 178	Deed of Charge ..... 167, 199
Calculation Date ..... 59	Deed Poll ..... 81
Calculation Period ..... 59	Deferred Interest ..... 197
Capital Requirements Regulation..... v	Definitive Certificates ..... 200
Cash Management Agreement ..... 148	Delegated Servicer ..... 127
Cash Manager Termination Events ..... 151	Determination Period ..... 178
CCA..... 21	Direct Debit..... 59
Central Bank..... iii	Direct Debit Mandate..... 133
Certificate Book-Entry Interests..... 163	Direct Debiting Scheme ..... 128
Certificate Conditions..... 199	Directing Certificateholder ..... 55
Certificateholders ..... 199	Distribution Compliance Period..... 160, 231
	Dodd-Frank Act ..... 30

DOL.....	228	Interest Calculation Date.....	60, 174
ECB.....	vii	Interest Determination Ratio.....	174
EEA.....	ii, 29	Interest Payment Date.....	172, 204
Eligible Person.....	194, 215	Interest Period.....	145, 172
Employee Benefit Plan.....	238, 239	Interest-Only Mortgage Loan.....	114
EMPLOYEE BENEFIT PLAN.....	240	Investment Company Act.....	i, iv
Encumbrance.....	131	Investment Home Mortgages.....	117
Enforcement Notice.....	183, 207	Investor Report.....	56
English Mortgage.....	46	IRS.....	33, 222
English Mortgage Loan.....	46	Issuer.....	ii, 83, 167, 199
ERISA.....	xii, 227, 237, 238, 239, 240	Issuer Account Bank Agreement.....	152
ERISA Plans.....	227	Issuer Accounts.....	62
ERISA-Restricted Notes.....	228	Issuer ICSDs Agreement.....	162
Establishment Expenses.....	142	Issuer Profit Amount.....	145
EU Risk Retention Requirements.....	v	Issuer Profit Ledger.....	59, 149
EUR.....	xi	IVA.....	116
Euro.....	xi	Joint Lead Manager.....	ii, 230
Euroclear.....	157, 168, 200	Joint Lead Managers.....	ii, 230
Euronext Dublin.....	iii	Joint Regulators.....	32
Eurosystem.....	vii	Land Registry.....	64
Event of Default.....	183, 207	Ledgers.....	149
EVI.....	v, 76	Legal Title Holder.....	88
excess distributions.....	225	Legal Title Holder's Policies.....	126
Exchange Act.....	v	Legal Title Services.....	134
Exercise Notice.....	81	Legal Title Transferee.....	79
Extraordinary Resolution.....	51, 193, 215	Liability.....	152
FCA.....	xi, 87	LIBOR.....	6
FDIC.....	32	LIBOR Modification.....	6, 55, 190
FHFA.....	32	LIBOR Modification Certificate.....	191
Fiduciary.....	238, 240	LIBOR Mortgage Loans.....	115
Fiduciary Rule.....	228, 237, 240	LIBOR Replacement Rate.....	54, 190
Final Maturity Date.....	180	Losses.....	150
First Interest Payment Date.....	142	LTV.....	93
first person.....	205	Main Securities Market.....	iii
Fixed Rate Notes.....	ii, 167	Manufacturers.....	viii
Fixed Rate of Interest.....	174	Margin.....	174
Floating Rate Notes.....	ii, 167	Master Framework Agreement.....	167, 199
Floating Rate of Interest.....	173	MBS.....	31
FSA.....	xi	MiFID II.....	iii, 6
FSMA.....	21	MIFID II.....	i, viii
GBP.....	xi	Monthly Investor Report.....	56
Global Certificate.....	vii, 199	Monthly Investor Report Date.....	150
Global Note.....	vii, 168	Monthly Servicer Report.....	133, 174
Global Notes.....	168	Monthly Servicer Report Date.....	133, 150, 174
Goldman Sachs Parties.....	12	Mortgage Account Redemption Fee.....	71, 134
Governmental Authority.....	131	Mortgage Conditions.....	115, 116
GSIB.....	12, 86	Mortgage Deed.....	116
Holding Company.....	174, 205	Mortgage Loan.....	ii
Holdings.....	36, 85	Mortgage Loan Agreement.....	116
ICSD.....	vii	Mortgage Loan Files.....	137
ICSDs.....	vii, 221	Mortgage Loan Payment.....	141
Illegality Event.....	136	Mortgage Loan Payment Date.....	141
in issue.....	203	Mortgage Loan Warranties.....	141
Independent Valuation Purchase Price.....	80	Mortgage Loan Warranty.....	124
Indirect Participants.....	157	Mortgage Loans.....	ii
Initial Consideration.....	64	Mortgage Portfolio.....	ii
Insolvency Event.....	68	Mortgage Prepayment Charge.....	117
Instructing Certificateholder.....	218	Mortgage Sale Agreement.....	120
Insurance Contracts.....	46	Most Senior Class.....	174, 186, 210
Interest Amount.....	177		



Non-Advised Mortgage Loan Variation Fee . 72, 134	Prudent Mortgage Lender ..... 126
Note Principal Payment..... 180	Prudent Mortgage Servicer ..... 129
Note Trust Deed ..... 11, 167, 199	PTCE..... 227
Note Trustee ..... 199	QEF..... 225
Noteholders ..... 50	QIBs.....i, iv
Notes ..... ii, 43, 167, 174	Quarterly Investor Report ..... 56
Notice Date..... 135	Quarterly Investor Report Date..... 176
OCC..... 32	Quarterly Servicer Report ..... 133, 176
Offer Conditions..... 116	Quarterly Servicer Report Date..... 176
Official List ..... iii	RAO..... 21
OFT ..... 22	Rate of Interest..... 173
OID..... 223	Rates of Interest ..... 173
Optional Redemption Date ..... 78, 81, 174	Re Leyland Daf ..... 19
Optional Redemption Exercise Date ..... 65, 81	Receiver ..... 171
Ordinary Resolution ..... 51, 193, 214	Reconciliation Amount ..... 176
Originator ..... 46	Record Date ..... 158, 165
outstanding ..... 175	Recovery Proceeds..... 141
Owner Occupied Mortgages..... 117	Reference Banks ..... 176
Part and Part Mortgage Loan..... 114	Reg S.....i, iv, 168
Participants ..... 157	Reg S Global Notes..... 168
Paying Agent ..... 199	Register ..... 169, 200
Paying Agents ..... 44	Registered Definitive Certificates ..... 164
Payment ..... 204	Registered Definitive Notes ..... 160
Payment Amount ..... 204	Registrar ..... 199
Perfection Trigger Event ..... 68	Regulated Credit Agreement..... 21
Permitted Withdrawals ..... 59, 142	Regulated Mortgage Contract ..... 21
PFIC ..... 33, 224	Regulation S..... 236
Plan..... 240	Related Security ..... 46
Plan Asset Entity ..... 237, 238, 239, 240	Relevant Class of Certificates ..... 56
Plan Asset Regulation ..... 227	Relevant Class of Notes ..... 56
Plan Fiduciary ..... 228, 236, 237, 240	Relevant Date..... 183, 207
Plans ..... 227	Relevant Implementation Date..... 232
Pool Factor ..... 180	Relevant Member State ..... 232
Portfolio Option Base Purchase Price ..... 66	Relevant Parties ..... vii
Portfolio Option Current Value Purchase Price ..... 66	Relevant Person ..... 56, 203
Portfolio Option Holder..... 5, 66, 79	Relevant Screen ..... 56
Portfolio Purchase Option ..... 79	Relevant Screen Rate ..... 176
Portfolio Purchase Option Mortgage Loans ... 79	Remediation Liabilities ..... 118
Portfolio Purchase Option Purchase Price ..... 66	Renting Homes Act..... 25
Post-Enforcement Priority of Payments ..... 147	Repayment Mortgage Loan..... 114
PRA ..... xi	Replacement Cash Manager Facilitator ..... 92
Pre-Enforcement Principal Priority of Payments ..... 146	Replacement Servicer Facilitator ..... 92
Pre-Enforcement Revenue Priority of Payments ..... 143	Requirement of Law ..... 126
Presentation Date..... 207	Retention..... v
PRIIPS Regulation ..... ii	Retention Holder..... v
Principal Amount Outstanding ..... 182	Revenue Ledger ..... 149
Principal Deficiency Ledger..... 139, 149	Revenue Receipts..... 141
Principal Deficiency Sub-Ledger ..... 139	Revenue Shortfall ..... 145
Principal Ledger ..... 149	Right To Buy Legislation..... 117
Principal Paying Agent..... 158, 199	Right To Buy Mortgages ..... 117
Principal Receipts..... 145	Risk Retention Letter ..... 74
Priority of Payments ..... 147	Risk Retention Undertaking..... 74
prohibited transaction ..... 227	Rule 144A .....i, iv, 168, 236
Prospectus.....i, iii	Rule 144A Global Notes ..... 168
Prospectus Directive ..... iii	Rule 144A Notes.....xii
proxy ..... 216	Scottish Declaration of Trust ..... 155
	Scottish Mortgage ..... 46
	Scottish Mortgage Loan ..... 46
	Scottish Mortgage Sasine Assignment..... 125
	Scottish Supplemental Charge ..... 155

SDLT .....	16	Subscription Agreement.....	230
SEC .....	32	Subsidiary .....	176, 205
Second Alternative Portfolio Option Current Value Purchase Price .....	80	Successor Servicer .....	70, 135
second person .....	205	Sunset Date .....	76
Secured Creditors .....	50, 171	SVR Mortgage Loans .....	115
Securities Act .....	i, iv, 168, 236	Taxes.....	183, 207
Securitisation Regulations .....	30	Term Servicer Termination Event.....	69
Securitisation Tax Regulations .....	26	Third Party Information .....	x
securitisers .....	32	Title Deeds .....	137
Security Trustee.....	199	Topaz .....	88
Seller .....	ii	Transaction Account .....	62, 152
Service Level Agreements.....	127	Transaction Documents .....	44
Servicer.....	65, 88	Transaction Parties.....	237, 239
Servicer Report.....	133, 176	Transaction Party .....	227
Servicer Termination Event.....	135	Transfer Costs .....	136
Services .....	126	U.S. Credit Risk Retention Requirements...v,	32
Servicing Agreement.....	126	U.S. Holder .....	222
Servicing Fees .....	134	UK.....	xi
Servicing Standard .....	129	United Kingdom .....	xi
Share Trustee.....	36	UTCCR .....	23
Shortfall.....	141	Valuation Report.....	137
Shortfall Debt Recovery Fee .....	72, 134	Vendor .....	ii
Shortfall Proceeds.....	141	Vendor Guarantee .....	9
Similar Law .....	237, 238, 239, 240	VMSA.....	8
Similar Laws .....	227	VMSA Closing Date .....	65
Solvency II Regulation.....	v	VMSA Mortgage Loan Warranties.....	120
Sponsor.....	v	VMSA Mortgage Loan Warranty Indemnification Amount .....	9
Standard Documentation .....	112	Volcker Rule .....	iv
Standard Security .....	131	Voting Certificate .....	194, 215
Sterling .....	xi	Warranty Claim.....	125
STS .....	30		

**ISSUER**

Kirkby RMBS plc  
35 Great St. Helen's  
London EC3A 6AP  
United Kingdom

**SELLER**

Goldman Sachs International Bank  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

**ARRANGER**

Goldman Sachs International  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

**JOINT LEAD MANAGER**

Goldman Sachs & Co LLC  
200 West Street  
29<sup>th</sup> Floor, New York  
NY 10282  
United States of America

**JOINT LEAD MANAGER**

Goldman Sachs International  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

**NOTE TRUSTEE AND SECURITY TRUSTEE**

Citibank, N.A., London Branch  
Citigroup Centre,  
Canada Square,  
Canary Wharf  
London E14 5LB  
United Kingdom

**REGISTRAR**

Citibank, N.A., London Branch  
Citigroup Centre,  
Canada Square,  
Canary Wharf  
London E14 5LB  
United Kingdom

**LEGAL ADVISORS TO THE ARRANGER AND THE JOINT LEAD MANAGERS**

**as to English law**  
Clifford Chance LLP  
10 Upper Bank Street  
Canary Wharf  
London E14 5JJ  
United Kingdom

**as to U.S. law**  
Clifford Chance US LLP  
31 West 52<sup>nd</sup> Street  
New York 10019-6131  
United States of America

**LEGAL ADVISORS TO THE NOTE TRUSTEE AND SECURITY TRUSTEE**

**as to English Law**  
Clifford Chance LLP  
10 Upper Bank Street  
Canary Wharf  
London E14 5JJ  
United Kingdom

**AUDITORS OF THE ISSUER**

KPMG LLP  
15 Canada Square  
London E14 5GL  
United Kingdom

**SERVICER**

Topaz Finance Limited  
The Pavilions  
Bridgwater Road  
Bristol BS13 8AE  
United Kingdom

**CASH MANAGER**

Citibank, N.A., London Branch  
Citigroup Centre,  
Canada Square,  
Canary Wharf  
London E14 5LB  
United Kingdom

**LISTING AGENT**

Arthur Cox Listing Services Limited  
10 Earlsfort Terrace  
Dublin 2  
D02 T380  
Ireland