

IMPORTANT NOTICE

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

IMPORTANT: You must read the following before continuing. The following applies to the prospectus attached to this electronic transmission, 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 THE SECURITIES OF THE ISSUER 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 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.

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

This prospectus has been delivered to you on the basis that you are a person into whose possession this prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. 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 not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia, (d) if you are a person located 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 2000 (Financial Promotion) Order 2005, (e) if you are a person located in France, that you are a qualified investor (other than an individual) acting for its own account (as defined in Articles D. 411-1 and following of the French *Code monétaire et financier*) or a provider of investment services relating to portfolio management for the account of third parties, and (f) if you are a person located in a Member State of the European Economic Area (other than the United Kingdom and France) which has implemented the Prospectus Directive, that you are a qualified investor as defined in the Prospectus Directive (all such persons referred to as "**Relevant Persons**"). Any investment or investment activity to which this prospectus relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

This prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Orbita Funding 2016-1 plc, Close Brothers Limited, HSBC Bank plc or Lloyds Bank plc nor any person who controls it nor any director, officer, employee nor agent of it 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 Orbita Funding 2016-1 plc, HSBC Bank plc or Lloyds Bank plc.

ORBITA FUNDING 2016-1 PLC

(incorporated in England and Wales with limited liability under registered number 8494691)

£368,100,000 CLASS A ASSET BACKED FLOATING RATE NOTES DUE 2023

£67,600,000 SUBORDINATED ASSET BACKED FIXED RATE NOTES DUE

2023

(the "Notes")

Notes	Initial Principal Amount	Issue Price	Interest Reference Rate	Relevant Margin	Final Maturity Date	Ratings (Fitch/Moody's)
Class A	£368,100,000	100%	One-month Sterling LIBOR	+0.95%	July 2023	AAAsf / Aaa (sf)
Subordinated Notes	£67,600,000	100%	N/A	Fixed Rate of 5%	July 2023	Unrated

Issue Date	Orbita Funding 2016-1 plc (the " Issuer ") will issue the Notes in the classes set out above on 9 June 2016 (the " Closing Date ").
Underlying Assets	The Issuer will make payments on the Notes from, <i>inter alia</i> , a portfolio comprising receivables (and certain related rights) under or in connection with Conditional Sale Contracts and Hire Purchase Contracts (including PCP Contracts) originated by Close Brothers Limited (the " Seller "). Further information on the Receivables and Contracts is contained in this Prospectus in the sections entitled " <i>Overview of the Transaction Documents – Receivables Sale and Purchase Agreement</i> " and " <i>The Provisional Portfolio</i> ".
Credit Enhancement and Liquidity Support	<ul style="list-style-type: none"> • Subordination of the Subordinated Notes to the Class A Notes. • Following the termination of the Revolving Period, payments of principal on the Class A Notes and the Subordinated Notes will be made in sequential order at all times. • Excess Available Revenue Receipts. • Availability of the Liquidity Reserve, to pay interest on the Class A Notes and senior expenses ranking in priority thereto. On the Final Class A Interest Payment Date an amount not exceeding the Principal Amount Outstanding of the Class A Notes shall also be applied on such Interest Payment Date as Available Principal Receipts and shall be applied in accordance with the Pre-Acceleration Principal Priority of Payments in such amount as is required to redeem the Class A Notes and thereafter any excess shall continue to be applied in accordance with the Pre-Acceleration Revenue Priority of Payments. • The Issuer will apply Available Principal Receipts to cover a Revenue Deficiency. Available Principal Receipts will not be applied to cover any interest shortfall in respect of the Subordinated Notes. <p>See further the section of this Prospectus entitled "<i>Credit Structure, Liquidity and Hedging</i>" for more detail.</p>

<p>Redemption Provisions</p>	<p>The Notes may be redeemed in whole or in part (as applicable) in the following cases:</p> <ul style="list-style-type: none"> (i) a mandatory redemption in whole on the Final Maturity Date; (ii) a mandatory redemption in part on any Interest Payment Date commencing on the first Interest Payment Date following the termination of the Revolving Period, subject to availability of Available Principal Receipts and application of Available Principal Receipts in accordance with the Pre- Acceleration Principal Priority of Payments; (iii) optional redemption in whole exercisable by the Issuer on any Interest Payment Date (A) on which the aggregate Outstanding Principal Balance of all of the Purchased Receivables is equal to or less than 10 per cent. of the aggregate Outstanding Principal Balance of all of the Purchased Receivables as at the Closing Date; or (B) on which the Class A Notes have been redeemed in full; and (iv) optional redemption in whole on any Interest Payment Date exercisable by the Issuer for tax reasons. <p>See further the section of this Prospectus entitled "<i>Transaction Overview – Overview of the Terms and Conditions of the Notes</i>" and Condition 6 (<i>Redemption</i>).</p>
<p>Credit Rating Agencies</p>	<p>Fitch Ratings Ltd ("Fitch") and Moody's Investors Service Limited ("Moody's").</p> <p>The Class A Notes will, upon issuance, be rated AAAsf by Fitch.</p> <p>The Class A Notes will, upon issuance, be rated Aaa(sf) by Moody's.</p> <p>Each of Fitch and Moody's is established and operating in the European Union and is registered for the purposes of the EU Regulation on credit rating agencies (Regulation (EC) No.1060/2009), as amended (the "CRA Regulation").</p>
<p>Credit Ratings</p>	<p>Ratings will be assigned to the Class A Notes as set out above on or before the Closing Date. The ratings reflect the view of the Rating Agencies and are based on the Purchased Receivables and the structural features of the transaction, and, <i>inter alia</i>, the ratings of the Swap Counterparty and the Account Bank.</p> <p>The ratings assigned by Fitch address the likelihood of (a) timely payment of interest on the Class A Notes due to the Noteholders on each Interest Payment Date and (b) full payment of principal by a date that is not later than the Final Maturity Date. The ratings assigned by Moody's address the expected loss to a Noteholder of the Class A Notes in proportion to the initial principal amount of the class of Class A Notes held by the Noteholder by the Final Maturity Date.</p> <p>The assignment of ratings to the Class A Notes is not a recommendation to invest in the Class A Notes. Any credit rating assigned to the Class A Notes may be revised or withdrawn at any time. The Subordinated Notes will not be rated.</p>

Listing	<p>This prospectus dated 8 June 2016 (the "Prospectus") comprises a prospectus for the purpose of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a Relevant Member State (the "Prospectus Directive")) and relevant implementing measures in Ireland. The Prospectus has been approved by the Central Bank of Ireland (the "Central Bank"), as 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.</p> <p>Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List (the "Official List") and trading on its regulated market. References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the Irish Stock Exchange's regulated market.</p>
Eurosystem Eligibility	<p>The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of Euroclear or Clearstream, Luxembourg as Common Safekeeper and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. In particular, please see the risk factor entitled "<i>Eurosystem Eligibility</i>" below. The Subordinated Notes will not be held in a manner to allow Eurosystem eligibility.</p>
Obligations	<p>The Notes are obligations of the Issuer alone and are not the obligations of, or guaranteed by, or the responsibility of, any other entity. In particular, the Notes are not obligations of, or guaranteed by, or be the responsibility of, any Transaction Party (as defined below) other than the Issuer.</p>
Retention Undertaking	<p>The Seller will retain for the life of the transaction a material net economic interest of not less than 5 per cent. in the securitisation in accordance with the text of paragraph (1)(d) of Article 405 of Regulation (EU) No 575/2013 (the "Capital Requirements Regulation"), paragraph (d) of Article 51(1) of Regulation (EU) No 231/2013 (the "AIFM Regulation") and paragraph (d) of Article 254(2) of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (the "Solvency II Delegated Act") (in each case as they are interpreted and applied on the date hereof (and in the case of the Capital Requirements Regulation taking into account the provisions of Regulation (EU) No 625/2014 and, in the case of AIFMR taking into account Article 56 of the AIFMR) and without taking into account any implementing rules of the Capital Requirements Regulation, the AIFM Regulation or the Solvency II Delegated Act in a relevant jurisdiction). Any change in the manner in which the interest is held will be notified to the Noteholders. See the section of the Prospectus entitled "EU Risk Retention Requirements" in this Prospectus for more information.</p>

	<p>Each prospective Noteholder has been required to independently assess and determine the sufficiency of the information described in the preceding paragraph for the purposes of complying with each of Part Five of the Capital Requirements Regulation (including Article 405), Section Five of Chapter III of the AIFM Regulation (including Article 51) and the Solvency II Delegated Act and any corresponding national measures which may be relevant and none of the Issuer, nor the Arrangers, nor the Joint Lead Managers, nor the parties to the Transaction Documents make any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.</p>
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THE "RISK FACTORS" SECTION OF THIS PROSPECTUS 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.

The date of this Prospectus is 8 June 2016

**Arrangers and Joint Lead
Managers**

HSBC

Lloyds Bank

IMPORTANT NOTICE

THE NOTES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES 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 TRANSACTION PARTIES (OTHER THAN THE ISSUER) OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER). NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES SHALL BE ACCEPTED BY ANY OF THE TRANSACTION PARTIES (OTHER THAN THE ISSUER), OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS THE TRANSACTION PARTIES (OTHER THAN THE ISSUER).

YOU SHOULD REVIEW AND CONSIDER THE DISCUSSION UNDER "**RISK FACTORS**" BEGINNING ON PAGE 35 IN THIS PROSPECTUS BEFORE YOU PURCHASE ANY NOTES.

The Class A Notes will be represented on issue by a Global Note in bearer form. The Class A Notes may also be issued in definitive bearer form in certain limited circumstances.

The Issuer will deposit the Class A Notes on or about the Closing Date with Euroclear or Clearstream, Luxembourg as common safekeeper.

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

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY ANY OF THE TRANSACTION PARTIES THAT THIS PROSPECTUS MAY BE LAWFULLY DISTRIBUTED, OR THAT THE NOTES MAY BE LAWFULLY OFFERED, IN COMPLIANCE WITH ANY APPLICABLE REGISTRATION OR OTHER REQUIREMENTS IN ANY SUCH JURISDICTION, OR PURSUANT TO AN EXEMPTION AVAILABLE THEREUNDER, AND NONE OF THEM ASSUMES ANY RESPONSIBILITY FOR FACILITATING ANY SUCH DISTRIBUTION OR OFFERING. IN PARTICULAR, SAVE FOR OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE BY THE CENTRAL BANK OF IRELAND, NO ACTION HAS BEEN OR WILL BE TAKEN BY ANY OF THE TRANSACTION PARTIES WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES OR DISTRIBUTION OF THIS PROSPECTUS IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY ADVERTISEMENT OR OTHER OFFERING MATERIAL MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER AND THE JOINT LEAD MANAGERS TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION AND ARE SUBJECT TO UNITED STATES TAX LAW REQUIREMENTS. 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) EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS AND EXCEPTIONS TO UNITED STATES TAX REQUIREMENTS. THE NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN UNDER "*TRANSFER RESTRICTIONS*".

The Notes will bear restrictive legends and will be subject to restrictions on transfer as described herein. Each of the Arrangers and Joint Lead Managers and each subsequent transferee of the Notes will be deemed, by its acquisition or holding of such Notes, to have made the representations set forth in such Notes and the Trust Deed that are required of such initial purchasers and transferees. Any resale or other transfer, or attempted resale or other attempted transfer, of Notes which is not made in compliance with the applicable transfer restrictions will be void. See "*transfer restrictions*".

None of the Issuer or each of the Joint Lead Managers or any of the Transaction Parties 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.

An application has been made to Prime Collateralised Securities (PCS) UK Limited for the Class A Notes to receive the Prime Collateralised Securities label (the "**PCS Label**") and the Seller currently expects that the Class A Notes will receive the PCS Label. However, there can be no assurance that the Class A Notes will receive the PCS Label (either before issuance or at any time thereafter) and, if the Class A Notes do receive the PCS Label, there can be no assurance that the PCS Label will not be withdrawn from the Class A Notes at a later date.

The PCS Label is not a recommendation to buy, sell or hold securities. It is not investment advice whether generally or as defined under the Markets in Financial Instruments Directive (2004/39/EC) and it is not a credit rating whether generally or as defined under the CRA Regulation or Section 3(a) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**") (as amended by the Credit Agency Reform Act of 2006). Prime Collateralised Securities (PCS) UK Limited is not an "expert" as defined in the Securities Act.

By awarding the PCS Label to certain securities, no views are expressed about the creditworthiness of these securities or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for these securities. Investors should conduct their own research regarding the nature of the PCS Label and must read the information set out in <http://pcsmarket.org>.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure such is the case, the information in this Prospectus, to the best of its knowledge, is in accordance with the facts and contains no omission likely to affect its import.

The Seller accepts responsibility for the initial paragraph in the section entitled "EU Risk Retention Requirements" and the sections entitled "The Seller, The Servicer and the Receivables" and "The Provisional Portfolio" and declares that, having taken all reasonable care to ensure such is the case, the information in such section, to the best of its knowledge, is in accordance with the facts and contains no omission likely to affect its import.

The Swap Counterparty accepts responsibility for the section entitled "The Swap Counterparty" (but not, for the avoidance of doubt, any information set out in a section referred to in the section entitled "The Swap Counterparty") and declares that, having taken all reasonable care to ensure such is the case, the information in such section, to the best of its knowledge, is in accordance with the facts and contains no omission likely to affect its import.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Trustee, the Arrangers or the Joint Lead Managers as to the accuracy or completeness of any information contained in this Prospectus 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 this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Transaction Parties 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 the Seller or in the other information contained herein since the date hereof. The information contained in this Prospectus was obtained from the Issuer and the other sources identified herein, but no assurance can be given by the Trustee or any of the Transaction Parties or each of the Arrangers or Joint Lead Managers as

to the accuracy or completeness of such information. None of the Trustee or any of the Transaction Parties, the Arrangers or the Joint Lead Managers has separately verified the information contained herein. Accordingly, none of the Trustee or any of the Transaction Parties, the Arrangers or the Joint Lead Managers 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. 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 or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the Notes.

The delivery of this Prospectus at any time does not imply that the information herein is correct at any time subsequent to its date.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Seller, the Arrangers or the Joint Lead Managers or any of them to subscribe for or purchase any of the Notes 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.

This Prospectus is personal to the offeree who received it from the Arrangers or the Joint Lead Managers and does not constitute an offer to any other person to purchase any Notes.

The Notes are being offered only to a limited number of investors that are willing and able to conduct an independent investigation of the characteristics of the Notes and the risks of ownership of the Notes. It is expected that prospective investors interested in participating in this offering will conduct an independent investigation of the risks posed by an investment in the Notes. Representatives of the Arrangers or the Joint Lead Managers will be available to answer questions concerning the Issuer and the Notes and will, upon request, make available such other information as investors may reasonably request. Prospective purchasers of the Notes must be able to hold their investment for an indefinite period of time.

This Prospectus is not intended to furnish legal, regulatory, tax, accounting, investment or other advice to any prospective purchaser of the Notes.

This Prospectus should be reviewed by each prospective purchaser and its legal, regulatory, tax, accounting, investment and other advisers. Prospective purchasers whose investment authority is subject to legal restrictions should consult their legal advisers to determine whether and to what extent the Notes constitute legal investments for them.

Interpretation

In this prospectus all references to "**Pounds, Sterling**", "**GBP**" and "**£**" are references to the lawful currency of the United Kingdom.

Certain figures included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Capitalised terms used in this Prospectus, unless otherwise indicated, have the meanings set out in this Prospectus. A glossary of defined terms appears at the end of this Prospectus in the section headed "GLOSSARY OF TERMS".

Forward-Looking Statements

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Contracts and Purchased Receivables, and reflect significant assumptions and subjective judgments by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the auto and consumer

finance 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. The Joint Lead Managers have not attempted to verify any such statements, nor do they 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 Issuer, the Arrangers nor the Joint Lead Managers assume any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

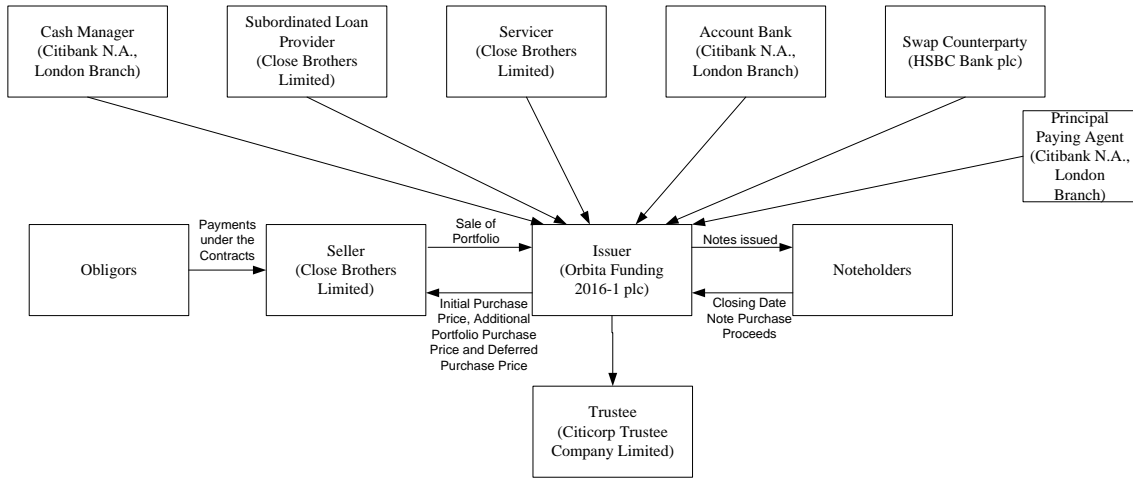
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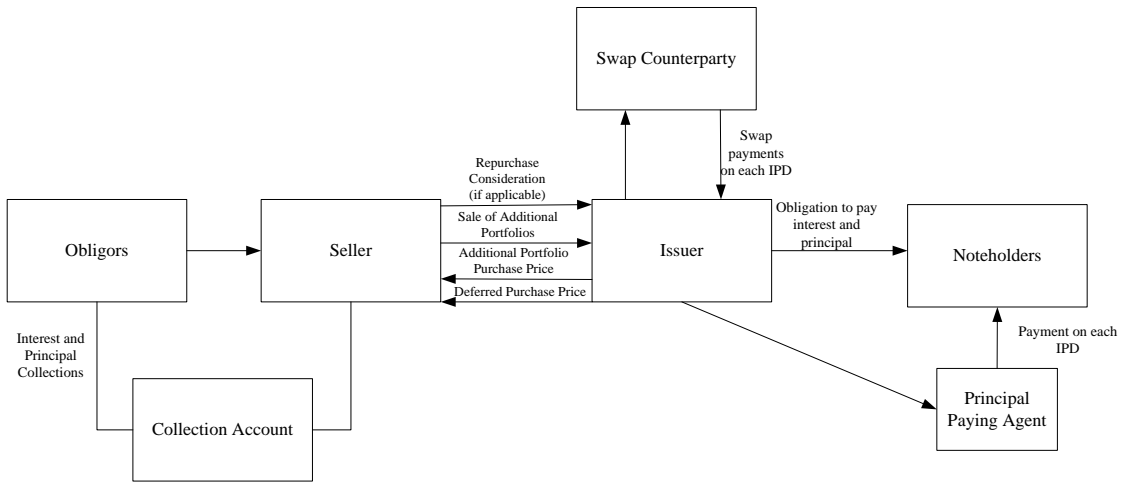
TRANSACTION OVERVIEW

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

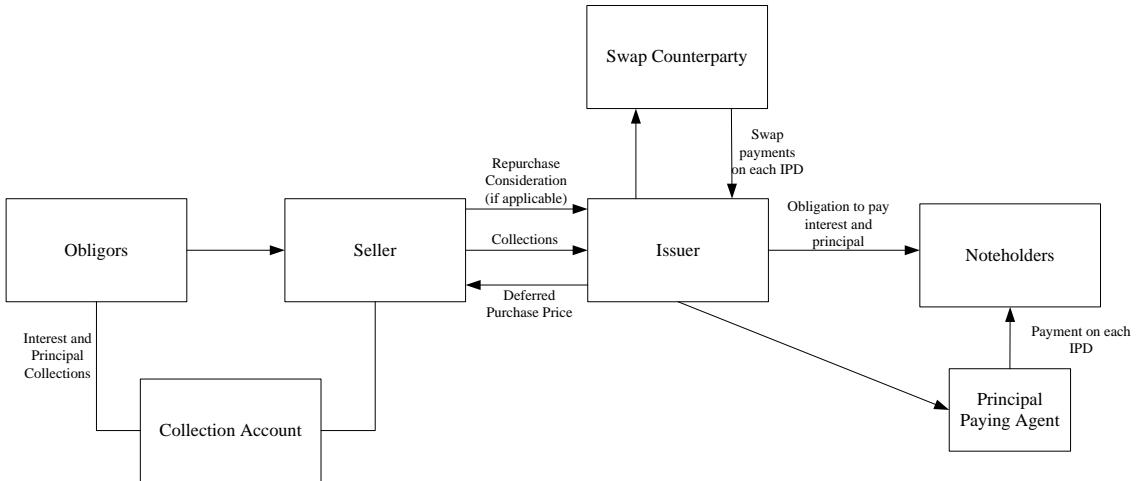
DIAGRAMMATIC OVERVIEW OF THE TRANSACTION



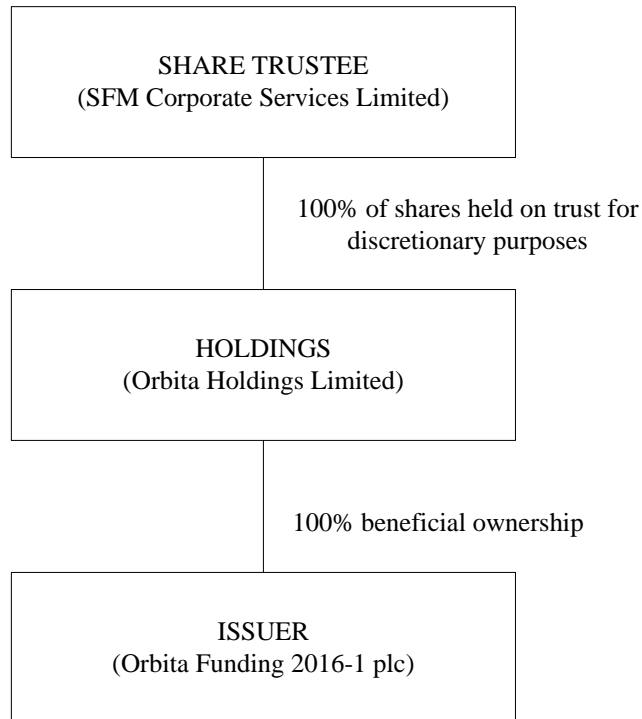
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DIAGRAMMATIC OVERVIEW OF ON-GOING CASH FLOW AFTER REVOLVING PERIOD



DIAGRAMMATIC OVERVIEW OF THE OWNERSHIP STRUCTURE



TRANSACTION PARTIES ON THE CLOSING DATE

Party	Name	Address	Document under which appointed/Further Information
Issuer	Orbita Funding 2016-1 plc	35 Great St. Helen's, London EC3A 6AP United Kingdom	N/A. See the section entitled " <i>The Issuer</i> " in this Prospectus for further information
Holdings	Orbita Holdings Limited	35 Great St. Helen's, London EC3A 6AP United Kingdom	N/A. See the section entitled " <i>Holdings</i> " in this Prospectus for further information
Seller	Close Brothers Limited	10 Crown Place, London EC2A 4FT United Kingdom	N/A. See the section entitled " <i>The Seller, the Servicer and the Receivables</i> " in this Prospectus for further information
Servicer	Close Brothers Limited	10 Crown Place, London EC2A 4FT United Kingdom	Servicing Agreement entered into by the Issuer, the Seller, the Servicer and the Trustee. See the section entitled " <i>Overview of the Transaction Documents – Servicing Agreement</i> " in this Prospectus for further information
Cash Manager	Citibank N.A., Branch	London Citigroup Centre Canada Square Canary Wharf London E14 5LB	Cash Management Agreement entered into by the Issuer, the Cash Manager, the Trustee and the Servicer. See the section entitled " <i>Overview of the Transaction Documents – Cash Management Agreement</i> " in this Prospectus for further information.
Subordinated Loan Provider	Close Brothers Limited	10 Crown Place, London EC2A 4FT United Kingdom	Subordinated Loan Agreement entered into by the Issuer, the Subordinated Loan Provider and the Trustee. See the section entitled " <i>Overview of the</i> "

Party	Name	Address	Document under which appointed/Further Information
			<i>Transaction Documents – Subordinated Loan Agreement</i> in this Prospectus for further information.
Swap Counterparty	HSBC Bank plc	8 Canada Square London E14 5HQ United Kingdom	Swap Agreement entered into by the Issuer, the Swap Counterparty and the Trustee. See the section entitled " <i>Overview of the Transaction Documents – Swap Agreement</i> " in this Prospectus for further information.
Account Bank	Citibank N.A., Branch	London Citigroup Centre Canada Square Canary Wharf London E14 5LB	Account Bank Agreement entered into by the Issuer, the Account Bank, the Cash Manager and the Trustee. See the section entitled " <i>Overview of the Transaction Documents – Account Bank Agreement</i> " in this Prospectus for further information.
Collection Account Bank	The Royal Bank of Scotland plc	250 Bishopsgate London EC2M 4AA	Collection Account Declaration of Trust executed by <i>inter alios</i> , the Issuer and the Seller. See the section entitled " <i>Overview of the Transaction Documents – Servicing Agreement - Collection Account Declaration of Trust</i> " in this Prospectus for more information.
Trustee	Citicorp Trustee Company Limited	London Citigroup Centre Canada Square Canary Wharf London E14 5LB	Trust Deed entered into by the Issuer and the Trustee and the Deed of Charge entered into by, <i>inter alios</i> , the Issuer, the

Party	Name	Address	Document under which appointed/Further Information
			Seller and the Trustee. See the Conditions and the sections entitled " <i>Overview of the Transaction Documents – Trust Deed</i> " and " <i>Overview of the Transaction Documents – Deed of Charge</i> " in this Prospectus for further information.
Principal Paying Agent and Agent Bank	Citibank N.A., Branch	London Citigroup Centre Canada Square Canary Wharf London E14 5LB	Agency Agreement entered into by the Issuer, the Trustee, the Principal Paying Agent, Agent Bank, Cash Manager, Account Bank and Registrar. See the section entitled " <i>Overview of the Transaction Documents – Agency Agreement</i> " in this Prospectus for more information.
Registrar	Citibank N.A., Branch	London Citigroup Centre Canada Square Canary Wharf London E14 5LB	Agency Agreement entered into by the Issuer, the Trustee, the Principal Paying Agent, Agent Bank, Cash Manager, Account Bank and Registrar. See the section entitled " <i>Overview of the Transaction Documents – Agency Agreement</i> " in this Prospectus for more information.

Party	Name	Address	Document under which appointed/Further Information
Corporate Services Provider	Structured Finance Management Limited	35 Great St. Helen's London EC3A 6AP United Kingdom	Corporate Services Agreement entered into by the Issuer, Holdings, the Corporate Services Provider, the Share Trustee and the Trustee. See the sections entitled " <i>The Issuer</i> " and " <i>Holdings</i> " in this Prospectus for further information
Irish Listing Agent	Arthur Cox Listing Services Limited	Earlsfort Centre, Earlsfort Terrace, Dublin 2	N/A
Clearing Systems	Euroclear and together with Clearstream, Luxembourg, the " Clearing Systems "	Euroclear: 1, Boulevard du Roi Albert II 1201 Brussels Belgium Clearstream: 42 av. J. F. Kennedy 1855 Luxembourg	N/A
Arrangers and Joint Lead Managers	HSBC Bank plc	8 Canada Square London E14 5HQ United Kingdom	Subscription Agreement entered into by the Issuer, HSBC Bank plc, Lloyds Bank plc and the Seller. See the section entitled " <i>Subscription and Sale</i> " in this Prospectus for further information.
	Lloyds Bank plc	25 Gresham Street, London EC2V 7HN Unite Kingdom	

THE PORTFOLIO AND SERVICING

Please refer to the sections of the Prospectus entitled "The Provisional Portfolio", "Overview of the Transaction Documents – Receivables Sale and Purchase Agreement" and "Overview of the Transaction Documents – Servicing Agreement" for further information.

Sale of Receivables

On the Closing Date and on each Additional Portfolio Purchase Date during the Revolving Period, the Seller is entitled to sell to the Issuer a portfolio of Receivables.

The Initial Portfolio and each Additional Portfolio will consist of each payment due from an Obligor under a Related Contract (but excluding (a) default interest and fees for, and expenses, charges and costs, if any, arising as a consequence of late payment and any subsequent enforcement actions; (b) administrative fees (including, but not limited to, plate change fees); (c) excess mileage charges; and (d) charges in respect of damages for any Voluntarily Terminated Receivable (the "**Excluded Amounts**")) at any time on and from the Closing Date (in the case of the Initial Portfolio) or the Additional Cut-Off Date (in the case of any Additional Portfolio) together with the Related Rights relating to such Purchased Receivables, each of which will be sold (subject, as regards to the Scottish Receivables, to a Scottish Declaration of Trust) to the Issuer on the Closing Date or will be sold to the Issuer on any Additional Portfolio Purchase Date (as applicable). None of the assets backing the Notes is itself an asset-backed security and the transaction is also not a "synthetic" securitisation in which risk transfer would be achieved through the use of credit derivatives or other similar financial instruments.

The Contracts are directed at retail and business customers that are situated and resident in England and Wales or, Scotland or Northern Ireland and each Contract is governed by English, Northern Irish or Scots law (as applicable). Since origination a portion of the Receivables in the Initial Portfolio have been held in a special purpose vehicle used for warehousing purposes. Receivables comprised in any Additional Portfolio may also be held in such special purpose vehicle prior to sale by the Seller to the Issuer.

Approximately 89.99 per cent. of the Provisional Portfolio is comprised of Conditional Sale Contracts and Hire Purchase Contracts that are not PCP Contracts. Approximately 10.01 per cent. of the Provisional Portfolio is comprised of Hire Purchase Contracts that are PCP Contracts, under which Obligors pay a fixed interest rate and have the option, at the maturity of the relevant PCP Contract, to (a) make a final balloon payment and take title of the Vehicle or (b) return the Vehicle financed under such PCP Contract to the Seller in lieu of making such final balloon payment (subject to compliance with certain conditions). If the Obligor returns the Vehicle to the Seller, the Seller is under an obligation pursuant to the Receivables Sale and Purchase Agreement to sell the Vehicle and remit the proceeds of such sale to the Issuer.

As at the Closing Date, all Hire Purchase Contracts (other than PCP Contracts) are only offered to corporate or limited liability partnership borrowers and are therefore unregulated (the "**Unregulated Contracts**").

The sale of the Initial Portfolio and any Additional Portfolio to the Issuer will in all cases also be subject to certain conditions as at the Closing Date and the relevant Additional Portfolio Purchase Date. The

conditions include that:

- (a) the Issuer pays the Initial Purchase Price or the Additional Portfolio Purchase Price, as applicable; and
- (b) a Transfer Notice attaching the relevant Portfolio Schedule certified by an authorised signatory of the Seller to be true and accurate in all material respects is delivered from the Seller to the Issuer, the Trustee and the Cash Manager; and
- (c) the relevant Purchase Date will fall within the Revolving Period.

The assignment by the Seller of the Purchased Receivables that are English Receivables or Northern Irish Receivables will take effect in equity because no notice of the assignment will be given to Obligors unless a Perfection Event shall have occurred.

The sale of the Scottish Receivables will be given effect by a Scottish Declaration of Trust. No notice of the sale of the Scottish Receivables will be given to Obligors unless a Perfection Event shall have occurred.

Features of Underlying Agreement

The following is a summary of certain features of the Contracts in the provisional portfolio as at the Initial Cut-Off Date (the "**Provisional Portfolio**") and investors should refer to, and carefully consider, further details in respect of Contracts set out in the "*The Provisional Portfolio*" section of this Prospectus.

Type of Receivable	<i>Conditional sale and hire purchase (including PCP)</i>
Number of Contracts	69,512
Number of Conditional Sale Contracts and Hire Purchase Contracts (other than PCP Contracts)	65,569
Total Outstanding Principal Balance (Conditional Sale Contracts and Hire Purchase Contracts (other than PCP Contracts))	£392,122,398
Number of PCP Contracts	3,943
Total Outstanding Principal Balance (PCP Contracts)	£43,608,015
Total PCP Residual Value	£22,778.953
Total Outstanding Principal Balance	£435,730,413
Financed Vehicles - New	£70,834,269
Financed Vehicles - Used	£364,896,144
Weighted Average Contract Yield	10.10%

Motor cars	75.26%
Light commercial vehicles	18.04%
Motorcycles	6.70%
Weighted Average Scheduled Remaining Term	36.82 months
Average current Outstanding Principal Balance	£6,268
Total final balloon amount (Hire Purchase (excluding PCP) and Conditional Sale)	£18,633,717
Total final balloon amount (Hire Purchase (excluding PCP) and Conditional Sale) (Percentage of Total Outstanding Principal Balance)	4.28%

Consideration

The purchase price payable by the Issuer to the Seller in consideration of the Receivables will be equal to the Initial Purchase Price or the Additional Portfolio Purchase Price (as applicable) and the Deferred Purchase Price.

See the section entitled "*Overview of the Transaction Documents – Receivables Sale and Purchase Agreement*" for more information.

Representations and Warranties

The Seller will make certain representations and warranties regarding the Purchased Receivables and the Related Contracts to the Issuer and the Trustee on the Closing Date and each Additional Portfolio Purchase Date with reference to the circumstances as at (x) the Initial Cut-Off Date (in the case of Receivables in the Initial Portfolio originated on or prior to the Initial Cut-Off Date); (y) the Closing Date (in the case of Receivables in the Initial Portfolio originated following the Initial Cut-Off Date); or (z) the Additional Cut-Off Date (in the case of Receivables in the Additional Portfolio) (as applicable) and, where applicable, will make certain representations and warranties on further dates as more fully set out in the Receivables Sale and Purchase Agreement.

Examples of the representations and warranties given by the Seller include the following:

- (i) each such Receivable is an Eligible Receivable, and no adverse selection process was used by the Seller in selecting any such Receivable from those other Receivables which would have been Purchased Receivables had they been sold by the Seller to the Issuer, on such date;
- (ii) immediately prior to sale of each such Receivable and its Related Rights to the Issuer, the Seller was the sole legal and beneficial owner of each such Receivable and its Related Rights free and clear of any Adverse Claim, all previous Adverse Claims having been released and discharged;
- (iii) the Seller or the Servicer has maintained Records relating to each Contract from which each such Receivable derives which

are true and accurate in all material respects; and

- (iv) so far as the Seller is aware, there is no material default, breach or violation under any Related Contract which has not been remedied or of any event which, with the giving of notice and/or the making of any determination and/or the expiration of any applicable grace period, would constitute such default, breach or violation, provided that any default, breach or violation shall be material if it in any way affects the amount or the collectability of the Purchased Receivables arising under the Related Contract.

Eligible Receivables

For a receivable to be an Eligible Receivable, a number of criteria apply, including that such Purchased Receivable is in full force and effect and constitutes the legal, valid, binding and enforceable obligation of the Obligor in respect thereof, subject only to (i) applicable bankruptcy, insolvency, reorganisation, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and (ii) the effect of principles of equity, if applicable.

See the section entitled "*Overview of the Transaction Documents – Receivables Sale and Purchase Agreement – Representations and warranties given by the Seller*" in the Prospectus for further information.

Concentration Limit Tests

For a receivable to be an Eligible Receivable, it must not breach a Concentration Limit Test. In general terms, the Concentration Limit Tests are designed to address the concentration in the Portfolio in relation to, amongst other things, particular Obligors, types of Receivable and types of Vehicles.

Repurchase of the Receivables and Related Rights

To the extent that a representation or warranty given by the Seller in respect of a Purchased Receivable proves to have been incorrect on the date on which such representation and warranty was made (other than by reason of a Related Contract being determined illegal, invalid, non binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA), including where a Non Permitted Variation has been made in respect of the relevant Receivable (each such affected Receivable being a "**Non-Compliant Receivable**") and, if applicable, the relevant breach cannot be remedied, or if the relevant Purchased Receivable never existed or has ceased to exist such that it is not outstanding as at the date of the repurchase, the Seller will be required to repurchase such Purchased Receivable for:

- (i) an amount equal to its Outstanding Principal Balance as at the Closing Date (in respect of the Initial Portfolio) or Additional Cut-Off Date (in respect of any Additional Portfolio), less any amounts received by the Issuer in respect of any Principal Element in respect of such Purchased Receivable plus any accrued income in respect thereof as at the date of the repurchase (the "**Non-Compliant Receivable Repurchase Price**"), or
- (ii) in the case of a Purchased Receivable which never existed, or has ceased to exist, such that it is not outstanding as at the date of the repurchase, an amount equal to (a) the Outstanding Principal Balance of such Purchased Receivable had the Purchased Receivable existed and complied with each of the Receivables Warranties as at the Initial Cut-Off Date or

Closing Date (as applicable) (in respect of the Initial Portfolio) or Additional Cut-Off Date (in respect of any Additional Portfolio) and (b) any deemed interest accrued on the relevant Purchased Receivable at a rate equal to the weighted average Contract Yield of the Portfolio as determined by the Servicer at the end of the immediately preceding Calculation Period less any amounts received by the Issuer in respect of any Principal Element with respect to such Purchased Receivable (the "**Receivables Indemnity Amount**").

Where Purchased Receivables are determined to be in breach of the representation and warranties made by reason of a Related Contract (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA the Seller will not be obliged to repurchase the relevant Receivables but will pay a compensation payment to the Issuer, being an amount, calculated by the Servicer in accordance with the Servicing Agreement, required to compensate the Issuer for any loss arising as a result thereof (the "**CCA Compensation Amount**").

Receivables Call Option:

Under the Receivables Sale and Purchase Agreement, the Seller will be granted a call option in relation to Defaulted Receivables, Returned PCP Receivables or Voluntarily Terminated Receivables (the "**Receivables Call Option**") which will entitle (but not require) the Seller, following the earlier of (a) the sale of the relevant Vehicle in accordance with the terms of the Receivables Sale and Purchase Agreement and allocation of the sale proceeds of the relevant Vehicle to the outstanding loan amount; and (b) a Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated Receivable being written off as uncollectable by the Servicer in accordance with the Seller's Credit and Collection Procedures but prior to the occurrence of an Insolvency Event in respect of the Seller, to purchase from the Issuer, and (if the Seller has decided to make such purchase) oblige the Issuer to sell, any Purchased Receivable which is a Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated Receivable for an amount equal to

- (i) the Initial Optional Repurchase Payment; plus
- (ii) any VAT Adjustment Amount received by the Seller in respect of such Defaulted Receivable, Voluntarily Terminated Receivable or Returned PCP Receivable on or following the date of repurchase of such Receivable by the Seller from the Issuer,

(the "**Optional Repurchase Payment**").

The "**Initial Optional Repurchase Payment**" means in respect of a Defaulted Receivable, Voluntarily Terminated Receivable or Returned PCP Receivable, an amount, calculated by the Servicer, equal to (i) the Outstanding Principal Balance of the applicable Defaulted Receivable, Voluntarily Terminated Receivable or Returned PCP Receivable as at the Closing Date (in respect of the Initial Portfolio) or the relevant Additional Cut-Off Date (in respect of any Additional Portfolio), less any amounts received by the Issuer in respect of any Principal Element relating to such Purchased Receivable plus any accrued income in respect thereof as at the date of the repurchase; multiplied by (ii) 12 per cent.

The Seller is obliged to pay the Initial Optional Repurchase Payment on the relevant repurchase date and to subsequently transfer any VAT Adjustment Amount to the extent it is payable to the Issuer. See "*Overview of the Transaction Documents – Servicing Agreement – Cash Flows*" below.

If the Receivables Call Option is exercised, the Seller is required to repurchase the relevant Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated Receivable by the end of the Calculation Period immediately after the Calculation Period in which such Receivables Call Option is exercised.

Immediately following the exercise of the Receivables Call Option by the Seller and payment of the Initial Optional Repurchase Payment, the Issuer's interest in any Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated Receivable (as applicable) will pass to the Seller.

See the section entitled "*Overview of the Transaction Documents – Receivables Sale and Purchase Agreement Receivables Call Option*" in this Prospectus for further information.

Delegation by the Servicer:

The Servicer may, at its own cost and expense, delegate some of its servicing function to a third party provided that the Servicer remains responsible for the performance of any of its servicing function so delegated. See the section entitled "*Overview of the Transaction Documents – Servicing Agreement*" in this Prospectus for further information.

OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES

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

FULL CAPITAL STRUCTURE OF THE NOTES

	Class A	Subordinated Notes
Currency	GBP	GBP
Initial Principal Amount	£368,100,000	£67,600,000
Credit Enhancement and Liquidity Support	Subordination of the Subordinated Notes, Liquidity Reserve, application of Available Principal Receipts to fund Revenue Deficiencies, excess Available Revenue Receipts	Excess Available Revenue Receipts
Issue Price	100%	100%
Interest Reference Rate	One-month Sterling LIBOR ¹	Fixed Rate of 5% p.a.
Relevant Margin	+95bps	N/A
Interest Accrual Method	Actual/365 (fixed)	Actual/Actual (ICMA)
Interest Determination Date	First day of each Interest Period	First day of each Interest Period
Interest Payment Dates	14th day of each calendar month	14th day of each calendar month
Business Day	London	London
Business Day Convention	Modified Following	Modified Following
First Interest Payment Date	14 July 2016 (subject to adjustment in accordance with the Business Day Convention)	14 July 2016 (subject to adjustment in accordance with the Business Day Convention)
First Interest Period	From and including the Closing Date to (but excluding) the first Interest Payment Date	From and including the Closing Date to (but excluding) the first Interest Payment Date
Clean Up Call	The aggregate Outstanding Principal Balance of all of the Purchased Receivables as at the next following Interest Payment Date is equal to or less than 10 per cent. of the aggregate Outstanding Principal Balance of all of the Purchased Receivables as at the Closing Date	The aggregate Outstanding Principal Balance of all of the Purchased Receivables as at the next following Interest Payment Date is equal to or less than 10 per cent. of the aggregate Outstanding Principal Balance of all of the Purchased Receivables as at the Closing Date or the Class A Notes have been redeemed in full on the next

¹ (interpolation of 1 month and 2 month LIBOR in respect of the first Interest Payment Date).

		following Interest Payment Date
Other Early Redemption in full Events	Optional redemption exercisable by the Issuer in whole on any Interest Payment Date for tax reasons	Optional redemption exercisable by the Issuer in whole on any Interest Payment Date for tax reasons
Final Redemption Date	The Final Maturity Date or, if earlier, the date on which the Principal Amount Outstanding under the Notes has been repaid in full by the Issuer	The Final Maturity Date or, if earlier, the date on which the Principal Amount Outstanding under the Notes has been repaid in full by the Issuer
Form of the Notes	Bearer Notes	Definitive registered Notes
Application for Listing	Irish Stock Exchange	Irish Stock Exchange
ISIN	XS1302785669	N/A
Common Code	130278566	N/A
Clearance/Settlement	Euroclear /Clearstream, Luxembourg	N/A
Minimum Denomination	£100,000 (and £1,000 thereafter)	£100,000 (and £1,000 thereafter)
Regulation	Reg S	Reg S
Amount purchased by the Seller	£168,100,000	£67,600,000
Ranking	<p>The Class A Notes will rank <i>pari passu</i> and <i>pro rata</i> without any preference or priority among themselves as to payments of interest and principal at all times and will rank senior to the Subordinated Notes as to payments of interest and principal at all times.</p> <p>The Subordinated Notes will rank <i>pari passu</i> and <i>pro rata</i> without any preference or priority among themselves as to payments of interest and principal at all times and will rank junior to the Class A Notes as to payments of interest and principal at all times.</p> <p>Prior to the service of a Note Acceleration Notice, payments of principal and interest will be made in accordance with the Pre-Acceleration Principal Priority of Payments and the Pre Acceleration Revenue Priority of Payments.</p> <p>Following the service of a Note Acceleration Notice, amounts received or recovered by the Trustee (or a receiver appointed on its behalf) will be made in accordance with the Post-Acceleration Priority of Payments.</p>	
Security	<p>The Notes are secured and will share the Security together with the other Secured Liabilities of the Issuer in accordance with the Deed of Charge and Condition 2.2 ("Security"). Some of the other Secured Liabilities rank senior to the Issuer's obligations under the Notes in respect of the allocation of proceeds as set out in the relevant Priority of Payments.</p>	
Interest Provisions	Please refer to " <i>Full Capital Structure of the Notes</i> " as set out above	

and Condition 4 (Interest) for the relevant interest provisions.

Interest Deferral

Interest due and payable on the Most Senior Class of Notes will not be deferred. For as long as the Class A Notes are outstanding, interest due and payable on the Subordinated Notes may be deferred in accordance with Condition 15.1 (*Deferred Interest*).

Gross-up

Neither the Issuer nor any other person will be obliged to gross up if there is any withholding or deduction for or on account of tax in respect of any payments under the Notes.

Redemption

The Notes are subject to the following optional or mandatory redemption events (in whole or in part):

- mandatory redemption in whole on the Final Maturity Date, as fully set out in Condition 6.1 (*Redemption at maturity*);
- mandatory redemption in part on any Interest Payment Date commencing on the first Interest Payment Date following the termination of the Revolving Period subject to availability of Available Principal Receipts (applied in accordance with the Pre-Acceleration Principal Priority of Payments, as fully set out in Condition 6.3 (*Mandatory Redemption in part*));
- optional redemption exercisable by the Issuer in whole on any Interest Payment Date:
 - (A) on which the aggregate Outstanding Principal Balance of all of the Purchased Receivables is equal to or less than 10 per cent. of the aggregate Outstanding Principal Balance of all of the Purchased Receivables as at the Closing Date; or
 - (B) following redemption in full of the Class A Notes as fully set out in Condition 6.2 (*Optional redemption for taxation or other reasons*);
- optional redemption exercisable by the Issuer in whole on any Interest Payment Date for tax reasons, as fully set out in Condition 6.2 (*Optional redemption for taxation or other reasons*).

Any Note redeemed pursuant to the above redemption provisions will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note plus any accrued amounts of the relevant Note up to (but excluding) the date of redemption.

Event of Default

The Events of Default are fully set out in Condition 9.1 (*Events of Default*), and occur if:

- the Issuer defaults in the payment of any interest on the Most Senior Class of Notes when the same becomes due and payable, and such default continues for a period of 14 Business Days;
- the Issuer defaults in the payment of principal on the Most Senior Class of Notes when due, and such default continues for a period of 7 Business Days;
- any other breach of obligations by the Issuer under the Conditions or any Transaction Document to which it is a party

where such breach continues for a period of 30 days following the service of notice on the Issuer (unless such breach is considered by the Trustee to be incapable of remedy); or

- the occurrence of an Insolvency Event in respect of the Issuer.

Enforcement

Condition 10 (*Enforcement*) limits the ability of the Noteholders of each Class to take individual action against the Issuer or any of the Charged Property in any circumstances except where the Trustee, having become bound to take action against the Issuer, fails to do so within a reasonable period of becoming so bound and prevents the Noteholders of each Class from taking or joining in taking steps for the purpose of petitioning for Insolvency Proceedings or other similar or analogous proceedings in respect of the Issuer.

In addition, pursuant to Condition 10 (*Enforcement*), following the occurrence of an Event of Default the Trustee cannot be required to enforce the Security except pursuant to a request in writing of the holders of at least one-fifth in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes or an Extraordinary Resolution of the holders of the Most Senior Class of Notes (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction). For the avoidance of doubt, pursuant to Condition 9.1 (*Events of Default*), the Trustee may serve a Note Acceleration Notice at its absolute discretion following the occurrence of an Event of Default.

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 a Note Acceleration Notice; and
- (b) Realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Priority of Payments; and

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 class of Notes then the amount remaining to be paid (after such application in full of the amounts first referred to in (b) above) under such class of Notes (and any class of Notes junior to that class of Notes) shall, on the day following such application in full of the amounts referred to in (b) above, cease to be due and payable by the Issuer. "**Realisation**" is defined in Condition 16 (*Limited Recourse*).

Non petition

Each Secured Creditor (other than the Issuer and the Trustee) agrees with and acknowledges to each of the Issuer and the Trustee, and the Trustee agrees with and acknowledges to the Issuer, that:

- (a) none of the Secured Creditors (nor any person on their behalf, other than the Trustee where appropriate) are entitled, otherwise than as permitted by the Transaction Documents, to direct the Trustee to enforce the Security or take any

proceedings or action against the Issuer to enforce or realise the Security;

- (b) none of the Secured Creditors (other than the Trustee) shall have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to any of the Secured Creditors;
- (c) until the date falling two years after the Final Discharge Date, none of the Secured Creditors nor any person on their behalf shall initiate or join any person in initiating an Insolvency Event or the appointment of an Insolvency Official in relation to the Issuer other than a Receiver or an administrator appointed under the Deed of Charge; and
- (d) none of the Secured Creditors shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

Governing Law

The Notes and the Conditions (and, in each case, any non-contractual obligations arising out of or in connection therewith) will be governed by, and construed in accordance with, the laws of England and Wales. All of the Transaction Documents (and, in each case, any non-contractual obligations arising out of or in connection therewith) are governed by English law or, in the case of certain security and sale provisions, Scots or Northern Irish law.

RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS

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

Prior to an Event of Default Prior to the occurrence of an Event of Default, the Issuer or the Trustee may at any time, and Noteholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes then outstanding are entitled to, upon request in writing to the Issuer, convene a Noteholders' meeting to consider any matter affecting their interests.

Following an Event of Default Following the occurrence of an Event of Default, Noteholders may, if they hold not less than one-fifth of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or if the Noteholders of the Most Senior Class of Notes pass an Extraordinary Resolution, direct the Trustee to give a Note Acceleration Notice to the Issuer notifying the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued interest. In the case of the Issuer failing to perform or observe any of its other obligations under the Conditions or any Transaction Document to which it is a party (other than with respect to the payment of principal and interest when due), such an Extraordinary Resolution will be effective only if the Trustee shall also have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Most Senior Class of Notes. The Trustee may also, without the consent of the Noteholders, if it is of the opinion that such determination will not be materially prejudicial to the interests of the Noteholders, determine that an Event of Default or Potential Event of Default shall not, or shall not subject to specified conditions, be treated as such.

See section entitled "Terms and Conditions of the Notes" in this Prospectus for more information.

Noteholders Meeting provisions

	<i>Initial meeting</i>	<i>Adjourned meeting</i>
Notice period:	At least 21 clear days for the initial meeting	At least 10 clear days for the adjourned meeting (and no more than 42 clear days in the case of an initial adjournment of a meeting at which an Extraordinary Resolution is to be proposed)
Quorum:	At least 20 per cent. of the Principal Amount Outstanding of the relevant Class of Notes then outstanding for all Ordinary Resolutions; at least 50 per cent. of the Principal Amount Outstanding of the relevant Class of Notes for the initial meeting to pass an Extraordinary Resolution	Any holding (other than an Extraordinary Resolution or a Basic Terms Modification, which requires at least 25 per cent. of the Principal Amount Outstanding of the relevant Class of Notes)

(other than a Basic Terms Modification, which requires at least 75 per cent. of the Principal Amount Outstanding of the relevant Class of Notes)

Required majority:	More than 50 per cent. of votes cast for matters requiring Ordinary Resolution and at least 75 per cent. of votes cast for matters requiring Extraordinary Resolution	More than 50 per cent. of votes cast for matters requiring Ordinary Resolution and at least 75 per cent. of votes cast for matters requiring Extraordinary Resolution
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Written Resolution: At least 75 per cent. of the Principal Amount Outstanding of the relevant class of Notes then outstanding. A Written Resolution has the same effect as an Extraordinary Resolution.

Matters requiring Extraordinary Resolution

Broadly speaking, the following matters require an Extraordinary Resolution:

- to approve any Basic Terms Modification;
- to approve the substitution of any person for the Issuer as principal obligor under the Notes;
- to waive any breach or authorise any proposed breach by the Issuer of its obligations under the Notes or any Transaction Document or any act or omission which might otherwise constitute an Event of Default under the Notes;
- to remove the Trustee and to approve the appointment of a new Trustee;
- to authorise the Trustee or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- to discharge or exonerate the Trustee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- to give any other authorisation or approval which under the Trust Deed or the Notes is required to be given by Extraordinary Resolution; and
- to appoint any persons as a committee to represent the interests of the Noteholders and to convey upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution.

**Right of modification
without Noteholder consent**

Pursuant to and in accordance with the detailed provisions of Condition 11.7, the Trustee shall be obliged to concur with the Issuer in making any modification (other than a Basic Terms Modification) to the Conditions and/or any Transaction Document or enter into any new, supplemental or additional documents for the purposes of:

- (a) complying with, or implementing or reflecting, any change in criteria of the Rating Agencies;
- (b) complying with any changes in the requirements of Article 405 of the Capital Requirements Regulation, Article 51 of the AIFM Regulation or Article 254(2) of the Solvency II Delegated Act or any other risk retention legislation, regulations or official guidance;
- (c) enabling the Notes to be (or to remain) listed on the Irish Stock Exchange;
- (d) enabling the Issuer or any other Transaction Party to comply with FATCA; or
- (e) complying with any changes in the requirements of the CRA Regulation.

Amongst other things, the Issuer must certify to the Trustee (upon which certificate the Trustee shall rely absolutely and without further enquiry or liability) that it has provided at least 30 days' notice to Noteholders of each Class of the proposed modification in accordance with Condition 14 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Notes. 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 Issuer in writing that such Noteholders do not consent to the modification then such modification will not be made unless passed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding in accordance with Condition 11 (*Meetings of Noteholders, Modification, Waiver*).

In addition, the Trustee shall be obliged, without any consent or sanction of the Noteholders or the other Secured Creditors but subject to the receipt of written consent from each of the Secured Creditors party to the Transaction Document being modified, to concur with the Issuer in making any modification to the Conditions and/or any other Transaction Document, in accordance with the provisions of Part 6(d) (*Amendment to Swap Documentation to ensure compliance with EMIR*) of the schedule to the Swap Agreement in order to enable the Issuer and/or the Swap Counterparty to comply with any obligation which applies to it under EMIR and/or any New Regulatory Requirements (as such term is defined in the schedule to the Swap Agreement), provided that the Issuer or the Swap Counterparty, as appropriate, certifies to the Trustee and the Swap Counterparty or Issuer, as applicable, in writing (upon which certificate the Trustee shall rely absolutely and without further enquiry or liability) that such modification is required solely for the purpose of enabling it to satisfy such obligation and has been drafted solely to such effect.

**Relationship between
Classes of Noteholders**

Except in respect of certain matters set out in Condition 11 (*Meetings of Noteholders, Modification and Waiver*) and the Trust Deed and excluding for the avoidance of doubt a Basic Terms Modification in respect of Classes other than the Most Senior Class of Notes, an

Extraordinary Resolution of Noteholders of the Most Senior Class of Notes shall be binding on all other Classes. For further details see Condition 11 (*Meetings of Noteholders, Modification and Waiver*).

A Basic Terms Modification requires an Extraordinary Resolution of each Class of Notes then outstanding.

Relationship between Noteholders and other Secured Creditors

So long as the Notes are outstanding, the Trustee will have regard to the interests of both the Noteholders and the other Secured Creditors, but if in the Trustee's sole opinion there is a conflict between their interests it will have regard solely to the interests of the Noteholders.

Provision of Information to the Noteholders

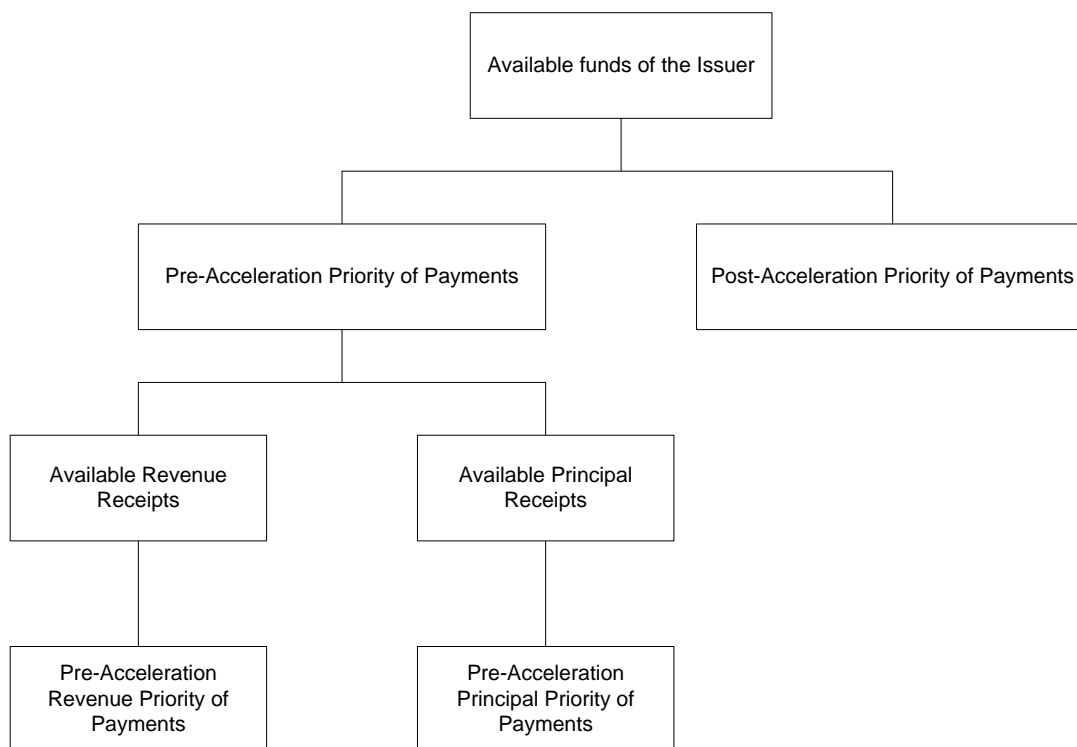
Information in respect of the underlying Portfolio will be provided to the Noteholders on a monthly basis by the Cash Manager pursuant to the terms of the Cash Management Agreement. The Cash Manager will publish the final Monthly Investor Report on the Structured Finance website <https://sf.citidirect.com/> in accordance with the provisions of the Cash Management Agreement. The website and the contents thereof do not form part of this Prospectus.

Communication with Noteholders

Any notice shall be deemed to have been duly given to the Class A Noteholders if sent to the Clearing Systems for communication by them to the holders of the Class A Notes and shall be deemed to be given on the date on which it was so sent to the Clearing Systems. Any notice shall also be published in accordance with the relevant guidelines of the Irish Stock Exchange by a notification in writing to the Company Announcement Office of the Irish Stock Exchange.

CREDIT STRUCTURE AND CASHFLOW

Please refer to the section entitled "Cash Management" in this Prospectus for further detail in respect of the credit structure and cash flow of the transaction.



Available Funds of the Issuer: The Issuer will use Available Revenue Receipts and Available Principal Receipts for the purposes of making interest and principal payments under the Notes and meeting the Issuer's other payment obligations pursuant to the other Transaction Documents.

Available Revenue Receipts: For each Interest Payment Date, the "Available Revenue Receipts" will be calculated by the Cash Manager on or before the immediately preceding Calculation Date and will be an amount equal to the sum of:

- (a) all Revenue Receipts received by the Issuer during the immediately preceding Calculation Period;
- (b) interest received during the immediately preceding Calculation Period on the Issuer Bank Accounts (other than any Swap Collateral Account) and any income received during the immediately preceding Calculation Period relating to any Authorised Investments purchased from amounts standing to the credit of the Issuer Bank Accounts (other than any Swap Collateral Account);
- (c) all amounts then standing to the credit of the Liquidity Reserve Ledger;
- (d) amounts to be received by the Issuer under the Swap Agreement (other than (i) any early termination amount received by the Issuer under the Swap Agreement to the extent it is to be applied in acquiring a replacement swap transaction, (ii) Excess Swap Collateral or Swap Collateral, except to the extent that the value of Swap Collateral has been applied, pursuant to the provisions of the Swap Agreement, to reduce the amount that would otherwise be payable by the Swap Counterparty to the Issuer on early

termination of the swap transaction under the Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the Swap Counterparty, such Swap Collateral is not to be applied in acquiring a replacement swap transaction, (iii) any Replacement Swap Premium, but only to the extent applied directly to any termination payment due and payable by the Issuer to the Swap Counterparty and (iv) amounts in respect of Swap Tax Credits on such Interest Payment Date);

- (e) notwithstanding item (d) above, (i) any early termination amount received from the Swap Counterparty in excess of the amount required and applied by the Issuer to purchase one or more replacement Swap Agreements, and (ii) any Replacement Swap Premium received from a replacement Swap Counterparty in excess of the amount required and applied to pay any outgoing Swap Counterparty;
- (f) the aggregate of all Available Principal Receipts (if any) which are (i) applied to make up any Revenue Deficiency on the relevant Interest Payment Date (only to the extent required after calculating any Revenue Deficiency) and (ii) any Surplus Available Principal Receipts;
- (g) any Start-up Costs Proceeds advanced under the Subordinated Loan to the extent that the Cash Manager determines that such amounts are not required to be applied to make payments in respect of any initial costs of the Issuer;
- (h) where the Seller repurchases the Final Receivables in accordance with the terms of the Receivables Sale and Purchase Agreement in respect of an exercise by the Issuer of the Clean Up Call, such amount of the Final Repurchase Price received by the Issuer on such Interest Payment Date representing amounts other than the Outstanding Principal Balance of the Final Receivables as at such Interest Payment Date; and
- (i) any Income Recoveries received in respect of the previous Calculation Period,

but, for the avoidance of doubt, excluding any Issuer Profit Amount retained by the Issuer on any prior Interest Payment Date and any amounts which have been applied as Permitted Withdrawals by the Issuer during the immediately preceding Calculation Period.

**Available
Principal
Receipts**

For each Interest Payment Date the "**Available Principal Receipts**" will be calculated by the Cash Manager on or before the immediately preceding Calculation Date and will be an amount equal to the sum of:

- (a) all Principal Receipts received by the Issuer during the immediately preceding Calculation Period;
- (b) the amounts, if any, to be credited to the Principal Deficiency Ledger pursuant to items (g) and (i) of the Pre-Acceleration Revenue Priority of Payments on the relevant Interest Payment Date;
- (c) the amount standing to the credit of the Liquidity Facility Reserve Ledger, if any, to be applied as Available Principal Receipts (pursuant to the Pre-Acceleration Revenue Priority of Payments) to redeem in full the Class A Notes on the Final Class A Interest Payment Date;
- (d) where the Seller repurchases the Final Receivables in accordance with the terms of the Receivables Sale and Purchase Agreement in respect of an exercise by the Issuer of the Clean Up Call, such amount of the Final Repurchase Price received by the Issuer on such Interest Payment Date

representing the Outstanding Principal Balance of the Final Receivables as at such Interest Payment Date;

- (e) an amount equal to any Principal Recoveries in respect of the immediately preceding Calculation Period; and
- (f) any amount standing to the credit of the Replenishment Ledger.

Revolving Period The Revolving Period commences on the Closing Date and ends on (but excludes or, in the case of (a), includes) the earliest of (a) the Interest Payment Date falling in June 2017; (b) the date on which a Revolving Period Termination Event occurs and (c) the date on which all the Notes are redeemed following the repurchase of all Receivables by the Seller in accordance with Clause 7.4 of the Receivables Sale and Purchase Agreement. No principal will be paid on the Notes during the Revolving Period.

During the Revolving Period, Available Principal Receipts may be used to purchase Additional Portfolios in accordance with the Pre-Acceleration Principal Priority of Payments. If such amounts are not applied to purchase Additional Portfolios on the relevant Interest Payment Date, then they will be credited to the Transaction Account and recorded on the Replenishment Ledger to be used to purchase Additional Portfolios or to be applied as Available Principal Receipts on the immediately following Interest Payment Date.

Revolving Period Termination Event The occurrence of any of the following shall constitute a Revolving Period Termination Event:

- (a) the occurrence of an Insolvency Event in respect of the Seller;
- (b) a Servicer Termination Event;
- (c) the Seller fails duly to perform or comply with any of its material obligations under any Transaction Document to which it is a party and if such failure is capable of being remedied, such failure, is not remedied within twenty Business Days after the earlier of notice thereof has been given by the Issuer or the Trustee to the Seller or the Seller becoming aware of such failure;
- (d) the occurrence of an Event of Default or Termination Event under the Swap Agreement (in each case as defined in the Swap Agreement);
- (e) the delivery of a Note Acceleration Notice by the Trustee after the occurrence of an Event of Default;
- (f) a breach of any of the following portfolio triggers shall have occurred:
 - (i) the Average Delinquency Ratio exceeds 0.9 per cent. on any Interest Payment Date; or
 - (ii) the Cumulative Loss Ratio exceeds the Cumulative Loss Trigger on any Cumulative Loss Test Date;
- (g) on any Interest Payment Date, the Liquidity Reserve is not funded up to the Liquidity Reserve Required Amount; and
- (h) on any two consecutive Interest Payment Dates, the balance of the Replenishment Ledger as at the Calculation Date immediately preceding the relevant Interest Payment Date is greater than 10 per cent. of the

aggregate Outstanding Principal Balance as at the Closing Date.

**Overview of
Priorities of
Payments**

Below is an overview of the relevant payment priorities. Full details of the payment priorities are set out in the section entitled "*Key Structural Features*" in this Prospectus.

<u>Pre-enforcement Revenue Priority of Payments:</u>	<u>Pre-enforcement Principal Priority of Payment:</u>	<u>Post-enforcement Priority of Payments:</u>
<ul style="list-style-type: none"> • Senior expenses² • Swap Agreement payments other than Subordinated Swap Amounts • <i>Pro rata</i> and <i>pari passu</i> the Class A Notes Interest Amount • Liquidity Reserve Ledger up to the Liquidity Reserve Required Amount or (as applicable) to redeem in full the Class A Notes • Class A Principal Deficiency Sub-Ledger • Issuer Profit Amount • Subordinated Notes Principal Deficiency Sub-ledger • <i>Pro rata</i> and <i>pari passu</i> the Subordinated Notes Interest Amount • Subordinated Swap Amounts 	<ul style="list-style-type: none"> • Revenue Deficiency in respect of senior expenses and the Class A Notes (items (a) to (e) of the Pre-Acceleration Revenue Priority of Payments) • Prior to the expiration of the Revolving Period, to pay any Additional Portfolio Purchase Price if such Interest Payment Date is an Additional Portfolio Purchase Date • Prior to the expiration of the Revolving Period, to the extent not used under the above item, to credit to the Replenishment Ledger • After the end of the Revolving Period, Class A Notes Principal Amount • After the end of the Revolving Period, Subordinated Notes Principal Amount • Any Surplus Available Principal Receipts to be applied as Available Revenue Receipts 	<ul style="list-style-type: none"> • Senior expenses³ • Swap Agreement payments other than Subordinated Swap Amounts • <i>Pro rata</i> and <i>pari passu</i> the Class A Notes Interest Amount and the Class A Notes Principal Amount • <i>Pro rata</i> and <i>pari passu</i> the Subordinated Notes Interest Amount and the Subordinated Notes Principal Amount • Subordinated Swap Amounts • All amounts due and payable under the Subordinated Loan • Issuer Profit Amount and corporate tax to the extent not payable out of the Issuer Profit Amount • Deferred Purchase Price
<ul style="list-style-type: none"> • Subordinated Loan interest • Subordinated Loan principal repayment • Other amounts owed by the Issuer under the Transaction Documents 		

² Such amounts including all amounts ranking senior to the payment of interest on the Class A Notes.

³ Such amounts including all amounts ranking senior to the payment of interest on the Class A Notes.

- Deferred Purchase Price

General Credit Structure

The credit structure of the transaction includes the following elements:

- availability of the Liquidity Reserve, funded initially by the Subordinated Loan Provider on the Closing Date, in an amount equal to: (a) up to and including the Final Class A Interest Payment Date an amount equal to the higher of (i) 1.5 per cent. of the aggregate of the Principal Amount Outstanding of the Class A Notes as at the Calculation Date immediately preceding the relevant Interest Payment Date; and (ii) 0.5 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes as at the Closing Date; and (b) thereafter zero, which will be replenished up to the Liquidity Reserve Required Amount in accordance with the Pre-Acceleration Revenue Priority of Payments on each Interest Payment Date. The Liquidity Reserve will be available to pay interest on the Class A Notes and senior expenses ranking in priority thereto from the Closing Date up to (and including) the Final Class A Interest Payment Date (as defined below). In addition, on the Interest Payment Date on which, following the application of the Pre-Acceleration Revenue Priority of Payments, the amount standing to the credit of the Liquidity Reserve on such Interest Payment Date is equal to or exceeds the Principal Amount Outstanding of the Class A Notes on such Interest Payment Date (the "**Final Class A Interest Payment Date**"), an amount not exceeding the Principal Amount Outstanding of the Class A Notes shall be debited from the Liquidity Reserve Ledger and applied as Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments in such amount as is required to redeem the Class A Notes and thereafter any excess shall continue to be applied in accordance with the Pre-Acceleration Revenue Priority of Payments;
- application of Available Principal Receipts to fund Revenue Deficiencies in respect of senior expenses and interest payable in respect of the Class A Notes (items (a) to (e) inclusive of the Pre-Acceleration Revenue Priority of Payments);
- availability of the interest rate swap provided by the Swap Counterparty to hedge against the variance between the fixed rate of interest in respect of the Purchased Receivables and the floating rate of interest in respect of the Class A Notes; and
- the subordination of the Subordinated Notes to the Class A Notes.

See the section entitled "*Credit Structure, Liquidity and Hedging*" in this Prospectus for further information.

Bank Accounts and Cash Management

All Collections in respect of the Purchased Receivables in the Portfolio are received by the Servicer in its Collection Account. The Servicer is obliged to transfer Collections in respect of the Purchased Receivables in the Portfolio to the Transaction Account on each Interest Payment Date (or at any time within two Business Days prior to such Interest Payment Date).

Upon the occurrence of a CBL Trigger Event and as long as a CBL Trigger Event is continuing, the Servicer is obliged to transfer Collections in respect of the Purchased Receivables in the Portfolio to the Transaction Account within two Business Days following receipt by the Seller.

In addition, the Seller has declared a trust over all amounts standing to the credit of the Collection Account in favour of the Issuer (in respect of any amounts received

in respect of Purchased Receivables in the Portfolio), certain other beneficiaries and itself in accordance with the terms of the Servicing Agreement and the Collection Account Declaration of Trust (as to which see further the section entitled "*Overview of the Transaction Documents – Servicing Agreement*" in this Prospectus).

Overview of key Swap Terms

The interest rate swap has the following key commercial terms:

- Swap Notional Amount: At the commencement of each relevant period in respect of the interest rate swap transaction, the notional amount of the interest rate swap transaction documented by the Swap Agreement will be equal to the Class A Notes Principal Amount.

In relation to the initial Calculation Period, GBP 368,100,000;

- Issuer payment:
0.70% per annum of the swap notional amount
- Interest Rate Swap Provider payment: One month sterling LIBOR (subject to a floor of zero) on the swap notional amount
- Frequency of payment:
Each Interest Payment Date

See the section entitled "*Overview of the Transaction Documents – Swap Agreement*" and "*Credit Structure, Liquidity and Hedging – Swap Agreement*" in this Prospectus for further information.

TRIGGERS TABLES

Rating Triggers Table

<u>Transaction Party</u>	<u>Required Ratings/Triggers</u>	<u>Possible effects of Trigger being breached include the following</u>
Swap Counterparty (or any credit support provider from time to time in respect of the Swap Counterparty):	<p>Fitch derivative counterparty long-term rating (or, in the absence of such a rating with respect to such entity, the long-term issuer default rating) and short-term issuer default rating requirements</p> <p>Long-term rating at least "A" or short-term rating at least "F1"</p> <p>Long-term rating at least "A-" or short-term rating at least "F2"</p> <p>Long-term rating at least "BBB-" or short term rating at least "F3"</p>	<p>Subject to the terms of the Swap Agreement, the consequence of breach is that the Swap Counterparty will be obliged to (a) post collateral or (b) (i) procure a transfer to an eligible replacement of its obligations under such Swap Agreement or (ii) procure a guarantee from an eligible guarantor in respect of its obligations under such Swap Agreement or (iii) take such other action as required to maintain or restore the rating of the Class A Notes by Fitch.</p> <p>Subject to the terms of the Swap Agreement, the consequence of breach is that the Swap Counterparty will be obliged to post an increased amount of collateral, in accordance with the terms of the credit support annex to the Swap Agreement.</p> <p>Subject to the terms of the Swap Agreement, the consequence of breach is that the Swap Counterparty will be obliged to (a) post or continue to post collateral (pending the taking of any actions set out in subparagraph (b)) and also to (b) use its best endeavours to take one of the following actions: (i) to procure a transfer to an eligible replacement of its obligations under such Swap Agreement or (ii) procure a guarantee from an eligible guarantor in respect of its obligations under such Swap Agreement or (iii) take such other action as required to</p>

Transaction Party	Required Ratings/Triggers	Possible effects of Trigger being breached include the following
	<p>Moody's long-term unsecured, unsubordinated and unguaranteed debt rating requirements or counterparty risk assessment requirements</p>	<p>maintain or restore the rating of the Class A Notes by Fitch.</p>
	<p>Long-term rating of at least "Baa1" or counterparty risk assessment of at least "Baa1"</p>	<p>Subject to the terms of the Swap Agreement, the consequence of breach is that the Swap Counterparty will be obliged to (a) post collateral and may be required to (b) procure a transfer to an eligible replacement of its obligations under such Swap Agreement or (c) procure a guarantee from an eligible guarantor in respect of its obligations under such Swap Agreement.</p>
Account Bank:	<p>(a) Short-term, unsecured, unguaranteed and unsubordinated debt obligations rated at least F1 by Fitch and (b) long-term bank deposits rated at least A3 by Moody's and A by Fitch or such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes.</p>	<p>The consequence of breach is that the Account Bank must, within 30 days of the breach occurring, do one of the following: (a) close the Transaction Account and open a new replacement account with a financial institution (i) having all the requisite ratings and (ii) which is a bank as defined in Section 991 of the Income Tax Act 2007 and which is situated in a Member State of the European union, and authorised as a credit institution by a competent authority in a Member State of the European Union, for the purposes of Directive 2006/48/EC on credit institutions, (b) obtain a guarantee in support of the Account Bank's obligations under the Account Bank Agreement from a financial institution having all the requisite ratings, or (c) carry out such other actions as may be requested by the parties to the Account Bank Agreement (other than the Trustee) to maintain the rating of the Class A Notes immediately prior to the breach.</p>

Transaction Party	Required Ratings/Triggers	Possible effects of Trigger being breached include the following
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If the Account Bank fails to comply with the above, the Account Bank's appointment will be terminated by the Issuer (with prior written notice to the Trustee) (such termination being effective on a replacement account bank being appointed by the Issuer).

Non-Rating Triggers Table

<u>Nature of Trigger</u>	<u>Description of Trigger</u>	<u>Consequence of Trigger</u>
<p>Perfection Events</p> <p>See the section in this Prospectus entitled "<i>Overview of the Transaction Documents – Receivables Sale and Purchase Agreement</i>" for further information.</p>	<p>The occurrence of any of the following:</p> <p>(a) it becoming necessary by law to perfect the Issuer's legal title to the Purchased Receivables, (or procure the perfection of the Issuer's legal title to the Purchased Receivables) in accordance with the terms of the Receivables Sale and Purchase Agreement; or</p> <p>(b) unless otherwise agreed in writing by the Trustee, a Servicer Termination Event occurs; or</p> <p>(c) the Seller calling for perfection or transfer of legal title by serving notice in writing to that effect on the Issuer and the Trustee; or</p> <p>(d) the occurrence of an Insolvency Event in respect of the Seller.</p>	<p>Obligors will be notified of the sale and assignment to the Issuer and legal title to the Purchased Receivables will be transferred to the Issuer.</p> <p>Further, Obligors will be directed to pay amounts outstanding in respect of Purchased Receivables directly to the Issuer and instructions will be made to make transfers from the Collection Account to the Transaction Account.</p>
<p>Servicer Termination Event</p> <p>See the section in this Prospectus entitled "<i>Overview of the Transaction Documents – Servicing Agreement</i>" for further information.</p>	<p>The occurrence of any of the following:</p> <p>(a) default in payment of amounts due to be paid by the Servicer under the Servicing Agreement and unremedied for 7 Business Days;</p> <p>(b) material non-compliance with other covenants or obligations and unremedied for 60 days;</p> <p>(c) failure by the Servicer to maintain any regulatory licence or approval required under the Servicing Agreement</p>	<p>Following the occurrence of a Servicer Termination Event the Issuer may terminate the appointment of the Servicer under the Servicing Agreement. Further, at any time, the Servicer may also resign its appointment on no less than 12 months' written notice to, among others, the Issuer and the Trustee with copy being sent to the Rating Agencies provided that such resignation shall not take effect unless the Issuer, and the Trustee consent to such resignation and a replacement servicer has been appointed.</p>

Nature of Trigger	Description of Trigger	Consequence of Trigger
	and unremedied for 60 days; or	
	(d) an Insolvency Event occurs in respect of the Servicer.	
Cash Manager Termination Events	The occurrence of any of the following:	Following the occurrence of a Cash Manager Termination Event the Issuer may terminate the appointment of the Cash Manager under the Cash Management Agreement.
See the section in this Prospectus entitled " <i>Overview of the Transaction Documents – Cash Management Agreement</i> " for further information.	(a) default in payment of amount due and unremedied for 5 Business Days;	Further at any time, the Cash Manager may also resign its appointment on no less than 90 days' written notice to, among others, the Issuer and the Trustee with a copy being sent to the Rating Agencies provided that such resignation shall not take effect unless the Issuer, and the Trustee consent to such resignation and until a Replacement Cash Manager, which has been approved by the Trustee and the Issuer has been appointed in its place.
	(b) material non-compliance with other covenants or obligations and unremedied for 30 days;	
	(c) it is or will become unlawful for the Cash Manager to perform or comply with any of its obligations under the Cash Management Agreement; or	
	(d) an Insolvency Event occurs in respect of the Cash Manager.	If the Cash Manager's appointment is terminated, the Issuer shall identify a suitable entity to act as a Replacement Cash Manager which must first be approved by the Trustee.

FEES

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

<u>Type of Fee</u>	<u>Amount of Fee</u>	<u>Priority in Cashflow</u>	<u>Frequency</u>
Servicing fees	1 per cent. per annum of the Outstanding Principal Balance of the Purchased Receivables in the Portfolio (inclusive of VAT)	Ahead of all outstanding Notes	Monthly in arrears on each Interest Payment Date
Other ongoing fees and expenses of the Issuer	Estimated at GBP 50,000	Ahead of all outstanding Notes	Per annum.
Expenses related to the admission to trading of the Notes	Listing fees – estimated at EUR 5,541.20	Ahead of all outstanding Notes	On or about the Closing Date

RISK FACTORS

The following is a summary of certain factors which prospective investors should consider before deciding to purchase the Notes. The following statements are not exhaustive; prospective investors are requested to consider all the information in this Prospectus, make such other enquiries and investigations as they consider appropriate and reach their own views prior to making any investment decisions.

Structural Considerations

Obligation of the Issuer only

The Notes will be contractual obligations solely of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, the Trustee, the Share Trustee, the Agents, the Irish Listing Agent, the Account Bank, the Cash Manager, the Corporate Services Provider, the Servicer, the Seller, the Subordinated Loan Provider, Holdings, the Swap Counterparty, the Arrangers or the Joint Lead Managers or any other parties to the Transaction Documents.

The Issuer's ability to meet its obligations under the Notes

The Issuer is a special purpose company with no business operations other than the issue of the Notes, the acquisition of its interest in the Purchased Receivables, the entry into the Swap Agreement, the borrowing of money under the Subordinated Loan Agreement and certain ancillary arrangements. The ability of the Issuer to meet its obligations under the Notes and its operating, administrative and other expenses will be dependent on the following:

- (a) the receipt by it of funds principally from the Purchased Receivables, which in turn will be dependent upon:
 - (i) the receipt by the Servicer or its agents of Collections from Obligors in respect of the Purchased Receivables and the payment of those amounts by the Servicer in accordance with the Servicing Agreement and the Receivables Sale and Purchase Agreement; and
 - (ii) the receipt by the Issuer of amounts due to be paid by the Seller as a result of any repurchase of Non-Compliant Receivables by the Seller or payment of the CCA Compensation Amount or the Receivables Indemnity Amount;
- (b) the receipt by the Issuer of any net payments which the Swap Counterparty is required to make under each Swap Agreement;
- (c) receipt by the Issuer on the Closing Date of amounts under the Subordinated Loan Agreement;
- (d) interest income earned on cash balances held by the Issuer (if any);
- (e) receipt by the Issuer of payments (if any) under the other Transaction Documents in accordance with the terms thereof; and
- (f) following service of a Note Acceleration Notice, the proceeds of enforcement of the Charged Property (other than any Excess Swap Collateral).

Other than those amounts, the Issuer will not have any other material funds available to it to meet its obligations in respect of the Notes and its obligations ranking in priority to or *pari passu* with the Notes.

As the Purchased Receivables are the primary component of the Charged Property, and the ability of the Issuer to make payments on the Notes is based on the performance of the Portfolio, the Issuer is ultimately subject to the risk that the amount of Defaulted Receivables in the Portfolio rises above certain levels, resulting in the Servicer being unable to realise, collect or recover sufficient funds and ultimately resulting in the Issuer being unable to discharge its obligations in respect of payments of interest and of principal on the Notes. In addition, in respect of Voluntarily Terminated Receivables, Returned PCP Receivables and Defaulted Receivables, the Seller is required to account for Recoveries

(including Vehicle Sale Proceeds) to the Issuer. Such Recoveries may not be sufficient to cover the difference between the Initial Purchase Price or, as the case may be, Additional Portfolio Purchase Price paid by the Issuer for the related Receivable and any amounts received by the Issuer in respect of any Principal Elements in respect of the related Receivable, ultimately resulting in the Issuer being unable to discharge its obligations in respect of payments of interest and of principal on the Notes.

The Issuer's ability to make full and timely payments of interest and principal on the Notes will be dependent on the Servicer performing its obligations under the Servicing Agreement to collect amounts due and payable by Obligor into the Collection Account and transfer amounts so collected to the Transaction Account, and on payments actually being made by Obligor or guarantors thereof (in respect of whom no security has been or will be taken to secure such payment obligations), and receipt of amounts otherwise realised or recovered from or in respect of the Purchased Receivables and the Related Rights relating thereto.

The various risks existing in respect of payments of interest and principal due on the Notes are, to some extent, mitigated by the availability of support provided by the credit structure through the subordination of the Subordinated Notes, together with the availability of the Liquidity Reserve to, among other things, pay interest on the Class A Notes. The establishment of the Liquidity Reserve will be funded on the Closing Date by the Liquidity Reserve Proceeds advanced under the Subordinated Loan and thereafter up to the Liquidity Reserve Required Amount from Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments on each Interest Payment Date. The Liquidity Reserve will cover, *inter alia*, the risk of delayed payment or non-payment in respect of the Purchased Receivables and, from the Closing Date to (and including) the Final Class A Interest Payment Date, will be used towards paying items (a) to (e) of the Pre-Acceleration Revenue Priority of Payments and will be used to pay interest on the Class A Notes and certain senior expenses. Amounts standing to the credit of the Liquidity Reserve will not be used to cover any losses on the Receivables (other than in respect of losses representing interest) other than on the Final Class A Interest Payment Date. On the Final Class A Interest Payment Date, amounts not exceeding the Principal Amount Outstanding of the Class A Notes shall be applied as Available Principal Receipts and shall be applied in accordance with the Pre-Acceleration Principal Priority of Payments to the extent required to redeem the Class A Notes and thereafter any excess shall continue to be applied in accordance with the Pre-Acceleration Revenue Priority of Payments. In addition, the Issuer shall apply Available Principal Receipts to cover a Revenue Deficiency. If, however, the levels of delayed payment or non-payment in respect of Purchased Receivables exceed those assumed for the purposes of determining the credit structure and the sizing of the different components thereof, the Issuer may have insufficient funds to pay in full principal and interest in respect of the Notes and other amounts ranking in priority to or *pari passu* with principal and interest which are due on any Interest Payment Date.

Upon enforcement of the security for the Notes and the other Secured Liabilities, the Trustee will (subject to it being instructed and indemnified, and/or pre-funded, and/or secured to its satisfaction by the Noteholders in accordance with the Deed of Charge) have recourse to the Charged Property (including the Purchased Receivables and all other assets of the Issuer then in existence including the rights of the Issuer against the Swap Counterparty under the Swap Agreement and the amount standing to the credit of the Issuer Bank Accounts but excluding, for the avoidance of doubt, any Excess Swap Collateral). The Issuer and the Trustee will have no recourse against Close Brothers Limited other than, among other things, its indirect right (a) as provided in the Receivables Sale and Purchase Agreement for breach of warranty and for breach of other obligations by Close Brothers Limited as Seller and (b) in relation to the Servicing Agreement for breach of Close Brothers Limited's obligations as Servicer thereunder.

In addition, neither the Issuer nor the Trustee will have any general right of recourse to Close Brothers Limited. The Deed of Charge provides that, upon enforcement, certain payments (including all amounts payable to any receiver appointed under the Deed of Charge and the Trustee), including costs of enforcement, notwithstanding the fact that the Trustee has been directed to enforce the security by the Noteholders and the fees and expenses payable to a substitute administrator, subject to a limit, and payments due to the Swap Counterparty under the Swap Agreement, will be made in priority to payments in respect of interest on the Class A Notes, and all such payments will rank ahead of, among other things, all amounts then owing to the Subordinated Noteholders.

Subordination

As indicated above, in respect of the obligations of the Issuer to pay interest and repay principal on the Notes, the Conditions and the Deed of Charge will provide both upon and prior to enforcement that (i) the Subordinated Notes are subordinated to the Class A Notes; and (ii) the Notes of each Class are subordinated to the rights of the Secured Creditors ranking higher than that Class in the applicable Priority of Payments and are subordinated generally to the claims of all Related Third Party Creditors of the Issuer.

Limited Recourse Obligations of the Issuer

All payment obligations of the Issuer under the Notes constitute limited recourse obligations. Therefore, the Noteholders will have a claim under the Notes against the Issuer only and only to the extent of the security granted pursuant to the Deed of Charge which includes, *inter alia*, amounts received by the Issuer under the Purchased Receivables and under the other Transaction Documents. The Charged Property may not be sufficient to pay amounts due under the Notes, which may result in a shortfall in amounts available to pay interest and principal on the Notes.

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 a Note Acceleration Notice; and
- (b) Realisation of all of the property, assets and undertakings of the Issuer and subject of any security created by the Deed of Charge (together the "**Charged Property**") and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Priority of Payments;

and 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 class of Notes then the amount remaining to be paid (after such application in full of the amounts first referred to in (b) above) under such class of Notes (and any class of Notes junior to that class of Notes) shall, on the day following such application in full of the amounts referred to in (b) above, cease to be due and payable by the Issuer.

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

Absence of a secondary market and market value of the Notes

At issuance, there will be no secondary market for the Notes and no assurance is provided that a secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the holders of such Notes with liquidity of investment or that it will continue for the life of the Notes. In addition, potential investors in Notes should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is currently a general lack of liquidity in the secondary market for instruments similar to the Notes. Consequently, any purchaser of the Notes must be prepared to hold the Notes until final redemption or earlier application in full of the proceeds of enforcement of the Charged Property by the Trustee and, in certain cases, as a result of any early redemption of the Notes as to which see further below.

The market price of the Notes could be subject to fluctuation in response to, among other things, variations in the value of the Purchased Receivables, the market for similar securities, prevailing interest rates, changes in regulation and general market and economic conditions. It should not be

assumed that there will be a significant correlation between the market value of the Notes and the market value of the Purchased Receivables. The Joint Lead Managers are under no obligation to assist in the resale of the Notes. If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

Significant Investor

The Seller will, on the Closing Date, purchase a portion of the Class A Notes. The Seller will also be the initial purchaser of the Subordinated Notes. If the Seller and/or any Affiliate of the Seller is a beneficial owner of any Note or any Note is held for or for the benefit of the Seller and/or any Affiliate of the Seller, it will not be entitled to vote in respect of any Note in which it holds a beneficial interest unless the Seller and/or any of its Affiliates hold all the Notes of the relevant Class and (i) no other Classes exist that rank junior or *pari passu* to such Class or (ii) if any such other Class or Classes of Notes exist, no investor other than the Seller and/or any of its Affiliates is the beneficial owner of the Notes of such Class or Classes.

The Notes may not be a suitable investment for all investors

The Notes are complex securities and investors should possess, or seek the advice of advisers with, the expertise necessary to evaluate the information contained in this Prospectus in the context of such investor's individual financial circumstances and tolerance for risk. An investor should not purchase Notes unless it understands the principal repayment, credit, liquidity, market and other risks associated with the Notes.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Neither the Issuer, the Arrangers, the Joint Lead Managers nor any other Transaction Party is acting as an investment adviser, or assumes any fiduciary obligation, to any investor in the Notes and investors may not rely on any such entity. The Transaction Parties do not assume any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of any of the Transaction Parties.

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

See also Risk Factors – *Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes.*

Market disruption

The Rate of Interest in respect of the Class A Notes for each Interest Period will be one-month Sterling LIBOR plus 0.95% determined in accordance with Condition 4.3 (*Rate of Interest*). The Rate of Interest in respect of the Subordinated Notes will accrue at a per annum fixed rate equal to 5% determined in accordance with Condition 4.3 (*Rate of Interest*). Condition 4.3 (*Rate of Interest*) contains provisions for the calculation of such underlying rates, in respect of the Class A Notes, based on rates given by various market information sources and Condition 4.3 (*Rate of Interest*) contains an alternative method of calculating the underlying rate should any of those market information sources be unavailable. The market information sources might become unavailable for various reasons, including suspensions or limitations on trading, events which affect or impair the ability of market participants in general, or early closure of market institutions. These could be caused by physical threats to the publishers of the market information sources, market institutions or market participants in general, or unusual trading, or matters such as currency changes.

Limited enforcement rights

Condition 10 (*Enforcement*) limits the ability of the Noteholders of each Class to take individual action against the Issuer or any of the Charged Property in any circumstances except where the Trustee, having become bound to take action against the Issuer, fails to do so within a reasonable period of becoming so bound and prevents the Noteholders of each Class from taking or joining in taking steps for the purpose of petitioning for Insolvency Proceedings or other similar or analogous proceedings in respect of the Issuer.

In addition, pursuant to Condition 10 (*Enforcement*), following the occurrence of an Event of Default the Trustee cannot be required to enforce the Security except pursuant to a request in writing of the holders of at least one-fifth in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes or an Extraordinary Resolution of the holders of the Most Senior Class of Notes (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction). For the avoidance of doubt, pursuant to Condition 9.1 (*Events of Default*), the Trustee may serve a Note Acceleration Notice at its absolute discretion following the occurrence of an Event of Default.

Deferral of Interest Payments

If, on any Interest Payment Date whilst any of the Class A Notes remain outstanding, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) payable in respect of the Subordinated Notes after having paid or provided for items of higher priority in the Pre-Acceleration Revenue Priority of Payments then the Issuer will be entitled under Condition 15 (*Subordination by Deferral of Interest*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date on which sufficient funds are available to fund the payment of such deferred interest to the extent of such available funds, in accordance with the Conditions. This will not constitute an Event of Default.

Failure to pay interest on the Most Senior Class of Notes when the same becomes due and payable only shall constitute an Event of Default under the Notes which may result in the Trustee enforcing the Security.

Rights available to Holders of Notes of different Classes

In performing its duties as Trustee for the Noteholders, the Trustee will have regard to the interests of all Noteholders. Where, however, there is a conflict between the interests of the holders of one Class of Notes and the holders of any other Class(es) of Notes, the Trustee will (other than as set out in the Trust Deed, in particular with regards to modifications, consents and waivers) be required to have regard only to the holders of the Most Senior Class of Notes outstanding and will not have regard to any lower ranking Class of Notes nor to the interests of the other Secured Creditors except to ensure the application of the Issuer's funds in accordance with the relevant Priority of Payments.

Meetings of Noteholders, Modification and Waiver

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including

Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee, may agree, without the consent of the Noteholders or the other Secured Creditors (but, in the case of the Trustee only, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document), to (i) any modification of, or the waiver or authorisation of, any breach or proposed breach of, the Conditions of the Notes or any of the Transaction Documents which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Most Senior Class Outstanding or (ii) any modification which, in the Trustee's opinion is of a formal, minor or technical nature or to correct a manifest error. In respect of an occurrence of an Event of Default specified in paragraph (d) of Condition 9.1 (*Events of Default*), prior to serving a Note Acceleration Notice on the Issuer, the Trustee must certify in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Most Senior Class of Notes then outstanding. The Trustee may also, without the consent of the Noteholders, if it is of the opinion that such determination will not be materially prejudicial to the interests of the Noteholders, determine that an Event of Default or Potential Event of Default shall not, or shall not subject to specified conditions, be treated as such. See Condition 11.9.

The Trustee shall be obliged, without any consent or sanction of the Noteholders or the other Secured Creditors but subject to the receipt of written consent from each of the Secured Creditors party to the Transaction Document being modified, to concur with the Issuer in making any modification to the Conditions and/or any other Transaction Document, in accordance with the provisions of Part 6(d) (*Amendment to Swap Documentation to ensure compliance with EMIR*) of the schedule to the Swap Agreement in order to enable the Issuer and/or the Swap Counterparty to comply with any requirements which apply to it under Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators (the "**European Market Infrastructure Regulation**" or "**EMIR**") and/or any New Regulatory Requirements (as such term is defined in the schedule to the Swap Agreement), provided that the Issuer or the Swap Counterparty, as appropriate, certifies to the Trustee and the Swap Counterparty or Issuer, as applicable, in writing that such modification is required solely for the purpose of enabling it to satisfy such obligation and has been drafted solely to such effect (an "**EMIR Modification**").

Further, the Trustee may also be obliged, to agree to amendments to the Conditions and/or the Transaction Documents for the purpose of (i) complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, (ii) complying with certain risk retention legislation, regulations or official guidance in relation thereto, (iii) enabling the Notes to be (or to remain) listed on the Irish Stock Exchange, (iv) 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) and (v) complying with any changes in the requirements of the CRA Regulation after the Closing Date (each a "**Proposed Amendment**"), without the consent of Noteholders.

In relation to any such Proposed Amendment (but not in relation to any EMIR Modification), the Issuer is required, amongst other things, to certify in writing to the Trustee that the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 14 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Notes. However, Noteholders should be aware that, in relation to each Proposed Amendment, if 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 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 that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

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 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 11 (*Meetings of Noteholders, Modification, Waiver*).

The full requirements in relation to the modifications discussed above are set out in the Deed of Charge and Condition 11.7.

There can be no assurance that the effect of such modifications to the Transaction Documents will not ultimately adversely affect the interests of the holders of one or all Classes of Notes.

Certain material interests

Certain parties to the transaction may perform multiple roles, including Close Brothers Limited, who will act as Seller, Servicer and Subordinated Loan Provider, Citibank N.A., London Branch, who will act as Cash Manager, Account Bank, Principal Paying Agent, Registrar and Agent Bank and HSBC Bank plc, who will act as an Arranger, a Joint Lead Manager and the Swap Counterparty.

The terms of the Transaction Documents do not prevent any of the parties to the Transaction Documents from rendering services similar to those provided for in the Transaction Documents to other persons, firms or companies or from carrying on any business similar to or in competition with the business of any of the parties to the Transaction Documents.

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

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

Ratings of the Class A Notes

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the Rating Agencies. The ratings assigned to the Class A Notes should be evaluated independently from similar ratings on other types of securities. There is no assurance that the ratings will continue for any period of time or that they will not be lowered, reviewed, suspended or withdrawn by the Rating Agencies. In the event that the ratings initially assigned to the Class A Notes by the Rating Agencies are subsequently withdrawn or lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement to the Class A Notes. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the value of the Notes.

The ratings assigned to the Class A Notes by each Rating Agency are based, amongst other things, on the terms of the Transaction Documents, the credit quality of the Portfolio, the extent to which the Obligors' payments under the Purchased Receivables are adequate to make the payments required under the Class A Notes as well as other relevant features of the structure, including, (but not limited to) the short-term and/or long-term unsecured, unguaranteed and unsubordinated debt ratings of the Seller, the Swap Counterparty, the Servicer and the Account Bank, a credit assessment of the Receivables in the Portfolio, and reflect only the views of the Rating Agencies. The ratings by Fitch address the likelihood of full and timely receipt by the Noteholders of interest on the Class A Notes and the likelihood of receipt by the Noteholders of principal of the Class A Notes by the Final Maturity Date. The ratings assigned by Moody's address the expected loss to a Noteholder in proportion to the initial principal amount of the class of Notes held by the Noteholder by the Final Maturity Date.

Further events, including events affecting the Account Bank, the Seller, the Swap Counterparty and the Servicer could also have an adverse effect on the rating of the Class A Notes.

It should be noted that at any time any Rating Agency may revise its relevant rating methodology with the result that, amongst other things, any rating assigned to the Class A Notes may be affected.

In order for the Transaction Documents to comply with new rating methodologies, amendments may need to be made to the Transaction Documents and the consent of the Noteholders may, in certain

circumstances, be required to implement such amendments. Noteholders should note that, if the amendments required to comply with such new rating methodologies are not implemented, this may ultimately have an adverse impact on the ratings assigned by the relevant Rating Agency to the Class A Notes.

Agencies other than the Rating Agencies could seek to rate any of the Notes and, if such unsolicited ratings are lower than the comparable ratings assigned to the Class A Notes by the Rating Agencies, those shadow ratings could have an adverse effect on the value of the relevant Notes. For the avoidance of doubt and unless the context otherwise requires, any references to "ratings" or "rating" in this Prospectus are to ratings assigned by the specified Rating Agency only.

Unsecured rights against Close Brothers Limited

The Issuer's claims against Close Brothers Limited arising as a result of the disposal of the related Vehicles (including in circumstances where the Seller has exercised the Receivables Call Option and is to account to the Issuer for the proceeds of any realisation), are unsecured contractual claims against Close Brothers Limited. The Issuer is therefore dependent upon Close Brothers Limited actually recovering such proceeds from the sale of any Vehicles and remitting to the Issuer any proceeds of such realisation. To the extent Close Brothers Limited does not adequately carry out its recovery procedures as against an Obligor or with respect to any Vehicles or otherwise account for any proceeds of such action to the Issuer, the Issuer's ability to make payments on the Notes may be adversely affected.

Voluntarily Terminated Receivables, PCP Contracts and Repayment of the Notes

In the event that a Customer has paid at least 50 per cent. of the total amount payable for the Vehicle under the relevant Contract, the Customer may, pursuant to sections 99 and 100 of the Consumer Credit Act 1974 (the "CCA"), terminate the relevant Contract without making further monthly payments for the relevant Vehicle. In order to terminate the relevant Contract, the Obligor is required to notify Close Brothers Limited in writing and, upon notification, Close Brothers Limited will arrange recovery of the Vehicle. Following such notification and recovery of the Vehicle by Close Brothers Limited, the Seller is under an obligation pursuant to the Receivables Sale and Purchase Agreement to sell the Vehicle and to remit the proceeds of such sale to the Issuer. This right to make voluntary termination of the relevant Contract applies only where the relevant Contract is regulated by the CCA. Following the termination of the Revolving Period, any exercise by an Obligor of its right to terminate the relevant Contract may result in the Notes being redeemed earlier than anticipated. During the Revolving Period all amounts of Available Principal Receipts (after having provided for any Revenue Deficiency) will be applied on each Interest Payment Date to purchase any Additional Portfolios or to the extent not used on such Interest Payment Date will be credited to the Replenishment Ledger and may be used to pay the Additional Portfolio Purchase Price on any subsequent Business Day.

Where an Obligor exercises its right to voluntarily terminate the relevant Contract, if the proceeds remitted to the Issuer from the sale of the relevant Vehicle (following its recovery by Close Brothers Limited) are not sufficient to cover the purchase price paid by the Issuer for the related Purchased Receivable less any amounts received in respect of any Principal Element from the relevant Obligor prior to the date of termination by the Obligor, then this would result in the Issuer receiving less in respect of the related Purchased Receivable than it would have expected which may have an adverse effect on the Issuer's ability to make Payments on the Notes.

In respect of any Contracts that are PCP Contracts, the Obligor has the option to (a) make a final balloon payment and take title of the Vehicle, or (b) return the Vehicle financed under such PCP Contract to the Seller in lieu of making such final balloon payment (subject always to compliance with certain conditions including the condition and mileage of the Vehicle and any compensatory payments regarding the same). Following recovery of the Vehicle by Close Brothers Limited, the Seller is under an obligation pursuant to the Receivables Sale and Purchase Agreement to sell the Vehicle and to remit the proceeds of such sale to the Issuer.

A decision of the Obligor whether to make a final balloon payment (including through the return of the relevant Vehicle to a dealer for sale or exchange for a new vehicle, in each case, at the Guaranteed Future Value with the proceeds of such sale or part exchange then being used towards settling the remaining balance under the relevant Contract) or return the Vehicle in lieu of such balloon payment may be dependent in part on the size of the final balloon payment and the

price that the Vehicle is likely to obtain when sold. If the final balloon payment is greater than the market value of the Vehicle, the Obligor may be more likely to return the Vehicle as it discharges any further obligations the Obligor may have under the Contract (subject always to compliance with obligations to take reasonable care of the Vehicle and any compensatory payments regarding the same, including the payment of any excess mileage charges). If the proceeds remitted to the Issuer from the sale of Vehicle returned by an Obligor in lieu of a final balloon payment (following its recovery by Close Brothers Limited) are not sufficient to cover the purchase price paid by the Issuer for the related Purchased Receivable less any amounts received in respect of any Principal Element from the relevant Obligor prior to the date of termination by the Obligor, then this would result in the Issuer receiving less in respect of the related Purchased Receivable than it would have expected, which could impact on the ability of the Issuer to make payments on the Notes. For further information on the calculation of residual value exposure and the risks associated with this calculation please see the section entitled "*The Seller, the Servicer and the Receivables - Residual value risk (PCP Contracts)*" below.

These factors could have an adverse effect on the Issuer's ability to make payments on the Notes and on the yield to maturity of the Notes.

Changing Characteristics of the Purchased Receivables during the Revolving Period

During the Revolving Period, the amounts that would otherwise be used to repay the principal under the Notes on any Interest Payment Date may be used to purchase Additional Portfolios from the Seller or to the extent not applied to pay the Additional Portfolio Purchase Price on such Interest Payment Date, will be credited in the Replenishment Ledger to be applied on any Business Day following such Interest Payment Date. In addition, the Purchased Receivables in the Initial Portfolio and any Additional Portfolios may also be prepaid or default during the Revolving Period, and therefore the characteristics of the Portfolio may change after the Closing Date, and could be substantially different at the end of the Revolving Period from the characteristics of the pool of Purchased Receivables in the Initial Portfolio. These differences could result in faster or slower repayments or greater losses on the Notes.

Although each Additional Portfolio purchased on each Additional Portfolio Purchase Date is required to have a maximum remaining term to maturity, and the Seller will make representations and warranties including that any Purchased Receivable is an Eligible Receivable and the sale to the Issuer of such Purchased Receivable will not cause the Portfolio to exceed certain concentration limit tests with respect to the Portfolio, the exact characteristics of the relevant Additional Portfolio will not be known as at the Closing Date, and this could change the characteristics of the Portfolio, which could have an adverse effect on the quality of the Portfolio and could increase the Noteholders' risk of incurring losses on the Notes.

Market for Receivables

The ability of the Issuer to redeem all the Notes in full, after the occurrence of an Event of Default in relation to the Notes, whilst any of the Purchased Receivables remain outstanding, may depend on whether the Purchased Receivables can be sold, otherwise realised or refinanced so as to obtain a sufficient amount available for the distribution to the Issuer to enable it to redeem the Notes. There is no established active and liquid secondary market for auto finance receivables in the United Kingdom. It is therefore possible that neither the Issuer nor the Trustee is able to sell, otherwise realise or refinance the Purchased Receivables on appropriate terms should it be necessary for it to do so. Any failure by the Issuer or the Trustee to sell or refinance the Purchased Receivables following an Event of Default could have an adverse effect on the Issuer's ability to make payments under the Notes.

Counterparty Credit Risk

Payments in respect of the Notes of each Class are subject to credit risk in respect of the Paying Agents, the Cash Manager, the Swap Counterparty, the Collection Account Bank, the Account Bank, the Servicer and the Seller and, in the event of the insolvency of any of them, the Issuer will be treated as a general unsecured creditor of the insolvent counterparty. This risk is mitigated with respect to the Swap Counterparty and the Account Bank by the requirement under the terms of the Swap Agreement and the Account Bank Agreement, respectively, that the Swap Counterparty and the Account Bank has certain minimum required ratings (as to which see further "*Transaction Overview – Triggers Table – Ratings Triggers Table*" above and "*Overview of the Transaction Documents*" below). Contractual remedies are also provided in the event of a downgrading of such counterparties (see the section headed

"*Overview of the Transaction Documents*"). However, in the event that any relevant third party fails to perform its obligations under the respective agreements to which it is a party, the Noteholders may be adversely affected. No assurances can be given that the Issuer will be able to find any replacement service providers or counterparties with the requisite ratings on a timely basis or at all.

Investors should also be aware that third parties on which the Issuer relies can be adversely impacted by the general economic climate. At the date of this Prospectus, global markets are negatively impacted by prevailing economic conditions, including by market perceptions regarding the ability of certain EU member states in the Eurozone to service their sovereign debt obligations. These prevailing economic conditions as well as future developments in the areas of underlying market concern, such as the ability of certain Eurozone sovereign members to service their debt or uncertainty regarding constitutional change in the UK or any other EU member state, could continue to have material adverse impacts on financial markets throughout the world up to and beyond the maturity of the Notes. Moreover, the anticipation by the financial markets of these impacts could also have a material adverse effect on the business, financial condition and liquidity position of certain of the parties to the transaction, on which the Issuer relies. As a result, 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 will improve market conditions in the future.

Interest Rate Risk

All amounts of interest payable under or in respect of the Contracts comprising the Portfolio will be calculated by reference to a fixed rate of interest, whilst the Class A Notes will bear interest by reference to one-month Sterling LIBOR and the Subordinated Notes will bear interest by reference to a fixed rate of interest. As a result, in respect of the Class A Notes, in the event that LIBOR were to exceed a certain level, the Issuer could have insufficient funds available to make payment of interest on the Class A Notes in full in accordance with the Pre-Acceleration Revenue Priority of Payments. In order to reduce this interest rate risk, the Issuer will enter into the Swap Agreement in respect of the Class A Notes.

The notional amount of the hedging transactions entered into pursuant to the Swap Agreement will be calculated by reference to the Class A Notes Principal Amount. The notional balance of the Swap Agreement will reduce in accordance with a reduction on the Class A Notes Principal Amount. If an Event of Default or a Termination Event occurs under the terms of a Swap Agreement, then a termination payment may become due and payable by the Issuer under that Swap Agreement.

For further details on each Swap Counterparty and each Swap Agreement, please see the sections entitled "*The Swap Counterparty*" and "*Overview of the Transaction Documents*" below.

The Noteholders are exposed to credit risk of the Swap Counterparty if the Swap Counterparty fails to provide the Issuer with any amount due from it under the Swap Agreement, on any Interest Payment Date or if the Swap Agreement is otherwise terminated, the Issuer may have insufficient funds to make payments due on the Class A Notes.

All payments to be made by the Issuer under the Swap Agreement, other than Subordinated Swap Amounts, will be made in priority to the Class A Noteholders.

Termination of a Swap Agreement

Generally, the Swap Agreement may only be terminated upon the occurrence of certain termination events set forth in the relevant Swap Agreement. In the event of the insolvency of a Swap Counterparty, the Issuer will be treated as a general creditor of such Swap Counterparty and is consequently subject to the credit risk of such Swap Counterparty. To mitigate this risk, under the terms of the Swap Agreement, the Swap Counterparty will be obliged to post collateral or implement an alternative remedy in accordance with the terms of the Swap Agreement in the event that the relevant ratings of the Swap Counterparty are below certain levels (which are set out in each Swap Agreement and described in further detail in the section entitled "*Triggers Tables*" above) while such Swap Agreement is outstanding. However, no assurance can be given that sufficient collateral will be available to the Swap Counterparty such that it is able to post collateral in accordance with the requirements of the Swap Agreement.

In the event that the relevant ratings of the Swap Counterparty are below certain levels (which are set out in each Swap Agreement and described in further detail in the section entitled "Triggers Tables" above) while the relevant Swap Agreement is outstanding, such Swap Counterparty will, in accordance with the terms of such Swap Agreement, be required to elect to take certain remedial measures within the applicable time frame stipulated in such Swap Agreement (at its own cost) which may include providing collateral in support of its obligations under such Swap Agreement, arranging for its obligations under such Swap Agreement to be transferred to an entity with the relevant Required Ratings, procuring another entity with the Required Ratings to become co-obligor or guarantor in respect of its obligations under such Swap Agreement, or taking such other action as required to maintain or restore the rating of the Class A Notes.

However, no assurance can be given that, at the time that such actions are required, sufficient collateral will be available to such Swap Counterparty for posting or that another entity with the Required Ratings will be available to become a replacement swap counterparty, co-obligor or guarantor or that such Swap Counterparty will be able to take the requisite other action. If the remedial measures following a downgrade of a Swap Counterparty below the Required Ratings are not taken within the applicable time frames, this will permit the Issuer to terminate the Swap Agreement early.

Were an early termination of the Swap Agreement to occur for any reason, no assurance can be given that the Issuer will be able to enter into any replacement swap agreement or a replacement swap agreement with similar terms. In that situation, there is also no assurance that the amount of credit enhancement will be sufficient to cover any additional amounts payable as a result of fluctuations in the interest rate. In addition, a failure to enter into a replacement swap agreement may result in the reduction, qualification or withdrawal of the then current ratings of the Notes by the Rating Agencies. See "*Transaction Overview – Triggers Table – Ratings Triggers Table*" above and "*Overview of the Transaction Documents*" below.

Termination Payments on the termination of the Swap Agreement

If the Swap Agreement is terminated, the Issuer may be obliged to make a termination payment to the relevant Swap Counterparty. The amount of the termination payment will be based on the cost of entering into a replacement swap agreement on terms equivalent to such Swap Agreement. There can be no assurance that the Issuer will have sufficient funds available to make any termination payment due under the Swap Agreement.

Except where the Issuer has terminated the Swap Agreement as a result of the relevant Swap Counterparty's default or ratings downgrade (as to which see further below), any termination payment due by the Issuer following termination of the Swap Agreement (including any extra costs incurred if the Issuer cannot immediately enter into a replacement swap agreement) will also rank in priority to the Class A Notes and the Subordinated Notes.

Therefore, if the Issuer is obliged to make a termination payment to a Swap Counterparty or pay any other additional amounts as a result of the termination of the Swap Agreement, this could affect the Issuer's ability to make timely payments on the Notes.

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, investors may be adversely affected.

Average Life of the Notes and Prepayment Risk

The Final Maturity Date of the Class A Notes and the Subordinated Notes is the Interest Payment Date falling in July 2023. However, the average life of each Class of Notes is expected to be shorter than the number of years until the Final Maturity Date. An estimate of the average life of the Notes of each Class, based on a Revolving Period commencing on the Closing Date and running to and including 14 June 2017 is set forth in the section headed "*Estimated Weighted Average Life of the Notes*". However, while the figures set out in that section are based on and qualified by the assumptions and hypothetical scenarios set out in that section, they are not predictive nor do they constitute a forecast; the actual average life of each Class of Notes is likely to differ from the estimates made in that section. In particular, if the Revolving Period ends earlier than 14 June 2017, the Notes will be repaid earlier than as set out in the section headed "*Estimated Weighted Average Life of the Notes*".

The actual maturity periods of the different Classes of Notes may occur before the Last Receivable Maturity Date due to early payment of Purchased Receivables by an Obligor following termination of the Revolving Period. Under the CCA, the Obligor is allowed to make early settlement of the Contract in full or in part before its scheduled final payment date, subject that compensation may be payable by the Obligor to the Seller in the case of early repayment. As this may occur at any time, there can be no assurance that there will be any particular pattern of payments. In addition, the Obligor may voluntarily terminate the Contract upon payment of 50 per cent. of the total amount payable for the Vehicle without making further Monthly Payments for the Vehicle (see the Risk Factor above entitled "*Voluntarily Terminated Receivables, PCP Contracts and Repayment of the Notes*"). Accordingly, there can be no assurance as to the rate at which Notes will be redeemed. See further the sections entitled "*General Legal Considerations – Consumer Credit Act 1974*" and "*Regulated Hire Purchase Contracts and Regulated Conditional Sale Contracts*".

In addition, the terms of the Notes provide for an optional early redemption of the Notes by the Issuer in the following circumstances:

- (a) where the aggregate Outstanding Principal Balance of all of the Purchased Receivables is equal to or less than 10 per cent. of the aggregate Outstanding Principal Balance of all of the Purchased Receivables as at the Closing Date;
- (b) as a result of any obligation on the Issuer to make a withholding or deduction for or on account of tax in respect of payments under the Notes by reason of a change in tax law; and
- (c) upon repayment in full of the Class A Notes.

Any exercise by the Issuer of its right to redeem the Notes in any of the above circumstances may result in the Notes being redeemed earlier than anticipated by the Noteholders.

Book-Entry Interests in respect of the Class A Notes

Unless and until Definitive Notes are issued in exchange for the book-entry interests in the Global Notes in respect of the Class A Notes through the Clearing Systems, holders and beneficial owners of book-entry interests will not be considered the legal owners or holders of the Class A Notes under the Trust Deed. After payment by the Principal Paying Agent to Euroclear or Clearstream, Luxembourg, the Issuer will not have responsibility or liability for the payment of interest, principal or other amounts in respect of the Class A Notes to holders or beneficial owners of book-entry interests.

The Class A Notes will be represented by a Global Note delivered to Clearstream, Luxembourg or Euroclear as Common Safekeeper, and will not be held by the beneficial owners or their nominees. The Class A Notes will be held by the Common Safekeeper in New Global Note ("NGN") format. As a result, unless and until Class A Notes in definitive form are issued, beneficial owners will not be recognised by the Issuer or the Trustee as Noteholders, as that term is used in the Trust Deed. Accordingly, each person owning a book-entry interest must rely on the relevant procedures of Euroclear and Clearstream, Luxembourg and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder under the Trust Deed.

Payments of principal and interest on, and other amounts due in respect of, the Global Note in respect of the Class A Notes will be made by the Principal Paying Agent to the order of the Common Safekeeper thereof against presentation. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will credit participants' accounts with payment in amounts proportionate to their respective ownership of book-entry interests as shown on their records. The Issuer expects that payments by participants or indirect payments to owners of book-entry interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Trustee, any Paying Agent or the Joint Lead Managers will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the book-entry interests or for maintaining, supervising or reviewing any records relating to such book-entry interests.

Unlike Noteholders, holders of the book-entry interests will not have the right under the Trust Deed to act upon solicitations by or on behalf of the Issuer for consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders. Instead, a holder of book-entry interests in respect of the Class A Notes 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 in respect of the Class A Notes to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Notes, holders of book-entry interests in respect of the Class A Notes 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 the section entitled "*Terms and Conditions of the Notes*". There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of book-entry interests among 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 Trustee, any Paying Agent or any of their agents, the Arrangers or the Joint Lead Managers 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.

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

Definitive Notes and denominations in integral multiples

The Class A Notes have a denomination consisting of a minimum authorised denomination of £100,000 plus higher integral multiples of £1,000. Accordingly, it is possible that the Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if definitive Notes are required to be issued, a Noteholder who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive a definitive Note in respect of such holding and may need to purchase a principal amount of Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount).

If definitive Notes are issued, Noteholders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

Eurosystem eligibility

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of Euroclear or Clearstream, Luxembourg as Common Safekeeper and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem ("**Eurosystem eligible collateral**") either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The Subordinated Notes will not be held in a manner to allow Eurosystem eligibility.

In November 2015, the ECB published amending Guideline (EU) 2015/510, which amended the definition of "leasing receivables" to mean "the scheduled and contractually mandated payments by the lessee to the lessor under the term of a lease agreement. Residual values are not leasing receivables. Personal Contract Purchase (PCP) agreements, i.e. agreements pursuant to which the obligor may exercise its option: (a) to make a final payment to acquire full legal title of the goods; or (b) to return the goods in settlement of the agreement; are assimilated to leasing agreements". Consequently, if any receivables under PCP agreements were to be regarded as residual values, then they would not be recognised as Eurosystem eligible collateral as leasing receivables.

Neither the Issuer nor Close Brothers Limited, the Arrangers or the Joint Lead Managers gives any representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue or at any time prior to redemption in full, satisfy all or any of the requirements for Eurosystem eligibility and be recognised as Eurosystem eligible collateral. Any potential investor in the Class A Notes should make their own conclusions and seek their own advice with respect to whether or not the Class A Notes constitute Eurosystem eligible collateral.

Bank of England eligibility

Neither the Issuer nor any other party gives any representation, warranty, confirmation or guarantee to any investor in the Note, that the Notes will either upon issue or at any time prior to redemption in full, satisfy all or any of the requirements for use as collateral for the Bank of England's and HM Treasury's Funding for Lending Scheme, Discount Window Facility or Indexed Long-Term Repo or any other part of the Bank of England's operations under the Sterling Monetary Framework and no investigation has been undertaken in relation thereto. Any potential investor in the Notes should make their own conclusions and seek their own advice with respect to whether or not the Notes constitute eligible collateral for the Bank of England's operations under the Funding for Lending Scheme or the Sterling Monetary Framework.

The Portfolio and Close Brothers Limited

As the Issuer's beneficial interest in the Purchased Receivables is the primary source of funds, the Issuer's ability to pay interest and to repay principal on the Notes is dependent upon the performance of the Portfolio and the servicing of the Portfolio. The following risks relating to the Portfolio could therefore indirectly affect the Issuer's ability to meet its obligations under the Notes.

Servicing of the Portfolio

The Portfolio will be serviced by the Servicer, either directly or through a sub-delegate. Consequently, the net cash flows from the Portfolio may be affected by decisions made, actions taken and the collection procedures adopted by, the Servicer. To address this risk, the terms of the Servicing Agreement provide that the Servicer will devote to the performance of its obligations that standard of care that the Servicer would exercise in its own affairs taking into account the degree of skill that it exercises for all comparable assets. However, the Servicer will also continue to perform debt collection services for its own account and therefore will not be exclusively dedicated to the performance of the Servicer's activities under the Servicing Agreement. In addition the Servicer has undertaken in the Servicing Agreement that if it makes any amendments to the Credit and Collection Procedures and to the extent such changes are material, the Servicer shall as soon as practicable after such change notify the Issuer, the Trustee and the Rating Agencies. Any changes, additions and/or alternatives made to the Credit and Collection Procedures may only be made in accordance with the Servicer Standard of Care.

Upon the occurrence of any Servicer Termination Event, the Trustee will have the right to remove Close Brothers Limited as Servicer (in this regard see further "Overview of the Transaction Documents – Servicing Agreement"). If the appointment of Close Brothers Limited is terminated, the Issuer will appoint a replacement Servicer to perform the obligations which Close Brothers Limited agrees to provide under the Servicing Agreement (in this regard see further "*Overview of the Transaction Documents – Servicing Agreement*").

There is no guarantee that a replacement Servicer providing servicing at the same level as Close Brothers Limited can be appointed on a timely basis or at all. Any delay or failure to make such an appointment may have an adverse effect on the Issuer's ability to make payments on the Notes. No assurance can be given that a replacement Servicer will not charge fees in excess of the fees to be paid to the Servicer. The payment of fees to the Servicer and any replacement Servicer will rank in priority to amounts paid to Noteholders in accordance with the relevant Priority of Payments and any increase in the level of fees paid to the replacement Servicer would reduce the amounts available to the Issuer to make payments in respect of the Notes.

The appointment of Close Brothers Limited as Servicer under the Servicing Agreement may be terminated as a result of, among other circumstances, a default by it in performing its obligations under the Servicing Agreement, its insolvency or if 12 months' notice of termination is given by Close

Brothers Limited and, among other things, the Issuer and the Trustee consent in writing to such termination. The appointment of Close Brothers Limited as servicer may not be terminated until a successor servicer has been appointed.

Historical Information

The historical, financial and other information set out in the sections headed "*The Provisional Portfolio*", including information in respect of collection rates, represents the historical experience of Close Brothers Limited. The Portfolio sold to the Issuer on the Closing Date will comprise all or a portion of the Provisional Portfolio. There can be no assurance that the future experience and performance of the Portfolio of Close Brothers Limited as Seller and Servicer of the Portfolio will be similar to the experience shown in this section.

Limited Data and Due Diligence relating to the Portfolio

None of the Arrangers, Joint Lead Managers, the Trustee, the Agents, the Account Bank, the Cash Manager, the Registrar, the Corporate Services Provider, Holdings, the Swap Counterparty, the Issuer nor any other person has undertaken or will undertake any investigations, searches or other actions to verify the information concerning the Purchased Receivables or to establish the creditworthiness of any Obligor or any other party to the Transaction Documents. Each such person will rely solely on the accuracy of the representations and warranties given by the Seller to the Issuer in the Receivables Sale and Purchase Agreement in respect of, among other things, the Purchased Receivables, the Obligors and the Contracts. Security over the Issuer's rights under the Purchased Receivables will be granted by the Issuer in favour of the Trustee under the Deed of Charge.

Should any of the Purchased Receivables not comply with the representations and warranties made by the Seller on the Closing Date or Additional Portfolio Purchase Date (as applicable) (with reference to the circumstances as at (x) the Initial Cut-Off Date (in the case of Receivables in the Initial Portfolio originated on or prior to the Initial Cut-Off Date); (y) the Closing Date (in the case of Receivables in the Initial Portfolio originated following the Initial Cut-Off Date); or (z) the Additional Cut-Off Date (in the case of Receivables in any Additional Portfolio)) (other than those with respect to a Contract (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA), the Seller will, if the relevant breach cannot be remedied, be required to repurchase the relevant Purchased Receivable not later than the end of the Calculation Period immediately following the Calculation Period in which such breach was discovered. Where Purchased Receivables are determined to be in breach of the representations and warranties made by reason of a Contract (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA, the Seller will not be obliged to repurchase the relevant Purchased Receivable but will pay the CCA Compensation Payment to the Issuer in an amount, calculated by the Servicer in accordance with the Servicing Agreement, required to compensate the Issuer for any loss arising as a result thereof not later than the end of the Calculation Period immediately following the Calculation Period in which such breach was discovered, subject to receipt by the Seller of notice from the Servicer of such amount.

The Seller is under no obligation to, and will not, provide the Trustee, the Agents, the Account Bank, the Cash Manager, the Registrar, the Corporate Services Provider, the Servicer, Holdings, the Swap Counterparty nor the Issuer with financial or other information specific to individual Obligors and certain Contracts to which the Purchased Receivables relate. Any such person will only be supplied with general information in relation to the aggregate of the Obligors and the Contracts, none of which such person has taken steps to verify. Further, none of the Trustee, the Agents, the Account Bank, the Cash Manager, the Corporate Services Provider, the Servicer, Holdings, the Swap Counterparty nor the Issuer will have any right to inspect the internal records of the Seller.

Should the Seller fail to take appropriate remedial action under the terms of the Receivables Sale and Purchase Agreement this may have an adverse effect on the value of the Purchased Receivables and on the ability of the Issuer to make payments under the Notes.

Rights in relation to the Receivables

The Issuer will rely on the Servicer to enforce any rights in respect of the Purchased Receivables and the Related Contracts and to carry out the obligations described under "*Servicing*" below.

Close Brothers Limited as Servicer will undertake for the benefit of the Issuer that it will not take any steps in relation to the Contracts, otherwise than in order to perform its duties under the Servicing Agreement and that it will lend its name to, and take such other steps as may be required by the Issuer in relation to, any action (whether through the courts or otherwise) in respect of the Contracts.

Each Contract requires the Obligor to take out and maintain comprehensive vehicle insurance and to arrange for Close Brothers Limited's name to be noted on the policy. Each Contract also states that, if the Obligor receives any insurance monies under the policy, he will hold them on trust for Close Brothers Limited. It should be noted that there can be no certainty that such insurance has in fact been taken out or maintained, or that any such insurance monies will be sufficient to repay the outstanding balance of the total amount payable for the Vehicle or will be available to Close Brothers Limited, the Issuer or the Trustee.

Risk of late payment of monthly instalments

Whilst each Contract has due dates for scheduled payments thereunder, there is no assurance that the Obligors under those Contracts will pay in time, or at all. Any such failure by the Obligors to make payments under the Contracts may have an adverse effect on the Issuer's ability to make payments under the Notes. The risk of late payment by Obligors in respect of any Income Element is in part mitigated by the Liquidity Reserve and the use of Available Principal Receipts to be applied in respect of Revenue Deficiencies (and, on the Final Class A Interest Payment Date only, the use of amounts standing to the credit of the Liquidity Reserve as Available Principal Receipts). However, Noteholders should be aware that the Liquidity Reserve and Available Principal Receipts can only be used to mitigate the risk of late payment with respect to the Class A Notes and not in respect of the Subordinated Notes. Whilst the Issuer may draw on amounts standing to the credit of the Liquidity Reserve and, in respect of a Revenue Deficiency relating to the Class A Notes, Available Principal Receipts in certain circumstances to make payments in respect of interest on the Class A Notes, no assurance can be given that the Issuer will have sufficient funds to make payments in full in respect of the Notes. In addition, Available Principal Receipts may not be applied to pay a Revenue Deficiency with respect to any Class of Notes other than the Class A Notes.

In addition, the Seller may, but is not obliged to, repurchase any Defaulted Receivable.

No Right, Title or Interest in the Vehicles

The Seller will only transfer the benefit of the Purchased Receivables, which will consist of unsecured monetary obligations of Obligors under the Contracts, and the proceeds (net of associated expenses) of contracts for the sale (conditional sale, use or other disposition) of any Vehicles following their repossession or recovery by the Seller or its agents if such contracts are governed by English law or the laws of Northern Ireland; if such contracts are governed by Scots law any net proceeds of such contracts will be subject to a floating charge granted by the Seller to the Issuer (the "**Seller Floating Charge**"), the Issuer will rely on the Seller to fulfil its contractual undertaking to pay to the Issuer any net proceeds of such contracts.

The Issuer will not receive any right, title or interest in the Vehicles themselves which are the underlying subject matter of the Contracts and will have no direct right to repossess a Vehicle if an Obligor defaults under his Contracts. The Issuer will rely on the Servicer to exercise the rights and carry out the obligations described in "*The Seller, The Servicer and The Receivables—Servicing and Collections*" and "*Underwriting*". Close Brothers Limited as Servicer will undertake for the benefit of the Issuer that it will not take any steps, or cause any steps to be taken, in relation to the Contracts or the Vehicles, otherwise than in order to perform its duties under the Servicing Agreement and the Receivables Sale and Purchase Agreement and that it will lend its name to, and take such other steps as may be required by the Issuer in relation to, any action (whether through the courts or otherwise) in respect of the Contracts. Furthermore, it should be noted that it may be difficult to trace and repossess any Vehicle, that any proceeds arising on the disposal of a Vehicle may be less than the total amount outstanding under the relevant Contract, that any Vehicle may be subject to an existing lien or similar right (for example, in respect of repairs carried

out by a garage for which no payment has yet been made) and that any action to recover outstanding amounts may not be pursued if to do so would be uneconomic.

As the Issuer does not have any rights in, over or to the Vehicles but only to the sale proceeds thereof, in the event of any insolvency of the Seller, the Issuer is reliant on any administrator or liquidator of the Seller taking appropriate steps to sell any such Vehicle that has been returned or repossessed. As the sale proceeds from the Vehicles have been assigned or charged to the Issuer pursuant to the Receivables Sale and Purchase Agreement or the Seller Floating Charge, the Vehicles will have no economic value to the insolvent estate and therefore to the Seller's creditors as a whole. It is therefore unlikely that an administrator or liquidator of the Seller will have any incentive to take any steps to deal with the Vehicles contrary to the provisions of the Transaction Documents. However, in the absence of such an economic interest, the administrator or liquidator may not be incentivised to realise the value of the Vehicles in a timely manner. In order to incentivise the liquidator or administrator to realise the value of the Vehicles or alternatively to cooperate in any realisation, the Issuer is required to pay the Administrator Incentive Recovery Fee to the liquidator or administrator.

However, there can be no certainty that any administrator or liquidator would take such actions to sell any Vehicles returned or recovered. Furthermore, any failure or delay on the part of an administrator or liquidator to sell or consent to the sale of a Vehicle could have an adverse effect on the ability of the Issuer to make payments on the Notes.

Potential Adverse Changes to the Value and/or Composition of the Portfolio

No assurances can be given that the respective values of the Vehicles to which the Portfolio relates have not depreciated or will not depreciate at a rate greater than the rate which they were expected to do so on the date of origination of the Receivables. If this has happened or happens in the future, or if the used car market in the United Kingdom (whether in respect of particular vehicle brands or vehicles more generally) should experience a downturn, or if there is a general deterioration of the economic conditions in the United Kingdom, then any such scenario could have an adverse effect on the ability of Obligor to repay amounts under the relevant Contract and/or the likely amount to be recovered upon a forced sale of the Vehicles upon default by Obligor, the exercise of a voluntary termination by the Obligor under a Contract or the exercise by the Obligor of its option to return the Vehicle to the Seller pursuant to a PCP Contract in lieu of a final balloon payment (including through the return of the relevant Vehicle to a dealer for sale or exchange for a new vehicle in each case at the Guaranteed Future Value with the proceeds of such sale or part exchange then being used towards settling the remaining balance under the relevant Contract). In this context, manufacturer vehicle recalls and other actions that manufacturers may take or have taken, whether voluntarily or as required by applicable law, may adversely affect consumer demand for and values of motor vehicles produced by these manufacturers, which may depress the price at which repossessed motor vehicles may be sold or delay the timing of those sales.

If the prices at which the related vehicles may be sold decline, there is any delay in the sale of such vehicles, or the payment behaviour of the Obligor on the related receivables deteriorates, this could have an adverse effect on the Issuer's ability to make payments under the Notes.

In addition, certain geographical regions in the United Kingdom may from time to time experience weaker regional economic conditions and car markets than will other regions in the United Kingdom, and consequently could experience higher rates of loss and default on auto finance contracts generally.

The Revolving Period may end if the Seller is unable to originate additional Receivables

During the Revolving Period, no principal will be paid to the Noteholders. Instead, on each Interest Payment Date during the Revolving Period, Available Principal Receipts may be used to purchase Additional Portfolio's in accordance with the Pre-Acceleration Principal Priority of Payments. If such amounts are not applied to purchase Additional Portfolios, then they will be credited to the Transaction Account and recorded on the Replenishment Ledger to be applied to purchase Additional Portfolios on subsequent Business Days. If a Revolving Period Termination Event occurs, the Revolving Period will terminate and the amortisation period will commence.

The Seller does not, as of the date of this Prospectus, expect any shortage in availability of additional Receivables. However, the Seller is not obliged to sell any Additional Portfolio's during the Revolving Period. If the Seller is unable to originate additional Receivables or if it does not sell Additional

Portfolio's, then the Revolving Period will terminate earlier than expected (subject to time and cash tests set out in limb (h) of the definition of Revolving Period Termination Event, which provides that a Revolving Period Termination Event will occur if on any two consecutive Interest Payment Dates, the balance of the Replenishment Ledger as at the Calculation Date immediately preceding the relevant Interest Payment Date is greater than 10 per cent. of the aggregate Outstanding Principal Balance as at the Closing Date), in which case the Noteholders will receive payments of principal on the Notes earlier than expected.

General Legal Considerations

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) (the "**TSC Regulations**"). If the TSC Regulations apply to a company, then, broadly, it will be subject to corporation tax on the cash profit retained by it for each accounting period in accordance with the transaction documents.

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

Prospective Noteholders should note that if the Issuer did not fall to be taxed under the new regime provided for by the TSC Regulations then its profits or losses for tax purposes might be different from its cash position. Any unforeseen taxable profits in the Issuer could have an adverse effect on its ability to make payments to the Noteholders.

European Market Infrastructure Regulation

European Regulation 648/2012 of 4 July 2012, known as the European Market Infrastructure Regulation ("**European Market Infrastructure Regulations**" or "**EMIR**"), which entered into force on 16 August 2012, establishes certain requirements for OTC derivatives contracts, including a mandatory clearing obligation, margin posting and other risk-mitigation techniques for OTC derivatives contracts not cleared by a central counterparty, and reporting and record-keeping requirements.

Under EMIR, (i) financial counterparties (the "**FCs**") and (ii) non-financial counterparties whose positions, together with the positions of all other non-financial counterparties in its "group" (as defined in EMIR), in OTC derivatives (excluding eligible hedging positions) exceed any of the specified clearing thresholds ("**NFC+s**", and together with FCs, the "**In-scope Counterparties**") must clear OTC derivatives contracts that are entered into on or after the effective date for the clearing obligation for that counterparty pair (the "**Clearing Start Date**"). In addition, some market participants will have to, from the relevant Clearing Start Date, clear relevant transactions entered into during a given period leading up to the relevant Clearing Start Date, a requirement known as "frontloading". Contracts which are declared subject to the clearing obligation will have to be cleared through an authorised or recognised central counterparty ("**CCP**") when In-scope Counterparties trade with each other or with equivalent third country entities unless an exemption applies. Subject to certain conditions, intragroup transactions will not be subject to the clearing obligation. At this moment CCPs have been authorised to offer services and activities in the European Union in accordance with EMIR and following the entry into force on 21 December 2015 of the delegated regulation (the "**IRS Clearing RTS**") relating to the introduction of the mandatory clearing obligation for certain interest rate swap transactions in USD, EUR, GBP and JPY (the "**G4 IRS Contracts**"), there is now a concrete timeframe for the first classes of transactions subject to mandatory clearing and frontloading. The IRS Clearing RTS include a further categorisation of In-scope Counterparties by splitting In-scope Counterparty types into Category 1, 2, 3 and 4. This further categorisation impacts the relevant Clearing Start Date and whether frontloading applies. The clearing obligation for G4 IRS Contracts will start from 21 June 2016 for Category 1 counterparties, 21 December 2016 for Category 2 counterparties, 21 June 2017 for Category 3 counterparties and 21 December 2018 for Category 4 counterparties. On the basis that the Issuer is currently a non-financial counterparty whose positions, together with the positions of all other non-financial counterparties in its "group", in OTC derivatives (after the exclusion of hedging positions) do not exceed any of the specified clearing thresholds (each, an "**NFC-**"), OTC derivative contracts that are entered into by the Issuer would not in any event be subject to any mandatory clearing or frontloading requirements. If the Issuer's counterparty

status as an NFC- changes then certain OTC derivatives contracts that are entered into by the Issuer may become subject to mandatory clearing and frontloading requirements.

Under EMIR, OTC derivatives contracts that are not cleared by a CCP may be subject to margining requirements, which are to be phased in from 1 September 2016. The regulatory technical standards relating to the collateralisation obligations in respect of OTC derivatives contracts which are not cleared have not yet been adopted. In any event, on the basis that the Issuer is an NFC-, OTC derivatives contracts that are entered into by the Issuer would not be subject to any margining requirements. If the Issuer's counterparty status as an NFC- changes then certain OTC derivatives contracts that are entered into by the Issuer may become subject to margining requirements.

Further, OTC derivatives contracts that are not cleared by a CCP are also subject to certain other risk-mitigation techniques, including arrangements for timely confirmation of OTC derivatives contracts, portfolio reconciliation, dispute resolution and arrangements for monitoring the value of outstanding OTC derivatives contracts. These requirements are already in effect. In order to comply with certain of these risk-mitigation techniques, the Issuer includes appropriate provisions in each Swap Agreement. In addition, under EMIR, counterparties must report all their OTC and exchange traded derivatives contracts to an authorised or recognised trade repository or to ESMA.

EMIR may, inter alia, lead to more administrative burdens and higher costs for the Issuer which may in turn reduce the amounts available to make payments with respect to the Notes. Further, if any party fails to comply with the applicable rules under EMIR it may be liable for a fine. If such fine is imposed on the Issuer, this may also reduce the amounts available to make payments with respect to the Notes.

As described above under "Meetings of Noteholders, Modification and Waiver" pursuant to the terms of the Deed of Charge, the Trust Deed and the Conditions, the Trustee shall, without the consent or sanction of the Noteholders or any of the other Secured Creditors, concur with the Issuer in making any modifications to the Conditions and/or any other Transaction Document in order to enable the Issuer and/or the Swap Counterparty to comply with any requirements which apply to it under EMIR.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate. If the Commission's proposal is adopted the FTT could be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

The proposed FTT has a very broad scope. If introduced in the form proposed on 14 February 2013, it could apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

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

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions ((including concluding swap transactions and/or purchases or sales of securities) (such as Authorised Investments if it is adopted based on the Commission's proposals)). Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest or principal than expected. To the extent that such liabilities may arise at a time when winding up proceedings have been commenced in respect of the Issuer, such liabilities may be regarded as an expense of the liquidation and, as such, be payable out of the floating charge assets of the Issuer (and its general estate) in priority to the claims of Noteholders and other secured creditors. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted

based on the Commission's proposal. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

The FTT proposal remains subject to negotiation between the 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.

U.S. Foreign Account Tax Act Compliance Withholding may affect payments on the Notes

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("FATCA") impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Class A Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. In the case of the Subordinated Notes, withholding generally will not be imposed on payments on the Subordinated Notes to Citibank N.A., London Branch, the paying agent, provided that Citibank N.A., London Branch complies with its requirements imposed by FATCA to collect and report (to the U.S. or another relevant taxing authority) substantial information regarding its U.S. account holders (which would include some account holders that are non-U.S. entities but have U.S. owners). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Prospective investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Class A Notes are discharged once it has paid the Common Safekeeper (as bearer of the Notes), and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries. In particular, the Issuer is not obliged to gross up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of such withholding or deduction. Prospective investors should also refer to the section "*Taxation — Foreign Account Tax Compliance Act*".

English, Scottish and Northern Irish law security and insolvency considerations

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see "*Overview of the Transaction Documents — Deed of Charge*"). If certain insolvency proceedings 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 and the Insolvency (Northern Ireland) Order 1989 (as amended) allow 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 Trustee. However, as this is partly a question of fact, were it not to be possible to appoint an administrative receiver in respect of the Issuer, the Issuer would be subject to administration if it became insolvent which may lead to the ability to realise the Security being delayed and/or the value of the Security being impaired.

In addition, it should be noted that, to the extent that the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the Insolvency Act 1986 and under the Insolvency (Northern Ireland) Order

1989 (as amended), 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 and undertakings 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 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.

Fixed charges may take effect as floating charges

Pursuant to the terms of the Deed of Charge, the Issuer has purported to grant fixed charges over, among other things, its interests in the Purchased Receivables and their Related Rights, its rights and benefits in the Issuer Bank Accounts and all Authorised Investments purchased from time to time.

English law and Northern Irish law relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment in security) may take effect under English law and Northern Irish law as floating charges only, if, for example, it is determined that the Trustee has not been provided sufficient control over the Charged Property (although it should be noted that there is no equivalent concept of recharacterisation of fixed security as floating security 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 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 administrator or liquidator and the claims of certain preferential creditors on enforcement of the Security. Section 250 of the Enterprise Act 2002 and the equivalent Article 6 of the Insolvency (Northern Ireland) Order 2005 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 a new Section 176A of the Insolvency Act 1986 and the equivalent Article 150A of the Insolvency (Northern Ireland) Order 1989 (as amended, *inter alia*, by the Insolvency (Northern Ireland) Order 2005) requires a "prescribed part" calculated in accordance with Article 3 of the Insolvency (Northern Ireland) Order 1989 (Prescribed Part) Order (Northern Ireland) 2006 (up to a maximum amount of £600,000) of the floating charge realisations available for distribution to be set aside to satisfy the claims of unsecured creditors. This means that the expenses of any administration, the claims of preferential creditors and the beneficiaries of the prescribed part will be paid out of the proceeds of enforcement of the floating charge ahead of amounts due to Noteholders. The prescribed part will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors.

Liquidation expenses

Prior to the House of Lords' decision in the case of *Re Leyland Daf* in 2004, 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, it is now the case that the costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to 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 *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 would be reduced by the amount of all, or a significant proportion of, any liquidation expenses.

Validity of priorities of payments

The validity of contractual priorities of payments such as those contemplated in this transaction has been challenged in the English and U.S. courts. The hearings have arisen due to the insolvency of a secured creditor (in that case a swap counterparty) and have considered whether such payment priorities breach the "anti-deprivation" principle under English and U.S. insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. It was argued that where a secured creditor subordinates itself to noteholders in the event of its insolvency, that secured creditor effectively deprives its own creditors. The Supreme Court of the United Kingdom in *Belmont Park Investments PTY Limited (Respondent) v BNY Corporate Trustee Services Limited and Lehman Brothers Special Financing Inc. [2011] UK SC 38* unanimously upheld the decision of the Court of Appeal in dismissing this argument and upholding the validity of similar priorities of payment, stating that, provided that such provisions form part of a commercial transaction entered into in good faith which does not have as its predominant purpose, or one of its main purposes, the deprivation of the property of one of the parties on bankruptcy, the anti-deprivation principle was not breached by such provisions.

In parallel proceedings in New York, Judge Peck of the U.S. Bankruptcy Court for the Southern District of New York granted Lehman Brothers Special Finance Inc.'s ("**LBSF**") motion for summary judgement on the basis that the effect was that the provisions infringed the anti-deprivation principle in a U.S. insolvency. Judge Peck acknowledged that this resulted in the U.S. courts coming to a decision "directly at odds with the judgement of the English Courts". In New York, whilst leave to appeal was granted, the case was settled before an appeal was heard.

It should be noted that on 8 February 2012, Belmont Park Investments PTY Limited and others commenced proceedings in the U.S. Bankruptcy Court in relation to Lehman Brothers Special Financing Inc. seeking an order recognising and enforcing the English judgment on noteholder priority. Declaratory relief that the noteholder priority is valid and that the collateral can be distributed accordingly and without liability to the trustee, is also being sought. Those proceedings remain pending and are subject to a request to be transferred to the District Court. This is an aspect of cross border insolvency law which remains untested. Therefore, whilst the priority issue is considered largely resolved in England and Wales, concerns still remain that the English and U.S. courts will diverge in their approach which, in the case of an unfavourable decision in the U.S., may adversely affect the Issuer's ability to make payments on the Notes in accordance with the Transaction Documents.

There remains the issue whether in respect of the foreign insolvency proceedings relating to a creditor located in a foreign jurisdiction, an English court will exercise its discretion to recognise the effects of the foreign insolvency proceedings, whether under the Cross Border Insolvency Regulations 2006 or any similar common law principles. Given the current state of U.S. law, this is likely to be an area of continued judicial focus particularly in respect of multi-jurisdictional insolvencies.

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

If an instrument or order were to be made under the Banking Act 2009 (the "**Banking Act**") in respect of a UK-incorporated institution with permission to accept deposits pursuant to Part 4A of the FSMA (such as the Seller and the Swap Counterparty), such instrument or order may (amongst other things) affect the ability of such entities to satisfy their obligations under the Transaction Documents and/or result in modifications to such documents, which may have retrospective effect. In particular, modifications may be made pursuant to powers permitting certain trust arrangements to be removed or modified and/or via powers which permit provision to be included in an instrument or order such that the relevant instrument or order (and certain related events) is required to be disregarded in determining whether certain widely defined "default events" have occurred (which events would include certain trigger events included in the Transaction Documents in respect of the relevant entity, including termination events and (in the case of the Seller) trigger events in respect of perfection of legal title to the Purchased Receivables). As a result, the making of an instrument or order in respect of a relevant entity may affect the ability of the Issuer to meet its obligations in respect of the Notes and may result in a change in the contractual terms applicable to the Notes without the consent of the Noteholders. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred. As at the date of this Prospectus, none of the FCA, HM Treasury or the Bank of England have made an instrument or order under the Banking Act 2009 in respect of the relevant entities referred to above and there has been no indication that the FCA, HM Treasury or the Bank of England (the "**Authorities**") 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.

The Banking Act also includes provisions relating to two insolvency procedures which may be commenced by specified UK authorities (bank insolvency and bank administration). The tools currently available under the Banking Act include share and property transfer powers (including powers for partial property transfers), certain ancillary powers (including powers to modify certain contractual arrangements in certain circumstances) and special insolvency procedures which may be commenced by the UK authorities. It is possible that these extended tools could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made. In general, there is considerable uncertainty about the scope of the powers afforded to Authorities under the Banking Act and how the Authorities may choose to exercise them. Further, the Authorities have a wide discretion in exercising their powers under the special resolution regime, including modifying or setting aside any Act of Parliament by order of HM Treasury to facilitate its Banking Act objectives.

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

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

This regime has also been amended to ensure that it is compliant with the EU's Bank Recovery and Resolution Directive (2014/59/EU) (the "**Directive**"). The Directive was published in the Official Journal of the EU on 12 June 2014 and largely came into force on 2 July 2014. Amongst other things, the Directive provides for the introduction of a package of minimum early intervention and resolution-related tools and powers for relevant authorities (including a bail-in tool) and for special rules for cross-border groups. Therefore it is possible that an institution with its head office in an EU state other than the UK and/or certain group companies could be subject to certain resolution actions in that other state. The Directive has been implemented in the UK by, amongst others, the Bank Recovery and Resolution Order 2014, which came into force on 1 January 2015.

As noted above, the stabilisation tools may be used in respect of certain banking group companies provided certain conditions are met. If the Issuer were to be 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.

Notwithstanding this, there can be no assurance that the Issuer will not be adversely affected by any action taken in respect of any other entity under the new bail-in tool. Accordingly, it is not yet possible to assess the full impact of the UK bail-in tool with respect to any unsecured amounts owed to it by a relevant entity in the event of the resolution of that entity, which in turn could adversely affect the Issuer's ability to make payments on the Notes.

Change of law

The structure of the Trust Deed, the Deed of Charge, the Receivables Sale and Purchase Agreement and the other Transaction Documents and the issue of the Notes as well as the ratings which are to be assigned to the Class A Notes are based on English law and Scots law and United Kingdom tax, regulatory and

administrative practice in effect as at the date of this Prospectus as they affect the parties to the transaction and the Portfolio, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to English law and Scots law and United Kingdom tax, regulatory or administrative practice after the date of this Prospectus.

Regulatory treatment of ABS (including Basel III and risk retention)

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

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in 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 position for certain investors in securitisation exposures and/or on the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arrangers, the Joint Lead Managers or the Seller makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the Closing Date or at any time in the future.

In particular, investors should note that the Basel Committee on Banking Supervision ("**BCBS**") has approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly referred to as "**Basel III**"), including certain revisions to the securitisation framework. Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio ("**LCR**") and the Net Stable Funding Ratio ("**NSFR**"). BCBS member countries agreed to implement Basel III from 1 January 2013, subject to transitional and phase-in arrangements for certain requirements (e.g. the LCR requirements refer to implementation from the start of 2015, with full implementation by January 2019, and the NSFR requirements refer to implementation from January 2018). As implementation of any changes to the Basel framework (including those made via Basel III) requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of asset-backed securities (e.g. as LCR eligible assets or not), may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements are coming for insurance and reinsurance undertakings through national initiatives, such as the Solvency II framework in Europe.

In addition, investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a material net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear. In particular, the European Commission has published legislative proposals for two new regulations related to securitisation. Amongst other things, the proposals include provisions intended to implement the revised securitisation framework developed by BCBS and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. There are material differences between the legislative proposals and the current requirements. It is not clear whether, and in what form, the legislative proposals (and any corresponding technical standards) will be adopted. In addition, the compliance position under any adopted revised requirements of transactions entered into prior to

adoption, and of activities undertaken by a party (including an investor) in respect of such transactions, is uncertain.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. With respect to the commitment of the Seller 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 (or, after the Closing Date, by the Seller in its capacity as the Servicer or the Cash Manager on the Issuer's behalf), please see the statements set out in "*EU Risk Retention Requirements*" and "*Subscription and Sale*". Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Seller (in its capacity as the Seller, the Servicer or the Cash Manager), the Arrangers, the Joint Lead Managers or any other party to the Transaction Documents makes any representation that the information described above is sufficient in all circumstances for such purposes.

Prospective investors should therefore 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.

Consumer Credit Act 1974

A credit agreement is regulated by the CCA in the following circumstances:

- (a) for agreements made prior to 1 April 2014, where: (a) the customer is or includes an "individual" as defined in the CCA (which includes certain small partnerships and certain unincorporated associations); (b) the amount of "credit" as defined in the CCA does not exceed any applicable financial limit in force when the credit agreement was made (from 6 April 2008, no applicable financial limit is in force, except a limit of £25,000 for certain changes to credit agreements); and (c) the credit agreement is not an exempt agreement under the CCA (for example, certain credit agreements for business purposes with an amount of credit exceeding £25,000 are exempt agreements).
- (b) for agreements made on or after 1 April 2014, if it is a regulated credit agreement for the purposes of Chapter 14A of Part 2 of the RAO, i.e. if it involves the provision of credit of any amount by a lender to an individual (which includes certain small partnerships and certain unincorporated associations) and does not fall within any of the exemptions set out in articles 60C to 60H of the RAO.

A hire-purchase agreement is treated as a credit agreement and not a hire agreement for the purposes of the CCA. The position where an exempt agreement has been drafted as a regulated agreement was recently clarified by the Court of Appeal in *NRAM plc v McAdam* [2015] EWCA Civ 751. The Court of Appeal stated that a lender cannot contract into the CCA. Further, although erroneously drafting an agreement as regulated does not give rise to an estoppel in favour of the borrower, it may form the basis for a claim in misrepresentation. This Court of Appeal decision overturns the previous decision of the High Court in *NRAM Plc v McAdam* [2014] EWHC 4174 (Comm) in which the High Court said that a form of agreement which states that the CCA applies will be subject to the requirements of the CCA. The case is expected to go on appeal to the Supreme Court.

The main consequences of a credit agreement being regulated by the CCA are described in paragraphs (i) to (xiii) below.

- (i) The lender and therefore the credit agreement has to comply with authorisation and permission (or, prior to 1 April 2014, licensing) and origination requirements. If they do not comply with those requirements and the credit agreement was made on or after 6 April 2007, then it is unenforceable against the customer: (a) without an order of the Financial Conduct Authority (the "FCA") or the court (depending on the facts), if the lender or any broker did not hold the required licence or authorisation and permission(s) at the relevant time; or (b) without a court

order, if other origination requirements as to pre-contract disclosure, documentation and procedures are not complied with and, in exercising its discretion whether to make the order, the court has regard to any prejudice suffered by the customer and any culpability by the lender.

- (ii) The customer has a right to withdraw from the credit agreement (subject to certain exceptions). The customer may send notice to withdraw at any time during the 14 days starting with the day after the relevant day according to the origination procedures (i.e. the relevant day is the day on which the customer receives notice that the agreement has been executed in accordance with sections 66A(3)(c) and 61A(3) of the CCA). If the customer withdraws, then: (a) the customer is liable to repay to the lender any credit provided and the interest accrued on it; (b) the customer is not liable to pay to the lender any compensation, fees or charges except any non-returnable charges paid by the lender to a public administrative body; and (c) any insurance contract between the insurer and the customer and financed by the credit agreement on the basis of an agreement between the insurer and the lender is treated as if it had never been entered into.
- (iii) The lender is liable in certain circumstances to the customer for misrepresentation and breach of contract or regulatory requirements by a supplier of the relevant product in a transaction between the supplier and the customer. This liability arises in relation to, for example, insurance products such as guaranteed asset protection insurance or return to invoice insurance where the lender can be liable to the customer for misrepresentation and breach of contract by the supplier in a contract between the supplier and the customer for the supply of such insurance product. The customer may set off the amount of the claim against the amount owing by the customer under the credit agreement or any other credit agreement he has taken (or exercise analogous rights in Scotland or Northern Ireland). Any such set-off may adversely affect the Issuer's ability to make payments in full when due on the Notes.
- (iv) The lender has to comply with servicing requirements. For example: (a) the credit agreement is unenforceable against the customer for any period when the lender fails to comply with requirements as to periodic statements, arrears notices or default notices (although any such unenforceability may be cured prospectively by the lender complying with requirements as to periodic statements, arrears notices and default notices); (b) the customer is not liable to pay interest or default fees for any period when the lender fails to comply with requirements as to periodic statements or arrears notices; and (c) interest on default fees is restricted to nil until the 29th day after the day on which a notice of default fees is given and then to simple interest (i.e. interest may only be calculated on the principal amount of the default fee).
- (v) The customer is not liable to pay default interest (i.e. interest on sums unpaid in breach of the credit agreement) at a higher rate than the non-default interest rate or (where the non-default interest rate is 0 per cent.) at a higher rate than the annual percentage rate of the total charge for credit (the "APR"). This means that, for example, where the Contract imposes 0 per cent. APR, then the customer is not liable to pay default interest at all.
- (vi) The customer is entitled to terminate the credit agreement and to keep the goods financed by the credit agreement by giving notice and paying the amount payable on early settlement. The amount payable by the customer on early settlement of the credit agreement (whether on such termination by the customer, or on termination by the lender for repudiatory breach by the customer, or otherwise) is restricted by formula under the CCA. A more restrictive formula for early settlement of a credit agreement in full or in part applies generally to credit agreements made on or after 11 June 2010.
- (vii) The court has power to give relief to the customer. For example, the court may (a) make a time order, giving the customer time to pay arrears or to remedy any other breach; (b) impose conditions on, or suspend, any order made by the court in relation to the credit agreement; and (c) amend the credit agreement in consequence of a term of an order made by the court under the CCA.
- (viii) The court has power to determine that the relationship between the lender and the customer arising out of the credit agreement (whether alone or with any related agreement) is unfair to the customer. If the court makes the determination, then it may make an order, among other things, requiring the originator, or any assignee such as the Issuer, to repay any sum paid by the

customer. In deciding whether to make the determination, the court is required to have regard to all matters it thinks relevant, including the lender's conduct before and after making the credit agreement, and may make the determination even after the relationship has ended. Once the borrower or customer alleges that an unfair relationship exists, then the burden of proof is on the lender to prove the contrary.

- (ix) *Plevin v Paragon* [2014] UKSC 61, a November 2014 Supreme Court judgment, has clarified that compliance with the relevant regulatory rules by the creditor (or a person acting on behalf of the creditor) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules. Where add-on products such as GAP insurance are sold and are subject to significant commission payments, it is possible that the non-disclosure of commission by the lender is a factor that could form part of a finding of unfair relationship. In November 2015, the FCA published its Consultation Paper CP 15/39 entitled "Rules and guidance on payment protection insurance complaints" and is currently consulting on such new rules and/or guidance which are to be brought in to deal with the impact of the judgment on complaints about PPI. The deadline for comment on the consultation was the end of February 2016 and new rules and/or guidance are expected to be published in 2016, which may result in an increase in the volume of Plevin-based unfair relationship claims brought against lenders who failed to disclose significant PPI commissions when entering into credit agreements.

The FCA has given no indication during its period of consultation that it will extend the Plevin PPI complaints rules and guidance specifically to undisclosed commissions in relation to GAP insurance. Although the FCA told firms to be aware of Plevin and its impact on lenders' failures to disclose commissions during its GAP insurance consultation CP 14/29 in the Spring of 2015, the FCA did not address Plevin when it published its policy statement PS 15/13 in June last year.

- (x) The regulator for consumer credit is the FCA or, before 1 April 2014, was the Office of Fair Trading (the "**OFT**"). Close Brothers Limited as the Seller and the Servicer holds FCA permission (FRN: 124750) (and, before 1 April 2014, held an OFT licence) for its activities relating to consumer credit. Close Brothers Limited is an authorised person for the purposes discussed in paragraphs (xi) and (xii).
- (xi) A customer who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an FCA authorised person of a rule under the FSMA. From 1 April 2014, such rules include rules in the FCA Consumer Credit sourcebook ("**CONC**"), which transposes certain requirements previously made under the CCA and in OFT guidance. The customer may set off the amount of the claim for contravention of CONC against the amount owing by the customer under the credit agreement or any other credit agreement he has taken with the authorised person (or exercise analogous rights in Scotland or Northern Ireland). Any such set-off may adversely affect the Issuer's ability to make payments in full when due on the Notes.
- (xii) The Financial Ombudsman Service (the "**FOS**") is an out-of-court dispute resolution scheme with jurisdiction to determine complaints against authorised persons under the FSMA relating to conduct in the course of specified regulated activities including in relation to consumer credit. The FOS is required to determine each case individually, with reference to its particular facts. Each case is first adjudicated by an adjudicator. Either party may appeal to a final decision by the FOS. The FOS is required to determine complaints by reference to what is, in its opinion, fair and reasonable in all the circumstances of the case, taking into account, among other things, law and guidance, and may order a money award to the customer. It is not possible to predict how any future decision of the FOS would affect the Issuer's ability to make payments in full when due on the Notes.
- (xiii) The Seller has interpreted certain technical rules under the CCA in a way common with many other lenders in the vehicle finance market. If such interpretation were held to be incorrect by a court or other dispute resolution authority, then the Contract would be unenforceable, as described above. If such interpretation were challenged by a significant number of Obligor, then this could lead to significant disruption and shortfall in the income of the Issuer. Court decisions have been made on technical rules under the CCA against certain lenders, but such decisions are very few and are generally county court decisions which are not binding on other courts. Where agreements are

unenforceable without a court order due to minor documentary defects, lenders have historically pursued such debts as though they are simply enforceable, until such time as those defects were raised by the borrower and/or the court in any claim. To mitigate the risks associated with this approach, lenders currently rely on the decision in *McGuffick v Royal Bank of Scotland* [2010] 1 All ER 634, in which the High Court ruled that, in relation to agreements which were unenforceable by reason of failures to provide copies under section 77 and 78 of the CCA, steps which fell short of obtaining a court judgment against the borrower were not "enforcement" within the meaning of the CCA.

The Financial Services Act 2012 contains provisions which enabled the transfer of consumer credit regulation from the OFT to the FCA. The related secondary legislation was enacted in 2013 to 2014 and the transfer occurred on 1 April 2014. Under the Financial Services Act 2012 (amending the FSMA) (a) carrying on certain credit-related regulated activities in relation to servicing otherwise than in accordance with permission from the FCA will render the credit agreement unenforceable without FCA approval; and (b) the FCA has power to render unenforceable contracts made in contravention of any rules which it may make on cost and duration of credit agreements or in contravention of its product intervention rules. The Financial Services Act 2012 also provides for formalised cooperation to exist between the FCA and the FOS, particularly where issues identified potentially have wider implications, with a view to the FCA requiring affected firms to operate consumer redress schemes.

Regulated Hire-Purchase Agreements and Regulated Conditional Sale Contracts

In addition, the main consequences of a conditional sale agreement or a hire-purchase agreement (including a personal contract purchase agreement) being regulated by the CCA are as described in paragraphs (i) to (vii) below:

- (i) Where a regulated restricted-use credit agreement (as defined in the CCA) is used to finance a transaction between the debtor and a supplier who is not the lender, the lender is liable to the customer for pre-contractual statements to the customer by a credit-broker, such as the dealer, in relation to goods sold or proposed to be sold by that credit-broker to the lender before forming the subject-matter of the conditional sale agreement. This liability arises in relation to the vehicle, and applies for example, to the dealer's promise to the customer on the quality or fitness of the vehicle, and can extend, for example, to the dealer's promise to apply a part-exchange allowance to discharge an existing credit agreement. If any such pre-contractual statement is a misrepresentation or implied condition in the hire-purchase agreement or the conditional sale agreement, then the customer is entitled to claim the same types of remedies as described in "*Sale of Goods Act 1979*" below, including in relation to agreements entered into after 1 October 2015, the CRA (as defined below in "*Sale of Goods Act 1979*"). The customer may set off the amount of any such money claim against the amount owing by the customer under the credit agreement or any other credit agreement he has taken with the lender (or exercise analogous rights in Scotland or Northern Ireland). Any such set-off may adversely affect the Issuer's ability to make payments in full when due on the Notes.
- (ii) When the customer is in breach of the hire-purchase agreement or the conditional sale agreement, and has paid at least one-third of the total amount payable for the goods (including any deposit), then the goods become protected goods. The lender is not entitled to repossession of protected goods without a court order or the customer's consent given at the time of repossession. If the lender recovers protected goods without such order or consent, then the hire-purchase agreement or conditional sale agreement is totally unenforceable against the customer, and the customer is entitled to recover from the lender all sums paid by the customer under the agreement.
- (iii) The lender is not entitled to enter any premises to take possession of any goods subject to a hire-purchase agreement or a conditional sale agreement (whether protected goods or not) without a court order. In Scotland, the lender may need to obtain a court order to take possession of the goods in any event.
- (iv) The customer is entitled to terminate the hire-purchase agreement or a conditional sale agreement by giving notice, where he wishes to return the goods. On such termination, the customer is liable to surrender possession of the goods and pay the amount (if any) payable on voluntary termination. The amount payable by the customer on voluntary termination is restricted under the

CCA to the amount (if any) required to bring the sum of all payments made and to be made by the customer for the goods up to one-half of the total amount payable for the goods (including any deposit). The customer must pay all arrears for the goods and compensation for any breach of duty to take reasonable care of the goods. Customers may take advantage of the right of voluntary termination when they are in financial difficulty, or when the residual value of the vehicle on part-exchange is less than the amount that would be payable on early settlement.

- (v) Court decisions have conflicted on whether the amount payable by the customer on termination by the lender (for example, for repudiatory breach by the customer) is restricted to the amount calculated by the one-half formula for termination by the customer. The Contracts (other than the Unregulated Contracts) provide that the amount payable by the customer on termination by the lender is the aggregate of: (a) all repayments which are in arrears and all other sums which have accrued; (b) damages for any breach of obligation by the customer prior to termination of the Contract relating to maintaining the goods in good and reasonable repair and condition; and (c) by way of compensation for loss and/or liquidated damages for breach of the Contract, the outstanding balance of the total amount payable plus all expenses incurred by Close Brothers Limited in respect of the storage, insurance, tracing and recovery of the goods, less (i) the net proceeds of sale if the goods are repossessed and sold, within three months of the date of termination or if repossessed but not sold, their value at the expiration of the said period of three months as determined by a dealer appointed by Close Brothers Limited who deals in similar goods on the basis of a sale to traders of the Goods and (ii) on payment, any rebate of charges to which the customer entitled under the Consumer Credit Act 1974. Thus the Contracts reflect those court decisions favourable to the lender on this point.
- (vi) The court has power to give additional relief to the customer. For example, the court may: (a) make a time order giving the customer time to pay future repayments; and (b) suspend a return order for the return of the goods to the lender until breach by the customer of a time order or until further court order.
- (vii) A disposition of the vehicle by the customer to a bona fide private purchaser without notice of the hire-purchase agreement or the conditional sale agreement will transfer to the purchaser the Seller's title to the vehicle.

Sale of Goods Act 1979

In respect of business-to-consumer contracts the Sale of Goods Act 1979 (the "SGA") has been replaced by the Consumer Rights Act 2015 ("CRA") but some provisions of the SGA remain in force, for example, those that are applicable to all contracts of sale of goods (as defined in the SGA) regarding matters such as when property in goods passes. The SGA will still apply to business-to-business contracts and to consumer contracts. Hence the SGA applies to all conditional sale agreements entered into prior to 1 October 2015 (the "**CRA Commencement Date**") and business-to-business conditional sale agreements (regardless of when they were entered into). For business-to-consumer conditional sale agreements entered into on or after the CRA Commencement Date, the Consumer Rights Act 2015 (the "**CRA**") applies (see "*Consumer Rights Act 2015*" below).

Where the SGA applies (see the above paragraph), it provides that conditional sale agreements contain implied terms as to title, description and quality or fitness of the goods. The Unfair Contract Terms Act 1977 provides that (a) the implied term as to title cannot be excluded by any contract term; (b) the implied terms as to description and quality or fitness cannot be excluded in a business-to-consumer contract, and can be excluded only in so far as reasonable in a business-to-business contract.

If any goods subject to a conditional sale agreement governed by English law are in breach of any term implied by the SGA as applicable, then the customer is entitled to rescind the contract and return the goods, and to treat the contract as repudiated by the lender and accept such repudiation by notice, and is not liable to make any further payments, and may claim repayment of the amounts paid by the customer under the contract and damages such as the cost of hiring an alternative vehicle. Alternatively, the customer may elect to affirm the contract and keep the goods and claim damages, which then include the difference in value of the goods had they complied with the implied term and their true value. The customer will not lose his right to rescind the contract and return the goods for any breach of which he is unaware, such as latent defects, or defects which a consumer has had no reasonable opportunity to discover.

If there is a material breach of any term (express or implied) of a conditional sale agreement governed by Scots law then the customer is entitled to reject the goods and treat the contract as repudiated by the lender and also claim damages. Where the breach is not material, the customer is not entitled to reject the goods but may claim damages. These provisions will not affect any other rights the customer may have under the relevant agreement.

Any damages claimed by an Obligor for any defect in the vehicle may be set off against amounts due to the Issuer. The agreements entered into with a Dealer provide that the Dealer will indemnify Close Brothers Limited for certain breaches by the Dealer, including any breach of a Dealer's obligation to sell the relevant vehicle on the basis that all terms relating to the sale of the vehicle by the Dealer to CBL implied by statute shall apply and in respect of which the Dealer warrants and represents that the vehicle when delivered to the customer shall be in good working order, repair and condition. The Seller has sold such claims against the relevant Dealer to the Issuer. However, no assurance can be given that the indemnity will cover all or any loss incurred by the Seller as a result of breach by the Dealers, including as a result of any Vehicle being in breach of any term implied by the SGA, or that the Dealer would have the means to pay the indemnity.

Unfair Terms in Consumer Contracts Regulations 1999

The Unfair Terms in Consumer Contracts Regulations 1999 (the UTCCR) apply to business-to-consumer contracts entered into prior to the CRA Commencement Date only. For business-to-consumer contracts entered into on or after the CRA Commencement Date, see "*Consumer Rights Act 2015*" below.

Where the UTCCR apply (see the above paragraph), the UTCCR render unenforceable unfair terms in business-to-consumer contracts (subject to certain exceptions). The UTCCR provide that: (a) a consumer may challenge a standard term in a contract on the basis that it is unfair and not binding on the consumer (although the rest of the contract continues to bind the parties if it is capable of continuing in existence without the unfair term); and (b) the appropriate regulator and any qualifying body (such as local trading standards authorities) may seek to enjoin (or in Scotland interdict) a business from relying on unfair terms.

The UTCCR do not generally affect terms that define the main subject matter of the contract or price terms, such as the consumer's obligation to repay the fixed monthly repayments (provided that these terms are written in plain, intelligible language and are drawn adequately to the consumer's attention), but may affect terms that are not considered to define the main subject matter of the contract or to be price terms, such as terms imposing default fees.

For example, if a term permitting the lender to impose a default fee (as the Seller is permitted to do) is found to be unfair, then the consumer is not liable to pay the default fee or, to the extent that he has paid it, he may claim against the originator, or any assignee such as the Issuer, repayment of the amount of default fee paid, or may set off the amount of the claim against the amount owing by the consumer under the credit agreement or any other credit agreement he has taken with the lender (or exercise analogous rights in Scotland or Northern Ireland). Any such non-recovery, claim or set-off may adversely affect the Issuer's ability to make payments in full when due on the Notes.

The FCA addresses unfair terms in its regulation of consumer finance. The OFT (who regulated unfair terms in relation to consumer finance via powers it shares with the CMA (with these concurrent powers described in more detail below) prior to 1 April 2014) has previously carried out an investigation into credit card default fees and on 5 April 2006 issued a statement of its view of the principles that credit card issuers should follow in setting default fees, and that the principles are likely to apply to analogous default fees in other contracts. The principles are in essence that terms imposing default fees should not have the object of raising more in revenue than is reasonably expected to be necessary to recover certain limited administrative costs incurred as a result of the consumer's default. This guidance now forms part of CONC, specifically CONC 7.7.5R which provides that "a firm must not impose charges on customers in default or arrears difficulties unless the charges are no higher than necessary to cover the reasonable costs of the firm".

In March 2013, the Law Commission and the Scottish Law Commission (together, the "**Commissions**") published advice to the UK Government on reforming the UTCCR. The Commissions recommended, among other things, that no assessment of fairness should be made of a term that specifies the main subject matter of the contract, or of a price term, provided that the term in

question is transparent and prominent. The Commissions also recommended that the UTCCR should expressly provide that, in proceedings by consumers, the court is required to consider the fairness of a term, even if the consumer has not raised the issue, where the court has available to it the legal and factual elements necessary for that task. Such reforms are included in the CRA (see "*Consumer Rights Act 2015*" below) and came into force on the CRA Commencement Date.

As noted above, on 1 April 2014, the OFT's responsibilities for consumer credit, including enforcement of the UTCCR, transferred to the FCA (which also has responsibility for enforcement of the UTCCR in relation to financial services contracts for carrying on a regulated activity under the FSMA) and the OFT ceased to exist. Therefore, guidance issued by the FCA in relation to the UTCCR as well as guidance previously issued by the OFT and FSA may apply to the Contracts from 1 April 2014. It should be noted, however, that the guidance issued by the FSA and OFT (and, as of 1 April 2014, the FCA) has changed over time: on 2 March 2015, the FCA removed certain guidance and other material on the UTCCR from its website because they no longer reflect the FCA's current view on unfair contract terms pending new guidance on the Consumer Rights Bill (which was passing through UK Parliament at the time and has since received Royal Assent (see "*Consumer Rights Act 2015*" below)) and in light of wider legal developments. The FCA has not indicated how it considers the material it has removed to be inconsistent with its current views, and it is not clear when the FCA expects to be in a position to update the withdrawn material, although the FCA website was updated in January 2016 to refer to the Competition and Markets Authority's ("**CMA**") guidance consultation as the latest development in guidance on unfair contract terms, and this guidance makes it clear that the CRA generally carries forward rather than changes the substance of the protections provided to consumers under earlier legislation and guidance. As such, even with the changes in regulatory structure in the UK that came into effect on 1 April 2013, in respect of the Contracts originated before the CRA Commencement Date, the guidance issued by the FSA previously remains the most specific and relevant guidance on this topic; this is likely to continue to be the case as the FCA has confirmed that it does not intend to issue further guidance on unfair contract terms.

The CMA has published a separate guidance consultation as the latest development in guidance on unfair contract terms. The CMA is the UK's national competition and consumer authority which took over the role of principal enforcer of the UTCCR from the OFT in relation to unfair contract terms in April 2014. On 26 January 2015, the CMA published a guidance consultation on the unfair contract terms provisions in the Consumer Rights Bill (which has been enacted as the CRA). These guidelines, which were finalised as of 31 July 2015 (reference CMA37) are intended to support the CRA. The CRA consolidates and repeals the UTCCR and parts of the Unfair Contract Terms Act 1977 (**UCTA**) (see "*Consumer Rights Act 2015*" below). However, as noted above, despite its revocation, the UTCCR will continue to apply to contracts entered into prior to the CRA Commencement Date.

The Unfair Contract Terms Regulatory Guide ("**UNFCOG**") in the FCA Handbook explains the FCA's policy on how it uses its formal powers under the UTCCR, although comprehensive guidance on the UTCCR themselves is not provided. The UNFCOG was updated on 1 October 2015 following the coming into force of the CRA but the updated version (the Unfair Contract Terms & Consumer Notices Regulatory Guide) applies only to contracts entered into on or after the CRA Commencement Date. The UNFCOG (in the form it was in on 30 September 2015) continues to apply to contracts entered into before the CRA Commencement Date.

The broad and general wording of the UTCCR (and the CRA (see "*Consumer Rights Act 2015*" below)) makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a court would find a term to be unfair. It is therefore possible that any Contracts made with consumers may contain unfair terms, which may result in the possible unenforceability of those unfair terms. No assurance can be given that any regulatory action or guidance in respect of the UTCCR (and the CRA (see "*Consumer Rights Act 2015*" below)) will not have a material adverse effect on the Contracts and accordingly on the Issuer's ability to make payments in full when due on the Notes.

Consumer Rights Act 2015

The CRA reforms and consolidates consumer law in the UK. The CRA involves the creation of a single regime for unfair contract terms out of the Unfair Contract Terms Act 1977 (which essentially deals with attempts to limit liability for breach of contract) and the UTCCR. On the CRA Commencement Date, certain sections of the CRA revoked the UTCCR, amended the SGA (i.e. much of the SGA no longer applies to business-to-consumer contracts) and introduced a new regime for dealing with unfair

contractual terms with respect to contracts entered into on or after the CRA Commencement Date. The SGA and UTCCR will continue to apply to contracts entered into prior to the CRA Commencement Date as described above.

Under Part 2 of the CRA an unfair term of a consumer contract (a contract between a trader and a consumer) is not binding on a consumer (a term which has been revised to mean an individual acting for purposes that are wholly or mainly outside that individual's trade, business, craft or profession). In an additional change from the old regime, from the CRA Commencement Date, an unfair consumer notice will also not be binding on a consumer, although a consumer may rely on the term or notice if the consumer chooses to do so. A term will be unfair where, contrary to the requirement of good faith, it causes significant imbalance in the parties' rights and obligations under the contract to the detriment of the consumer. In determining whether a term is fair it is necessary to: (i) take into account the nature of the subject matter of the contract; (ii) refer to all the circumstances existing when the term was agreed; and (iii) refer to all of the other terms of the contract or any other contract on which it depends. The CRA also applies substantially the same test of fairness to consumer notices and generally refers to term and notices interchangeably. However, unlike the position under the old regime, the fairness protection under the CRA applies to both non-individually negotiated contracts and those that have been individually negotiated.

Schedule 2 contains an indicative and non-exhaustive "grey list" of terms of consumer contracts that may be regarded as unfair. Notably, paragraph 11 lists "a term which has the object or effect of enabling the trader to alter the terms of the contract unilaterally without a valid reason which is specified in the contract". Although paragraph 22 provides that this does not include a term by which a supplier of financial services reserves the right to alter the rate of interest payable by or due to the consumer, or the amount of other charges for financial services without notice where there is a valid reason if the supplier is required to inform the consumer of the alteration at the earliest opportunity and the consumer is free to dissolve the contract immediately.

A consumer contract may not be assessed for fairness to the extent that (i) it specifies the main subject matter of the contract; and/or (ii) the assessment is of the appropriateness of the price payable under the contract by comparison with the goods, digital content or services supplied under it; unless it appears on the "grey list" referenced above. A trader must ensure that a written term of a consumer contract, or a consumer notice in writing, is transparent i.e. that it is expressed in plain and intelligible language and is legible. Where a term of a consumer contract is "unfair" it will not bind the consumer. However, the remainder of the contract, will, so far as practicable, continue to have effect in every other respect.

Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail. In a shift from the old regime, under the CRA it is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings has explicitly raised the issue of fairness.

The CRA also provides that business-to-consumer conditional sale agreements and hire purchase agreements contain implied terms as to title, description and quality or fitness of the goods. The CRA further provides that (a) the implied term as to title and (b) the implied terms as to description and quality or fitness cannot be excluded by any contract term. This is broadly the same as the position for business-to-business contracts under the SGA outlined above (see "*Sale of Goods Act 1979*").

The provisions in the CRA governing unfair contractual terms and implied terms as to title, description and quality or fitness of the goods apply in respect of contracts entered into on or after the CRA Commencement Date. As stated above, the SGA, UCTA and UTCCR continue to apply to contracts entered into prior to the CRA Commencement Date. The new CRA regime does not seem to be significantly different from the regime under the UTCCR, UCTA or the SGA. However, this area of law is rapidly developing and new regulatory guidance and case law as a result of this new legislation can be expected from the FCA. We note that the CMA has issued comprehensive guidance setting out its understanding of the provisions in the CRA which deal with unfair contract terms and notices. The guidance does not state the law, only the CMA's views as to how the law is intended to operate. In specific sectors with their own regulatory authorities such as the FCA, the views of those authorities as to how unfair terms law applies to issues within their remit must also be considered. No assurance can be given that any changes in legislation, guidance or case law on unfair terms or implied terms as to title, description and quality or fitness of the goods will not have a material adverse effect on the Underlying Agreements and accordingly on the Issuer's ability to make payments in full when due on the Notes.

Consumer Protection from Unfair Trading Regulations 2008

The Consumer Protection from Unfair Trading Regulations 2008 (the "**UTR**") prohibit unfair business-to-consumer commercial practices before, during and after a consumer contract is made. The UTR do not currently give any claim, defence or right of set-off to an individual consumer. Breach of the UTR does not (of itself) render an agreement void or unenforceable, but the possible liabilities for misrepresentation or breach of contract in relation to agreements may result in irrecoverable losses on amounts to which such agreements apply. The Consumer Protection (Amendment) Regulations 2014 have amended the UTR with effect from 1 October 2014 so as to give consumers a right to redress for prohibited practices, including a right to unwind agreements.

The UTR require the Competition and Markets Authority (or prior to 1 April 2014, the OFT) and local trading standards authorities to enforce the UTR by prosecution or by seeking an enforcement order to prevent a business from carrying on unfair practices. In addition, the FCA (or prior to 1 April 2014, the OFT) addresses unfair practices in its regulation of consumer finance. No assurance can be given that any regulatory action or guidance in respect of the UTR will not have a material adverse effect on the Underlying Agreements and accordingly on the Issuer's ability to make payments in full when due on the Notes.

General

No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the vehicle finance 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 Seller, the Issuer and/or the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full when due on the Notes.

Equitable assignment

The assignment by the Seller of the English Receivables and the Northern Irish Receivables will take effect in equity only because no notice of the assignment will be given to Obligor unless a Perfection Event shall have occurred. The Issuer will assign to the Trustee by way of security, among other things, the Issuer's interest in the Purchased Receivables.

The giving of notice to the Obligor of the Seller's assignment would have the following consequences:

- (a) Notice to the Obligor would "perfect" the assignment so that the Issuer would take priority over any interest of a later encumbrancer or assignee of the Seller's rights who has no notice of the assignment to the Issuer.
- (b) Notice to an Obligor would mean that the Obligor should no longer make payment to the Seller as creditor under the Contract but should make payment instead to the Issuer. If the Obligor were to ignore a notice of assignment and pay the Seller for its own account, the Obligor will still be liable to the Issuer for the amount of such payment. However, for so long as Close Brothers Limited remains the Servicer under the Servicing Agreement it is also the agent of the Issuer for the purposes of the collection of the Purchased Receivables and will, accordingly, be accountable to the Issuer for any amount paid to it in respect of the Purchased Receivables.
- (c) Until notice is given to the Obligor, equitable set-offs may accrue in favour of the Obligor in respect of his obligation to make payments under the relevant Contract. These may, therefore, result in the Issuer receiving less monies than anticipated from the Purchased Receivables. The assignment of any Purchased Receivables to the Issuer will be subject both to any prior equities which have arisen in favour of the Obligor and to any equities which may arise in the Obligor's favour after the assignment until such time (if ever) as he receives actual notice of the assignment. However, where the set-off by an Obligor is connected with the Contract (as would be the case for claims in respect of vehicle defects) the Obligor may exercise a set-off (or exercise analogous rights in Scotland or Northern Ireland), irrespective of any notice given to them of the assignment to the Issuer.
- (d) Notice to the Obligor would prevent the Seller and the Obligor amending the Related Contract without the involvement of the Issuer. However, the Seller will undertake for the benefit of

the Issuer that it will not waive any breach under, or amend the terms of, any of the Contracts, other than in accordance with its usual credit policies (as described below).

- (e) Lack of notice to the Obligor means that the Issuer will have to join the Seller as a party to any legal action which the Issuer may want to take against any Obligor. The Seller will, however, undertake for the benefit of the Issuer that it will lend its name to, and take such other steps as may be required by the Issuer or the Trustee in relation to, any action in respect of the Purchased Receivables.

Perfection Events have been used to mitigate the risk deriving from the equitable assignment but there can be no certainty as to the timing and effectiveness of such Perfection Events.

Scottish Receivables

Legal title to the Scottish Receivables will remain with Close Brothers Limited because no formal assignment thereof duly intimated to the relevant Customers will be made unless a Perfection Event shall have occurred. The legal position of the Issuer and the Seller in respect of the Scottish Receivables is substantially in accordance with that set out above in relation to the holding of an equitable or beneficial interest in the English Receivables and the Northern Irish Receivables.

The fixed charge granted by the Issuer in favour of the Trustee over the Issuer's interest in the Purchased Receivables includes, among other things, an assignment in security of the Issuer's interest in the Scottish Receivables.

General Tax Considerations

Withholding tax in respect of the Notes

In the event that any withholding or deduction for or on account of tax is required to be made from payments due under the Notes (as to which see the section entitled "*United Kingdom Taxation*" below for more information on UK withholding tax in relation to payments of interest), neither the Issuer nor any other person will be obliged to pay any additional amounts to Noteholders or to otherwise compensate Noteholders for the reduction in the amounts they would receive as a result of such withholding or deduction. If such a withholding or deduction is required to be made, the Issuer will have the option (but not the obligation) of redeeming all outstanding Notes in full at their Principal Amount Outstanding (together with accrued interest). For the avoidance of doubt, neither the Trustee nor the Noteholders will have the right to require the Issuer to redeem the Notes in these circumstances.

Withholding tax in respect of the Swap Agreements

All payments to be made by a party under the Swap Agreement are to be made without withholding or deduction for or on account of any tax unless such withholding or deduction is required by applicable law. Each of the Issuer and the Swap Counterparty will represent, on entering into the Swap Agreement, that it is not obliged to make any such deduction or withholding under current taxation law and practice (save in respect of certain payments of interest and deliveries, transfers and payments to be made pursuant to the credit support annex to the Swap Agreement). If, as a result of a change in law (or the application or official interpretation thereof), the Issuer is required to make such a withholding or deduction from any payment to be made to the Swap Counterparty under the Swap Agreement, the Issuer will not be obliged to pay any additional amounts to such Swap Counterparty in respect of the amounts so required to be withheld or deducted. If a Swap Counterparty is required to make such a withholding or deduction from any payment to the Issuer under a Swap Agreement, it shall pay to the Issuer such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount the Issuer would have received had no such deduction or withholding been required. The party receiving a reduced payment or that is required to make an additional payment, as the case may be, will have the right to terminate the Swap Agreement (subject to the Swap Counterparty's obligation to use all reasonable efforts (provided that such efforts will not require such Swap Counterparty to incur a loss, excluding immaterial, incidental expenses) to transfer its rights and obligations under the Swap Agreement to another of its offices or affiliates such that payments made by or to that office or affiliate under such Swap Agreement can be made without any withholding or deduction for or on account of tax). If a transaction under the Swap Agreement is terminated, the Issuer may be unable to meet its obligations

under the Notes in full, with the result that the Noteholders may not receive all of the payments due to them in respect of the Notes.

General Considerations

Forecasts and Estimates

Estimates of the weighted average life of the Notes included in this Prospectus, together with any other projections, forecasts and estimates are supplied for information only and are forward-looking statements. Such projections, forecasts and estimates are speculative in nature and it can be expected that some or all of the assumptions underlying them may differ or may prove substantially different from the actual results. Consequently, the actual results might differ from the projections and such differences might be significant.

The Issuer believes that the risks described above are the principal 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 the Notes may occur for other reasons and the Issuer does not represent that the above statements regarding the risks of holding the Notes are exhaustive. Although the Issuer believes that the various structural elements described in this Prospectus mitigate some of these risks for Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all.

EU RISK RETENTION REQUIREMENTS

Close Brothers Limited as seller will retain a material net economic interest of not less than 5 per cent. in the securitisation (the "**Retained Exposures**") in accordance with the text of paragraph (1)(d) of Article 405(1) of the Capital Requirements Regulation, paragraph (d) of Article 51(1) of the AIFM Regulation and paragraph (d) of Article 254(2) of the Solvency II Delegated Act (in each case as they are interpreted and applied on the date hereof (and in the case of the Capital Requirements Regulation taking into account the provisions of Regulation (EU) No 625/2014 and, in the case of AIFMR taking into account Article 56 of the AIFMR) and without taking into account any implementing rules of the Capital Requirements Regulation, the AIFM Regulation or the Solvency II Delegated Act in a relevant jurisdiction) and will not enter into any credit risk mitigation, short position or any other credit risk hedge or sale with respect to the Retained Exposures, except to the extent permitted under the Capital Requirements Regulation, the AIFM Regulation or the Solvency II Delegated Act. As at the Closing Date, such interest will be comprised of all or a portion of the Subordinated Notes, which constitute an interest in the first loss tranche as required by the text of each of paragraph (d) of Article 405(1) of the Capital Requirements Regulation, paragraph (d) of Article 51(1) of the AIFM Regulation and paragraph (d) of Article 254(2) of the Solvency II Delegated Act. Any change to the manner in which such interest is held will be notified to Noteholders. Close Brothers Limited has provided a corresponding undertaking with respect to the interest to be retained by it to the Joint Lead Managers in the Subscription Agreement.

As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and, after the Closing Date, to the Monthly Investor Reports prepared by the Cash Manager. In such Monthly Investor Report relevant information with regard to the Purchased Receivables will be disclosed publicly together with an overview of the retention and/or any changes in the method of retention of the material net economic interest by the Seller. In addition, the Seller will provide such information as may be reasonably requested by the Trustee or the Noteholders from time to time in order to enable those persons that are subject to the requirements of Article 406 of the Capital Requirements Regulation and alternative fund managers subject to the requirements of the AIFM Regulation to comply with such requirements, subject always to any requirement of law regarding the provision of such information, and provided that the Seller will not be in breach of such undertaking if it fails to so comply due to events, actions or circumstances beyond its control.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with each of Part Five of the Capital Requirements Regulation (including Article 405), Section Five of Chapter III of the AIFM Regulation (including Article 51) and the Solvency II Delegated Act and any corresponding national measures which may be relevant and any other regulation that may apply to particular classes of investors and none of the Issuer, Close Brothers Limited (in its capacity as the Seller or the Servicer or in any other capacity) or the Joint Lead Managers makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.

For further information on the requirements referred to above and the corresponding risks please refer to the Risk Factor entitled "*Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes*".

OVERVIEW OF THE TRANSACTION DOCUMENTS

The description of the Transaction Documents set out below is a summary of certain features of those agreements and is qualified by reference to the detailed provisions of the terms and conditions of those agreements. Prospective Noteholders may inspect a copy of each of the Transaction Documents upon request at the Specified Office of the Principal Paying Agent.

Receivables Sale and Purchase Agreement

General

On the Closing Date, the Seller, the Issuer, the Servicer and the Trustee will enter into the Receivables Sale and Purchase Agreement.

Pursuant to the Receivables Sale and Purchase Agreement: (i) the Seller will on the Closing Date sell to the Issuer the Receivables comprised in the Initial Portfolio and the Related Rights relating to such Receivables; and (ii) the Seller may on any Additional Portfolio Purchase Date during the Revolving Period sell to the Issuer additional Receivables comprised in an Additional Portfolio and the Related Rights relating to such Purchased Receivables. Since origination a portion of the Receivables in the Initial Portfolio have been held in a special purpose vehicle used for warehousing purposes. Receivables comprised in any Additional Portfolio may also be held in such special purpose vehicle prior to sale by the Seller to the Issuer.

The Receivables which are intended to be purchased by the Issuer consist of all amounts due to the Seller from Obligors in respect of the Contracts (other than any Excluded Amounts). The Initial Portfolio sold to the Issuer on the Closing Date will comprise all or part of the Provisional Portfolio and may include Receivables not comprised within the Provisional Portfolio that have been originated between the Initial Cut-off Date and the Closing Date.

The Contracts, which are agreements directed at retail and business customers, are available for new and used vehicles, light commercial vehicles or motorcycles. Financing provided under a Contract, carrying a fixed rate of return, is (other than in respect of PCP Contracts) typically amortised in equal monthly instalments over the repayment period, which varies between 6 and 61 months. The PCP Contracts carry a fixed rate of return, amortised over the repayment period of up to 49 months, so that the Obligor has the right to (a) make a final balloon payment and take title of the Vehicle, or (b) return the Vehicle financed under such PCP Contract to the Seller in lieu of making such final balloon payment.

Whilst the Obligor is the registered keeper of the Vehicle, the Seller remains the owner unless and until the Obligor pays all amounts due in respect of the relevant Contract. The Purchased Receivables include all amounts due under the Contracts together with the Related Rights.

Consideration

The consideration payable by the Issuer to the Seller for the sale of the Initial Portfolio is the Initial Purchase Price and any Deferred Purchase Price. The Initial Purchase Price is determined as at the Closing Date, as being an amount equal to the aggregate Outstanding Principal Balance due from Obligors under the Related Contracts during the period beginning on (but excluding) the Closing Date and ending on (and including) the maturity date of such Related Contract plus any acceptance fees or option fees that are due but unpaid and any due but unpaid interest).

The consideration for the sale of any Additional Portfolio will be the Issuer paying to the Seller an amount equal to the Additional Portfolio Purchase Price on the relevant Additional Portfolio Purchase Date (being an amount equal to the aggregate Outstanding Principal Balance due from Obligors under the Related Contracts during the period beginning on (but excluding) the Additional Cut-Off Date and ending on (and including) the maturity date of such Related Contract plus any acceptance fees or option fees that are due but unpaid and any due but unpaid interest) and Deferred Purchase Price. During the Revolving Period, the Seller may (but is not obliged to) sell Receivables constituting Additional Portfolios to the Issuer.

If at any time after the Closing Date (in respect of the Initial Portfolio) or any Additional Cut-Off Date (in respect of any Additional Portfolio), the Seller (other than in its capacity as Servicer) holds or there is held to its order or it receives or there is received to its order, any monies, property, interest, rights, title or

benefit in or to or in respect of the benefit of the Initial Portfolio or any Additional Portfolios (including, without limitation, all monies received (whenever paid) on or at any time after the Closing Date or Additional Cut-Off Date in respect of or referable to such Initial Portfolio or Additional Portfolio, as applicable) transferred to the Issuer on the Closing Date or Additional Portfolio Purchase Date (or otherwise held on trust by the Seller for the Issuer under a Scottish Declaration of Trust (including, but not limited to, Vehicle Sales Proceeds)), the Seller shall forthwith account for the same to Issuer and until any of the same are so accounted for by the Seller, the Seller (to the extent that it no longer acts as Servicer) shall hold such monies and such other property, interest, right, title or benefit upon trust for the Issuer.

The Issuer shall fund the purchase of Additional Portfolios on the relevant Additional Portfolio Purchase Date through (i) Available Principal Receipts (if the Additional Portfolio Purchase Date is on an Interest Payment Date) or (ii) amounts standing to the credit of the Replenishment Ledger (if the Additional Portfolio Purchase Date is on any Business Day other than an Interest Payment Date), provided that the Additional Portfolio Purchase Price payable in respect of such Additional Portfolios shall not be greater than (a) (if the relevant Additional Portfolio Purchase Date is on any Business Day other than an Interest Payment Date) the amount standing to the credit of the Replenishment Ledger or (b) (if the relevant Additional Portfolio Purchase Date is on an Interest Payment Date) the amount of Available Principal Receipts available pursuant to the Pre-Acceleration Principal Priority of Payments (which shall include amounts standing to the credit of the Replenishment Ledger).

Revised Purchase Date

If the amount standing to the credit of the Replenishment Ledger or, as the case may be, the amount of Available Principal Receipts available to the Issuer to be applied pursuant to the Pre-Acceleration Principal Priority of Payments (in both cases as notified to the Seller and Servicer by the Issuer or the Cash Manager on its behalf) is less than the amount required to pay the full Additional Portfolio Purchase Price of such Additional Portfolio, the Issuer will, not later than the Additional Portfolio Purchase Date, advise the Seller that the Issuer intends to accept and purchase only a part of or none of such Additional Portfolio (if purchasing only a part, in an amount equal to or less than the amount standing to the credit of the Replenishment Ledger or, as the case may be the amount of Available Principal Receipts received by the Issuer pursuant to the Revolving Period Priority of Payments) on the Additional Portfolio Purchase Date.

If the Issuer, or the Servicer on its behalf, advises the Seller, in accordance with the above paragraph, that the Issuer does not intend to purchase the entire proposed Additional Portfolio offered under a Transfer Notice, but confirms that it will purchase from the Seller an Additional Portfolio with a smaller aggregate Outstanding Principal Balance, the Seller may, on such Additional Portfolio Purchase Date or, as applicable, on or prior to any Revised Purchase Date deliver a revised Transfer Notice (specifying the Revised Purchase Date (if applicable)) for the purpose of making a new offer to the Issuer in which case the existing Transfer Notice shall cease to have effect.

Where the Seller proposes a Revised Purchase Date for the acquisition of part or all of an Additional Portfolio, the sale of such Additional Portfolio will take place on such Revised Purchase Date and the amounts to be used to purchase such Additional Portfolios on such Revised Purchase Date will be (if the original Additional Portfolio Purchase Date was an Interest Payment Date) or will remain (if the original Additional Portfolio Purchase Date was any Business Day other than an Interest Payment Date) credited to the Replenishment Ledger until such Revised Purchase Date.

Conditions to sale

The sale of the Initial Portfolio and any Additional Portfolio to the Issuer will in all cases also be subject to certain conditions as at the Closing Date and the relevant Additional Portfolio Purchase Date. The conditions include that:

- (a) the Issuer pays the Initial Purchase Price or the Additional Portfolio Purchase Price, as applicable;
- (b) a Transfer Notice attaching the relevant Portfolio Schedule certified by an authorised signatory of the Seller to be true and accurate in all material respects is delivered from the Seller to the Issuer, the Trustee and the Cash Manager; and

- (c) the relevant Purchase Date will fall within the Revolving Period.

Undertakings given by the Seller

The Receivables Sale and Purchase Agreement contain a number of undertakings by the Seller in respect of its activities relating to the Purchased Receivables and the related Vehicles. These include undertakings to refrain from conducting activities with respect to the Purchased Receivables and the related Vehicles which may adversely affect the Purchased Receivables and the related Vehicles and, in particular, not to sell, assign, convey, transfer or otherwise dispose of, create any interest in or trust over, or deal with any of the Purchased Receivables or Related Contracts or Vehicles to which they relate (but excluding any Non-Compliant Receivables, Defaulted Receivables, Voluntarily Terminated Receivables or Returned PCP Receivables repurchased by the Seller) in any manner whatsoever or purport to do so other than as permitted by the Transaction Documents.

In addition, the Seller has undertaken promptly (in each case after the relevant Vehicle is in its possession or control) to sell any Vehicles surrendered, recovered or otherwise returned to the Seller in accordance with the terms of the relevant Contract and the Credit and Collection Procedures (except where the Purchased Receivable related to such Vehicle shall have previously been repurchased by the Seller in accordance with the terms of the Receivables Sale and Purchase Agreement) and account for the proceeds of such sale to the Issuer further to the sale and assignment of the Purchased Receivables to the Issuer pursuant to the Receivables Sale and Purchase Agreement.

None of the Issuer, the Trustee, the Arrangers or the Joint Lead Managers has undertaken or will undertake any investigation to verify the details of the Purchased Receivables and will rely solely on the representations and warranties given by the Seller to the Issuer pursuant to the Receivables Sale and Purchase Agreement.

Representations and warranties given by the Seller

Under the Receivables Sale and Purchase Agreement, on the Closing Date, on any Additional Portfolio Purchase Date and, in respect of Receivables Warranty (f) below only, on each date on which a Variation is agreed by the Servicer, the Seller will make (with reference to the facts and circumstances subsisting (unless stated to the contrary below) as at: (x) the Initial Cut-Off Date (in the case of Receivables in the Initial Portfolio originated on or prior to the Initial Cut-Off Date); (y) the Closing Date (in the case of Receivables in the Initial Portfolio originated following the Initial Cut-Off Date); or (z) the Additional Cut-Off Date (in the case of Receivables in any Additional Portfolio) or, in respect of a Variation, as at the date of such Variation), *inter alia*, the following representations and warranties to the Issuer regarding the Purchased Receivables:

- (a) each such Receivable is an Eligible Receivable, and no adverse selection process was used by the Seller in selecting any such Receivable from those other Receivables which would have been Purchased Receivables had they been sold by the Seller to the Issuer, on such date
- (b) immediately prior to the sale of each such Receivable and its Related Rights to the Issuer, the Seller was the sole legal and beneficial owner of each such Receivable and its Related Rights free and clear of any Adverse Claim, all previous Adverse Claims having been released and discharged;
- (c) the Seller or the Servicer has maintained Records relating to each Contract from which each such Receivable derives which are true and accurate in all material respects;
- (d) each of the Vehicles (the subject of the Contract from which each such Receivable derives) is owned absolutely by the Seller and has been registered with HPI Limited (or, in the event that HPI Limited no longer exists, its successor (if any) or any entity providing a substantially similar service in the United Kingdom (if any)) and there is no other registration for the Vehicle and the Vehicle is not subject to any encumbrance, trust or security interest other than in accordance with the Related Contracts (provided always that the Seller shall not be held to be in breach of this representation and warranty in circumstances where there is no appropriate entity with which to register vehicles);
- (e) so far as the Seller is aware, there is no material default, breach or violation under any Related Contract which has not been remedied or of any event which, with the giving of notice and/or the

making of any determination and/or the expiration of any applicable grace period, would constitute such default, breach or violation, provided that any default, breach or violation shall be material if it in any way affects the amount or the collectability of the Purchased Receivables arising under the Related Contract and provided further that any breach relating to non payment shall not be material unless it would be such as would cause the relevant Purchased Receivable not to be an Eligible Receivable; and

- (f) on each date on which a Variation is agreed in respect of a Purchased Receivable, the Variation is not a Non-Permitted Variation.

"Eligible Contract" means, at any time, a Contract which satisfies each of the following criteria:

- (a) the Obligor in respect of which is an individual who has provided as his or her most recent billing address an address in the United Kingdom or is a corporate entity that has its registered address in the United Kingdom and if the Obligor is a limited company it was at the time of origination incorporated in England and Wales, Scotland or Northern Ireland;
- (b) such Contract expressly provides that payments made by the Obligor are to be made by direct debit in level (save in relation to final payments) and fixed monthly instalments (provided that payments made by credit card, debit card, cheque or cash may be accepted by the Seller pursuant to the arrears collection procedure specified by the applicable provisions of the Credit and Collection Procedures);
- (c) such Contract is governed by English law, Scots law or Northern Irish law and has been duly entered into by the Obligor or the Obligor's authorised representative thereunder;
- (d) such Contract has been originated in the Seller's ordinary course of business; and in material compliance with the applicable requirements of the Credit and Collection Procedures without any conduct constituting fraud;
- (e) such Contract is (A) in the form of one of the Seller's Standard Documents or (B) has been entered into by the Seller on terms that are substantially similar to the Seller's Standard Documents or as otherwise agreed with the Issuer and the Trustee;
- (f) since the origination of such Contract there has been no waiver, variation or amendment in respect of the original terms of such Contract which may have an effect on the amount, enforceability or collectability of the relevant Receivable unless such waiver, variation or amendment was made in accordance with the Credit and Collection Procedures;
- (g) (i) as far as the Seller is aware, the relevant individual Obligor is not bankrupt, (ii) such individual Obligor is not shown on the Seller's records as dead and (iii) to the best of the Seller's knowledge and belief, each Obligor is not suspected of fraud;
- (h) in the case of any corporate Obligor, a search on Experian (or equivalent) has been performed and has revealed no Insolvency Event in respect of such Obligor;
- (i) in relation to any Contract regulated by the CCA:
 - (i) to the extent necessary to make such contract enforceable, such Contract has been entered into and executed in accordance with the relevant provisions of the CCA including, without prejudice to the generality of the foregoing, those provisions governing antecedent negotiations which were conducted in such a way that the relevant Obligor's stated obligations to pay thereunder are not prejudiced;
 - (ii) the form, terms and related procedures (including, without limitation, any pre and post contractual information requirements) of such Contract comply in all material respects with any applicable requirements of the CCA;
 - (iii) no order has been made in respect of such Contract under Section 140B of the CCA and the Seller is not aware of such order;

- (iv) no grounds exist which will give rise to the making of an order under Section 140B of the CCA in relation to such Contract after the relevant Purchase Date;
- (v) the Seller has at all relevant times held (in relation to Contracts originated prior to 1 April 2014) a licence under the CCA to carry on consumer credit business and (in relation to Contract originated on or after 1 April 2014) FCA permission or authorisation to carry on credit related regulated activity and continues to hold and will maintain at all material times the said FCA permission or authorisation; and
- (vi) so far as the Seller is aware (i) each Dealer and (ii) each other person who carried on in relation to a Contract any "credit brokerage", as defined in section 142(2) of the CCA (in relation to Contracts originated prior to 1 April 2014) or article 36A of the RAO (in relation to Contracts originated on or after 1 April 2014), has at all relevant times held a licence under the CCA and/or FCA authorisation or permission to carry out on credit brokerage;
- (j) in relation to any Contract to which the UTCCR applies, none of the terms of such Contract is unfair pursuant to the UTCCR to the extent that such unfairness would have a material adverse effect on the enforceability or collectability of any Contract;
- (k) in the event that such Contract qualifies as a "distance contract" (as defined in the DMR), the provisions of such regulations have been complied with in respect of such Contract or such failure to comply does not have a material adverse effect on the enforceability or collectability of any Contract;
- (l) the disclosure of information relating to the relevant Obligor as contemplated by, and for the purposes envisaged by, the Receivables Sale and Purchase Agreement is not contrary to relevant data protection legislation or such failure to comply does not have a material adverse effect on the enforceability or collectability of any Contract;
- (m) it has been entered into by the Seller as sole principal (and not as agent);
- (n) it has an original term to maturity of not less than 6 months and not more than 61 months (or, in the case of any PCP Contract, not more than 49 months);
- (o) it has an APR not more than 25 per cent.;
- (p) the original amount financed is equal to or greater than £500 and less than or equal to £80,000;
- (q) it requires the customer to take out comprehensive motor insurance and to assign to the Seller the proceeds of any claim upon the loss, theft or damage beyond repair of the financed vehicle;
- (r) it does not give rise to (and is not linked to any agreement that may give rise to) any liability on the Seller to pay money or to perform any onerous act, including, without limitation in relation to insurance, maintenance or servicing of the financed vehicle (other than with respect to any claims an Obligor may have against the Seller as a result of Section 56 of the CCA); and
- (s) no payments under the Contract are subject to withholding or deduction for or on account of any tax.

"Eligible Receivable" means a Purchased Receivable which satisfies each of the following criteria:

- (a) such Purchased Receivable arises under an Eligible Contract relating to the supply of a new or used car, motorcycle or (other than in relation to PCP Receivables) light commercial vehicle;
- (b) such Purchased Receivable is in full force and effect and constitutes the legal, valid, binding and enforceable obligation of the Obligor in respect thereof, subject only to (i) applicable bankruptcy, insolvency, reorganisation, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and (ii) the effect of principles of equity, if applicable;
- (c) such Purchased Receivable is freely transferable and is not subject to a dispute or any right of rescission, set off, counterclaim, termination or analogous right and no other defence (including

defences arising out of violations of usury laws) exists or, as far as the Seller is aware, has been threatened except by virtue of Section 56 or 75 of the CCA;

- (d) a Concentration Limit Test is not breached in respect of such Purchased Receivable (for the avoidance of doubt, only those Purchased Receivables, the aggregate Outstanding Principal Balance of which are in excess of the relevant Concentration Limit Test, will be deemed not to be Eligible Receivables);
- (e) such Purchased Receivable is due from an Obligor who does not have a credit assessment indicating, based on the Seller's underwriting policy, a significant risk that contractually agreed payments will not be made;
- (f) in respect of which the Obligor has made at least one full payment to the Seller;
- (g) such Purchased Receivable is denominated in Sterling;
- (h) such Purchased Receivable is not more than one Monthly Payment in arrears;
- (i) such Purchased Receivable does not have a Loan to Value Ratio greater than 100 per cent.;
- (j) none of the Contracts were entered into simultaneously with, or linked to, products that Obligors, when entering into a Contract, agreed to take out and which were explicitly financed by the Contracts and which may give rise to any potential for set-off between the Obligor and the Seller;
- (k) no Vehicle has been repossessed by the Seller and the Seller has not given any notice, nor applied for any court order, under the CCA, in order to repossess a Vehicle as at the Cut-Off Date; and
- (l) neither the Purchased Receivable nor any Related Rights 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).

"Concentration Limit Tests" mean, in respect of a Purchased Receivable, each of the following (which, for the avoidance of doubt, may be determined without double-counting):

- (a) (in relation to a New LCV Receivable or a Used LCV Receivable) its Outstanding Principal Balance when aggregated with the Outstanding Principal Balance of all other Purchased Receivables arising under Contracts pursuant to which amounts are payable in respect of New LCV Receivables or Used LCV Receivables does not exceed the LCV Receivables Concentration Limit;
- (b) (in relation to a New MC Receivable or a Used MC Receivable) its Outstanding Principal Balance when aggregated with the Outstanding Principal Balance of all other Purchased Receivables arising under Contracts pursuant to which amounts are payable in respect of New MC Receivables or Used MC Receivables does not exceed the MC Receivables Concentration Limit;
- (c) the acquisition of such Purchased Receivable will not cause the Outstanding Principal Balance of the Purchased Receivables resulting from Contracts entered into with the largest corporate Obligor to be greater than the lesser of (i) 0.25 per cent. of the aggregate Outstanding Principal Balance of the Purchased Receivables in the Portfolio, and (ii) £2,000,000;
- (d) the acquisition of such Purchased Receivable will not cause the Outstanding Principal Balance of the Purchased Receivables resulting from Contracts entered into with the 10 largest corporate Obligors to be greater than the lesser of (i) 0.75 per cent. of the aggregate Outstanding Principal Balance of the Purchased Receivables in the Portfolio, and (ii) £7,500,000;
- (e) the acquisition of such Purchased Receivable will not cause the Outstanding Principal Balance of the Purchased Receivables resulting from Contracts entered into with the largest individual Obligor to be greater than the lesser of (i) 0.25 per cent. of the aggregate Outstanding Principal Balance of the Purchased Receivables in the Portfolio, and (ii) £500,000;

- (f) the acquisition of such Purchased Receivable will not cause the Outstanding Principal Balance of the Purchased Receivables resulting from Contracts entered into with the 10 largest individual Obligors to be greater than 0.60 per cent. of the aggregate Outstanding Principal Balance of the Purchased Receivables in the Portfolio;
- (g) (in relation to a PCP Receivable) its Outstanding Principal Balance when aggregated with the Outstanding Principal Balance of all other Purchased Receivables which are PCP Receivables does not exceed the PCP Receivables Concentration Limit;
- (h) the weighted average of its Contract Yield and the Contract Yields of all other Purchased Receivables is not less than 8.5 per cent.;
- (i) (in relation to a PCP Receivable) its PCP Residual Value when aggregated with the PCP Residual Value in respect of all PCP Contracts in the Portfolio does not exceed 15 per cent. of the aggregate Outstanding Principal Balance of the Purchased Receivables in the Portfolio.

Where any Purchased Receivables are determined to be in breach of any Receivables Warranties made by reason of a Contract (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA), the CCA Compensation Payment shall be paid by the Seller to the Issuer by the end of the Calculation Period immediately following the Calculation Period in which such breach of Receivables Warranty was discovered subject to receipt by the Seller of notice from the Servicer of the CCA Compensation Amount. The "**CCA Compensation Amount**" is an amount, calculated by the Servicer in accordance with the Servicing Agreement, required to compensate the Issuer for any loss arising as a result thereof. For further information on the calculation of such CCA Compensation Amount please see further "*Overview of the Transaction Documents – Servicing Agreement*" below.

The Seller will repurchase any Non-Compliant Receivable not later than the end of the Calculation Period immediately following the Calculation Period in which the party discovering such breach gave written notice thereof to the others. The purchase price payable by the Seller to the Issuer in consideration for the repurchase of a Non-Compliant Receivable shall be an amount equal to the Non-Compliant Receivables Repurchase Price.

In the case of a Purchased Receivable which did not exist as at the Closing Date or the Additional Portfolio Purchase Date (as applicable), the Seller will not be obliged to repurchase the relevant Purchased Receivable but shall indemnify the Issuer and the Trustee against any loss and all liabilities suffered by reason of the representation or warranty being untrue or incorrect by reference to the facts subsisting on the Initial Cut-Off Date, the Closing Date or the Additional Cut-Off Date (as applicable). Pursuant to the terms of the Servicing Agreement, the "**Receivables Indemnity Amount**" shall be calculated by the Servicer as the amount equal to (i) the Outstanding Principal Balance of the relevant Purchased Receivables had such Purchased Receivables existed and complied with each of the Receivables Warranties as at the Initial Cut-Off Date, the Closing Date or Additional Cut-Off Date (as applicable) and (ii) any deemed interest accrued on the relevant Purchased Receivable at a rate equal to the weighted average Contract Yield of the Portfolio as determined by the Servicer at the end of the immediately preceding Calculation Period less any amounts received by the Issuer in respect of any Principal Element with respect to such Purchased Receivable. For further information on the calculation of such Receivables Indemnity Amount please see further "*Overview of the Transaction Documents – Servicing Agreement*" below.

Pursuant to the Receivables Sale and Purchase Agreement, Close Brothers Limited also represents and warrants that it has a valid and current registration under the Data Protection Act 1998 which is in full force and effect and that they are not aware of any circumstance which indicates that either such licences or such registrations are likely to be revoked or which may confer any such right of revocation.

Receivables Call Option

Under the Receivables Sale and Purchase Agreement, the Seller will be granted the Receivables Call Option, which will entitle the Seller, following the earlier of (a) the sale of the relevant Vehicle in accordance with the terms of the Receivables Sale and Purchase Agreement and allocation of the sale proceeds of the relevant Vehicle to the outstanding loan amount and, (b) a Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated Receivable being written off as uncollectable by the

Servicer in accordance with the Seller's Credit and Collection Procedures but prior to the occurrence of an Insolvency Event of the Seller, to repurchase, and (if the Seller has decided to make such purchase) oblige the Issuer to sell, any Purchased Receivable which has become a Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated Receivable for an amount equal to the Optional Repurchase Payment.

The Optional Repurchase Payment, in respect of any Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated Receivable, comprises (i) the Initial Optional Repurchase Payment and (ii) any VAT Adjustment Amount received by the Seller in respect of such Defaulted Receivable, Voluntarily Terminated Receivable or Returned PCP Receivable on or following the date of repurchase of such Receivable by the Seller from the Issuer.

The Seller is obliged to pay the Initial Optional Repurchase Payment on the relevant repurchase date and to transfer any VAT Adjustment Amount to the extent it is payable to the Issuer in the manner set out in "*Overview of the Transaction Documents – Servicing Agreement – Cash Flows*" below.

If the Receivables Call Option is exercised, the Seller is required to repurchase the relevant Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated Receivable by the end of the Calculation Period immediately following the Calculation Period in which such Receivable Call Option is exercised. Immediately following the exercise of the Receivables Call Option by the Seller and payment of the Initial Optional Repurchase Payment, the Issuer's interests in the Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated Receivable (as applicable) will pass to the Seller.

Clean up Call Option

Pursuant to the terms of the Receivables Sale and Purchase Agreement, on any Interest Payment Date on which, following application of all Available Revenue Receipts and Available Principal Receipts on such Interest Payment Date: (A) the aggregate Outstanding Principal Balance of all of the Purchased Receivables is equal to or less than 10 per cent. of the aggregate Outstanding Principal Balance of all of the Purchased Receivables as at the Closing Date and/or (B) the Class A Notes have been or will following application of Available Revenue Receipts and Available Principal Receipts on such Interest Payment Date be redeemed in full, the Seller shall be entitled (but will not be obliged), on such Interest Payment Date, to offer to repurchase (which the Issuer may or may not in its discretion accept) the benefit of all Purchased Receivables then owned by (or held in trust by the Seller pursuant to the Transaction Documents for) the Issuer for the Final Repurchase Price.

Perfection Event

On the occurrence of a Perfection Event, the Issuer (in order to perfect its title to the Purchased Receivables) will, or the Trustee, on the behalf of the Issuer, may:

- (a) give notice in its own name (and/or require the Seller and/or the Servicer to give notice) to all or any of the Obligor of the sale and assignment of all or any of the Purchased Receivables; and/or
- (b) direct (and/or require the Seller and/or the Servicer to direct) all or any of the Obligor to pay amounts outstanding in respect of Purchased Receivables directly to the Issuer by transfer to the Transaction Account or any other account which is specified by the Issuer; and/or
- (c) give instructions (and/or require the Seller and/or the Servicer to give instructions) to make the transfers from the Collection Account to the Transaction Account; and/or
- (d) take such other action as it reasonably considers to be necessary, appropriate or desirable (including taking the benefit of title to the Vehicles to the extent permitted by law and entering into further assignments of Purchased Receivables) in order to recover any amount outstanding in respect of Purchased Receivables or to improve, protect, preserve or enforce its rights against the Obligor in respect of Purchased Receivables.

Governing Law

The Receivables Sale and Purchase Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law, except for certain aspects relating to the

Scottish Receivables which shall be construed in accordance with Scots law and certain aspects relating to the Northern Irish Receivables which shall be governed by the laws of Northern Ireland.

Servicing Agreement

On the Closing Date, the Issuer, the Servicer, the Seller and the Trustee will enter into the Servicing Agreement.

Pursuant to the Servicing Agreement, the Issuer has appointed Close Brothers Limited as Servicer for the purposes of servicing the Purchased Receivables (or, whilst the Purchased Receivables are held subject to a Scottish Declaration of Trust, the Servicer will agree to service such Purchased Receivables on behalf of the Seller in its capacity as trustee thereunder acting upon the instruction of the Issuer in its capacity as beneficiary thereunder). Under the terms of the Servicing Agreement, the Servicer has, among other things, undertaken to perform its duties in accordance with all applicable laws and regulations and pursuant to specific instructions that, on certain conditions, it may be given by the Issuer or, as applicable, the Trustee, from time to time. The Servicer is permitted under the terms of the Servicing Agreement, and at its own cost and expense, to appoint or dismiss third parties to perform some or all of its obligations under the Servicing Agreement, subject to Close Brothers Limited remaining liable for the actions of any such third party.

The Servicer has undertaken that it will devote to the performance of its obligations and the exercise of its discretions under the Servicing Agreement and its exercise of the rights of the Issuer in respect of contracts and arrangements giving rise to payment obligations in respect of the Purchased Receivables at least the same amount of time and attention and exercise the same level of skill, care and diligence as it would if it were administering receivables in respect of which it held the entire benefit (both legally and beneficially) and, in any event, will devote all due skill, care and diligence to the performance of its obligations and the exercise of its discretions and will devote all operational resources necessary (including, without limitation, office space, facilities, equipment and staff) to fulfil its obligations under the Servicing Agreement and the other Transaction Documents to which it is a party (together, the "**Servicer Standard of Care**").

The Servicer will undertake, among other things, that:

- (i) it will, in discharging its obligations and performing its functions under the Servicing Agreement, act in accordance with the Credit and Collection Procedures;
- (ii) it will comply with any reasonable, proper and lawful directions, orders and instructions which the Issuer or, as applicable, the Trustee, may from time to time give to it in connection with the performance of its obligations under the Servicing Agreement (or, in respect of the Purchased Receivables held on trust under a Scottish Declaration of Trust by the Seller for the Issuer) (to the extent that compliance with those directions does not conflict with any provision of the Credit and Collection Procedures, the Transaction Documents or any duties or obligations applicable to servicers generally under English law) provided that each of the parties to the Servicing Agreement acknowledge that prior to a Servicer Termination Event, a Perfection Event or any enforcement action being taken in relation to the Charged Property, the Servicer shall act in accordance with its Credit and Collection Procedures and any such directions must be in conformity with such Credit and Collection Procedures;
- (iii) it will procure that all Collections credited to the Collection Account in respect of the Purchased Receivables are transferred to the Transaction Account on each Interest Payment Date (or at any time within two Business Days prior to such Interest Payment Date) or, following a CBL Trigger Event which has occurred and is continuing, within two Business Days following receipt by the Seller;
- (iv) it will make all calculations required to be made by it under the Servicing Agreement (including calculating the CCA Compensation Amount and the Receivables Indemnity Amount);
- (v) on or prior to each Calculation Date, provide information in respect of the Purchased Receivables and their performance to the Issuer and the Cash Manager to enable the Cash Manager to calculate amounts payable under the Priority of Payments and to perform its other calculation functions under the Cash Management Agreement;

- (vi) it will notify the Issuer and the Trustee of becoming aware of the occurrence of any Perfection Event or Servicer Termination Event;
- (vii) subject to and in accordance with the provisions of the Servicing Agreement and the Credit and Collection Procedures, it will take all reasonable steps to recover all sums due to the Issuer in respect of the Purchased Receivables and any Related Rights; and
- (viii) upon the occurrence of an Insolvency Event with respect to the Seller, it will, to the extent required, negotiate the variable component of the Administrator Incentive Recovery Fee with the Seller's Insolvency Official with a view to maximising Recoveries where the Insolvency Official disposes of, arranges for the disposal of or otherwise assists with the disposal of the relevant Vehicles. For further information please refer to the Risk Factor entitled "*No Right, Title or Interest in the Vehicles*".

In accordance with the terms of the Servicing Agreement, the Issuer will pay to the Servicer for its services a servicing fee of 1 per cent. per annum of the Outstanding Principal Balance of the Purchased Receivables in the Portfolio (the "**Servicing Fee**"). The Servicing Fee will be inclusive of any amount in respect of VAT.

Calculation of CCA Compensation Amount

In calculating the CCA Compensation Amount the Servicer has agreed to calculate the loss (if any) that has arisen to the Issuer solely as a result of any Purchased Receivable or the Related Underlying Agreement (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA. Where any Purchased Receivable or the Related Contract has been determined illegal, invalid, non-binding or unenforceable or subject to such right to cancel or a right to withdraw under the CCA, the loss to the Issuer shall be calculated as being the amount which the Issuer should have received under such Purchased Receivable had the Purchased Receivable or Contract not been so determined and on the assumption that all amounts under the Purchased Receivable and Contract (including any option fees) would have been paid on a timely basis in full by the Obligor (and disregarding any consideration as to the credit worthiness of the Obligor) and including any amounts that would have accrued to the Issuer from the date on which such Related Contract, was determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA.

Variations to Contracts

Pursuant to the terms of the Servicing Agreement, Close Brothers Limited has agreed that no changes shall be made to the Underlying Agreements that relate to the Purchased Receivables unless such changes are:

- (a) made in accordance with the terms of such Contract and the Credit and Collection Procedures; and
- (b) not a Non-Permitted Variation,
(such changes being "**Permitted Variations**").

A "**Non-Permitted Variation**" is any change to a Contract that relates to a Purchased Receivable which has the effect of:

- (a) reducing the Amount Financed;
- (b) reducing the Annual Percentage Rate;
- (c) reducing the total number of Monthly Payments (other than any rescheduling to Monthly Payments which the Servicer is obligated to make pursuant to the CCA); or
- (d) extending the term of the Purchased Receivable such that the last Monthly Payment Date falls after Last Receivable Maturity Date,

but in the case of paragraphs (a), (b) and (c) above, shall not, for the avoidance of doubt, include any action taken with respect to the Servicer's arrears management process in accordance with its Credit and Collection Procedures.

If Close Brothers Limited agrees to any variation to a Contract that relates to a Purchased Receivable which is a Non-Permitted Variation, the Seller must repurchase such Purchased Receivable from the Issuer on or before the end of the Calculation Period immediately following the Calculation Period in which such Non-Permitted Variation. Any such repurchase by the Seller as a result of a Variation to a Contract that relates to a Purchased Receivable which is a Non-Permitted Variation shall be made in accordance with and subject to the terms of the Receivables Sale and Purchase Agreement.

Changes to the Credit and Collection Procedures

Under the Servicing Agreement the Servicer will be permitted to make changes to the Credit and Collection Procedures and to adopt additional and/or alternative policies or procedures from time to time. Any changes, additions and/or alternatives adopted may only be made in accordance with the Servicer Standard of Care. Any material change in the Credit and Collection Procedures of the Servicer shall be notified in writing to the Issuer, the Trustee and the Rating Agencies as soon as practicable after such change.

Cash Flows

Pursuant to the Servicing Agreement, the Servicer will procure that (i) all Collections in respect of the Purchased Receivables and (ii) all amounts representing an Optional Repurchase Payment (other than the Initial Optional Repurchase Payment) in respect of a Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated Receivable which has been repurchased by the Seller pursuant to the Receivables Sale and Purchase Agreement, are credited to the Collection Account and are transferred into the Transaction Account on each Interest Payment Date (or at any time within two Business Days prior to such Interest Payment Date).

Upon the occurrence of a CBL Trigger Event and as long as a CBL Trigger Event is continuing, the Servicer is obliged to transfer (i) all Collections in respect of the Purchased Receivables and (ii) all amounts representing an Optional Repurchase Payment (other than the Initial Optional Repurchase Payment) in respect of a Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated Receivable which has been repurchased by the Seller pursuant to the Receivables Sale and Purchase Agreement to the Transaction Account within two Business Days following receipt by the Seller.

Collection Account Declaration of Trust

In addition, the Seller will, pursuant to the terms of the Servicing Agreement, agree to enter into the Collection Account Declaration of Trust pursuant to which the Seller agrees to declare a trust over and hold on trust all amounts standing to the credit of the Collection Account (the "**Collection Account Trust Property**") on trust for *inter alios* the Issuer, certain other beneficiaries that have acquired portfolios of receivables from the Seller from time to time (such as a special purpose vehicle used for warehousing purposes) and itself absolutely (the "**Collection Account Declaration of Trust**"). The Seller shall hold upon trust the Collection Account Trust Property in the following proportions:

- (i) the Issuer share of the Collection Account Declaration of Trust shall be an amount equal to amounts from time to time standing to the credit of the Collection Account to the extent that such amounts represent payments into the Collection Account derived from or resulting from the Purchased Receivables comprised in the Portfolio (but excluding any interest arising in respect of amounts standing to the credit of the Collection Account) (the "**Issuer Portion**");
- (ii) from time to time, further beneficiaries may accede to the terms of the Collection Account Declaration of Trust where they have acquired a portfolio of receivables from the Seller (each a "**Collection Account Beneficiary**"). Each Collection Account Beneficiary's share of the Collection Account Declaration of Trust shall be an amount equal to amounts from time to time standing to the credit of the Collection Account to the extent that such amounts represent payments into the Collection Account derived from or resulting from the receivables purchased by such Collection Account Beneficiary (but excluding any interest arising in respect of amounts

standing to the credit of the Collection Account) (the "**Collection Account Beneficiary Portion**"); and

- (iii) the Seller share of the Collection Account Declaration of Trust shall be an amount equal to all Amounts from time to time standing to the credit of the Collection Account to the extent such amounts represent amounts other than the Issuer Portion or Collection Account Beneficiary Portions (the "**Seller Portion**").

The Seller has agreed that the Issuer Portion will be distributed to the Issuer in accordance with the terms of the Collection Account Declaration of Trust and acknowledges and agrees that the Seller Portion and Collection Account Beneficiary Portions shall be distributed to the other beneficiaries of the Collection Account Declaration of Trust. The Seller will further acknowledge that it has no right at any time to pay, set-off or transfer any of the Issuer Portion in or towards satisfaction of the liabilities of the Seller.

Servicer Monthly Report

On or prior to the date falling two Business Days prior to each Calculation Date, the Servicer shall prepare and deliver a servicer monthly report (each a "**Servicer Monthly Report**") to the Issuer and the Cash Manager. If the information given in the Servicer Monthly Report is not sufficient for a recipient to perform its respective tasks (including the preparation of any reports or provision of other information) under the Servicing Agreement or the other Transaction Documents, the Servicer has undertaken to give such assistance as reasonably requested by the relevant party.

Termination of appointment of Servicer

If a Servicer Termination Event occurs then the Issuer (prior to the delivery of a Note Acceleration Notice or notice that the Trustee has taken any action to enforce the Security) with the written consent of the Trustee, or the Trustee itself (after delivery of a Note Acceleration Notice or notice that the Trustee has taken any action to enforce the Security) may at once or at any time thereafter while such default continues by notice in writing to the Servicer terminate its appointment as Servicer under this Agreement with effect from a date (not earlier than the date of the notice) specified in the notice provided that a successor servicer has been appointed by the entry of the successor servicer, the Issuer and the Trustee into a replacement servicing agreement.

A "**Servicer Termination Event**" means the occurrence of one of the following:

- (a) the Servicer fails to pay any amount due under the Servicing Agreement on the due date or on demand, if so payable, or to direct any movement of collections as required under the Servicing Agreement and the other Transaction Documents, and such failure has continued unremedied for a period of seven Business Days after written notice or discovery of such failure by an officer of the Servicer; or
- (b) the Servicer (i) fails to observe or perform in any material respect any of its covenants and obligations under or pursuant to the Servicing Agreement or any other Transaction Document to which it is a party and such failure results in a material adverse effect on the Issuer's ability to make payments in respect of the Notes and continues unremedied for a period of 60 days after the earlier of an officer of the Servicer becoming aware of such default and written notice of such failure being received by the Servicer or (ii) fails to maintain its authorisations and permissions required under the FSMA or any other regulatory licence or approval required under the terms of the Servicing Agreement and such failure continues unremedied for a period of 60 days after the earlier of an officer of the Servicer becoming aware of such default and written notice of such failure being received by the Servicer; or
- (c) the occurrence of an Insolvency Event in relation to the Servicer.

An entity may only be appointed as successor servicer if certain conditions are fulfilled, including:

- (i) it has experience of administering receivables reasonably similar to the Purchased Receivables being administered by the Servicer in the United Kingdom or is able to demonstrate that it has the capability to administer receivables reasonably similar to the Purchased Receivables being administered by the Servicer in the United Kingdom;

- (ii) it is willing to enter into an agreement with the parties to this Agreement (other than Close Brothers Limited in its capacity as the Servicer) which provides for the Successor Servicer to be remunerated at such a rate as is agreed by the Issuer but which does not exceed the rate then commonly charged by providers of services of the kind described in this Agreement and required by this Agreement to be provided by the Servicer and is otherwise on substantially the same terms as those of this Agreement;
- (iii) the Rating Agencies are notified of such identification and intended appointment and have indicated that such appointment would not result in the reduction, qualification or withdrawal of the then current ratings of the Class A Notes.

The Servicer may also resign its appointment on not less than 12 months' written notice to the Issuer, the Seller and the Trustee (with a copy being sent to the Cash Manager and the Rating Agencies) provided that such resignation shall not take effect until a successor Servicer has been appointed on terms substantially similar to the existing Servicing Agreement.

The Servicer has undertaken to indemnify the Issuer and the Trustee against any Loss incurred by any such party as a result of any default by the Servicer or any third party agent of the Servicer in performing any obligation under the Servicing Agreement. For the avoidance of doubt, the Servicer shall not be liable for any Loss suffered or incurred by the Issuer or the Trustee save where such Loss is suffered or incurred as a result of any negligence, fraud or wilful default of the Servicer or as a result of a breach by the Servicer of the terms and provisions of the Servicing Agreement or the other Transaction Documents in relation to such functions.

Provision of Information

Each of the Issuer and the Seller (in its capacity as the originator of the Contracts) will appoint the Servicer (in its capacity as such) to act as the designated reporting entity for the purposes of complying with any applicable requirements under Article 8b of the CRA Regulation and the corresponding implementing measures from time to time (including the disclosure and reporting requirements under articles 3 to 7 of Regulation (EU) No. 2015/3) (together, the Article 8b requirements) in respect of any relevant Notes issued by the Issuer. The Servicer may delegate its obligations to any affiliate or third party which it reasonably considers to be suitably qualified to perform such obligations (provided that the Servicer shall be solely responsible for the costs and performance of any such third party).

Governing Law

The Servicing Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law, except that any terms of the Servicing Agreement which are particular to Scots law shall be construed in accordance with the laws of Scotland and certain aspects relating to the Northern Irish Receivables which shall be governed by the laws of Northern Ireland.

Account Bank Agreement

Pursuant to the terms of the Account Bank Agreement to be entered into on the Closing Date between the Issuer, the Account Bank, the Cash Manager, the Servicer and the Trustee, the Issuer will agree to maintain the Transaction Account (together with any additional bank accounts) and the Swap Collateral Accounts (the "**Issuer Bank Accounts**") in its name with the Account Bank.

Monies standing to the credit of the Transaction Account representing Available Revenue Receipts and Available Principal Receipts will be applied by the Cash Manager on each Interest Payment Date, in accordance with the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments (as the case may be). If the Account Bank ceases to have all of the following ratings:

- (a) short-term, unsecured, unguaranteed and unsubordinated debt obligations rated at least F1 by Fitch;
- (b) long-term, unsecured and unsubordinated debt or counterparty obligations rated at least A by Fitch; and
- (c) long-term bank deposit rating of at least A3 by Moody's,

or such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes (the "**Account Bank Ratings**"), then one of the following will occur:

- the Transaction Account may be closed by, or on behalf of, the Issuer and all amounts standing to the credit thereof shall be transferred by, or on behalf, of the Issuer within 30 days to accounts held with a financial institution: (i) which has all the Account Bank Ratings; and (ii) which is a bank as defined in Section 991 of the Income Tax Act 2007 and which is situated in a Member State of the European Union, and authorised as a credit institution by a competent authority in a Member State of the European Union, for the purposes of Directive 2006/48/EC on credit institutions; or
- within 30 days, the Account Bank may obtain a guarantee in support of its obligations under the Account Bank Agreement from a financial institution which has all the Account Bank Ratings; or
- within 30 days, a Rating Agency Confirmation will be obtained or the Account Bank will take such other actions as may be requested by the parties to the Account Bank Agreement (other than the Trustee) to ensure that the rating of the Class A Notes immediately prior to the Account Bank ceasing to have all of the Account Bank Ratings is not adversely affected by the Account Bank ceasing to have all of the Account Bank Ratings.

If the Account Bank fails to take such action within the required time, then the Issuer shall (with the prior written consent of the Trustee) terminate the Account Bank Agreement with respect to the Account Bank in respect of the relevant Issuer Bank Account and close the Issuer Bank Accounts subject to a replacement financial institution having been appointed which has all of the Account Bank Ratings.

The Account Bank Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

Agency Agreement

On or prior to the Closing Date, the Issuer, the Trustee, the Principal Paying Agent, the Trustee, the Cash Manager, the Account Bank, the Registrar and the Agent Bank will enter into an agency agreement (the "**Agency Agreement**") pursuant to which provision will be made for, among other things, payment of principal and interest in respect of the Notes. Pursuant to the terms of the Agency Agreement, Citibank N.A., London Branch will also be appointed as registrar with respect to the Subordinated Notes (the "**Registrar**") and will agree to, among other things, maintain a register in respect of the Subordinated Notes (the "**Register**").

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

Cash Management Agreement

The Issuer, the Cash Manager, the Servicer and the Trustee will, on or before the Closing Date, enter into the Cash Management Agreement pursuant to which Citibank, N.A., London Branch will be appointed to act as the Cash Manager in respect of amounts standing from time to time to the credit of the Issuer Bank Accounts and arrange for payments to be made on behalf of the Issuer from such accounts in accordance with the Priority of Payments.

Cash Management Services

The Cash Manager is required to manage the operation of the Issuer Bank Accounts, and in each case give instructions to the Account Bank to enable it to perform its obligations. The Cash Manager shall additionally perform certain calculations required under the Transaction Documents necessary for the determination and payment of the various cash flows and shall be responsible for applying such payments in accordance with the Priority of Payments and the Transaction Documents.

Pursuant to the Cash Management Agreement, the Cash Manager will provide, *inter alia*, the following cash management services to the Issuer:

- (a) determining such amounts as are expressed to be calculations and determinations made by the Cash Manager in accordance with the Conditions of the Notes; and
- (b) determining the amounts of Available Revenue Receipts and Available Principal Receipts to be applied on each Interest Payment Date and applying or causing to be applied Available Revenue Receipts and Available Principal Receipts in accordance with the applicable Priority of Payments set out in the Cash Management Agreement or, as applicable, the Deed of Charge.

The Cash Manager will maintain the following ledgers on the Transaction Account:

- (a) the "**Revenue Deficiency Ledger**" which shall record Revenue Deficiencies in respect of an Interest Payment Date;
- (b) the "**Liquidity Reserve Ledger**" which records all payments to and withdrawals from the Liquidity Reserve;
- (c) the "**Principal Deficiency Ledger**" (and sub-ledgers) which records Revenue Deficiencies and losses arising from Defaulted Receivables, Returned PCP Receivables and Voluntarily Terminated Receivables in the Portfolio;
- (d) the "**Issuer Retained Profit Ledger**" which shall record as a credit all amounts retained as Issuer Profit Amount in accordance with item (h) of the Pre-Acceleration Revenue Priority of Payments or item (h) of the Post-Acceleration Priority of Payments, as the case may be;
- (e) the "**Interest Rate Swap Ledger**", which records all payments made between the Issuer and the Swap Counterparty; and
- (f) the "**Replenishment Ledger**", which shall record as a credit on each Interest Payment Date falling in the Revolving Period all Available Principal Receipts not applied by the Issuer on an Interest Payment Date to purchase Additional Portfolios and shall record as a debit on any Business Day (that is not an Interest Payment Date) any amounts standing to the credit of the Replenishment Ledger applied as Additional Portfolio Purchase Price.

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

Under the terms of the Cash Management Agreement, prior to the service of a Note Acceleration Notice, the Cash Manager (as directed by the Seller) on any Business Day will be permitted to make the following withdrawals (each a "**Permitted Withdrawal**"):

- (i) Excess Recoveries Amount; and
- (ii) Excluded VAT Receivables Amount,

in the case of (ii), to the extent not previously deducted from Collections and **provided that**, any such withdrawals shall (i) in any Calculation Period only be made up to a maximum amount equal to the Revenue Receipts received in such Calculation Period, (ii) be deemed to be made prior to administration of the applicable Priority of Payments and (iii) for the avoidance of doubt, shall not be included as Available Revenue Receipts.

Monthly Investor Report

The Cash Manager will prepare the Monthly Investor Report on each Interest Payment Date. The Monthly Investor Report will include, among other things (i) statistics on prepayments, Defaulted Receivables, Returned PCP Receivables and Voluntarily Terminated Receivables and (ii) details with respect to the rates of interest, Note principal and interest payments and other payments made by the Issuer.

Termination of appointment of Cash Manager

The Issuer may terminate the appointment of the Cash Manager under the Cash Management Agreement upon the occurrence of a Cash Manager Termination Event. A "**Cash Manager Termination Event**" means the occurrence of any one of the following events:

- (a) default is made by the Cash Manager in the payment, on the due date, of any payment due and payable by it under the Cash Management Agreement and such default (where capable of remedy) 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 the 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 covenants and obligations under the Cash Management Agreement, which in the opinion of the Trustee is materially prejudicial to the interests of the Secured Creditors and such default continues unremedied for a period of 30 Business Days after the earlier of the Cash Manager becoming aware of such default (where capable of remedy) and receipt by the Cash Manager of written notice from the Issuer or the Trustee, as applicable, requiring the same to be remedied (where capable of remedy); or
- (c) it is or will become unlawful for the Cash Manager to perform or comply with any of its obligations under the Cash Management Agreement; or
- (d) an Insolvency Event occurs in relation to the Cash Manager.

No termination or resignation of the Cash Manager will be effective until (i) the Issuer has appointed a new cash manager (the "**Replacement Cash Manager**") and (ii) a Rating Agency Confirmation is received by the Issuer confirming that such termination or resignation will not cause the then current ratings of the Class A Notes to be downgraded, withdrawn or qualified. In accordance with the terms of the Cash Management Agreement, any Replacement Cash Manager, must:

- (a) in the reasonable opinion of the Issuer have experience of cash management in relation to auto finance agreements in England and Wales, Northern Ireland and Scotland; and
- (b) enter into an agreement on substantially similar terms as the relevant provisions of this Agreement, provided that (A) where the Issuer determines that it is not practicable, taking into account the then prevailing market conditions, to agree terms substantially similar to those set out in the Cash Management Agreement, the Issuer shall have certified in writing to the Trustee (upon which certificate the Trustee shall be entitled to rely absolutely and without further enquiry or liability) that, to the extent the terms are not substantially similar to those set out in the Cash Management Agreement as aforementioned, such terms are fair and commercial terms taking into account the then prevailing current market conditions, which certificate shall be conclusive and binding on all parties and (B) the Trustee shall not be obliged to enter into any such arrangements which, in the sole opinion of the Trustee would have the effect of (a) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) increasing the obligations or duties, or decreasing the rights, powers, authorities, indemnification or protections, of the Security in the Transaction Documents (the "**Replacement Cash Management Agreement**");

The Trustee shall give its consent to the termination of the appointment of the Cash Manager and shall give its consent to the appointment of a Replacement Cash Manager, where the Replacement Cash Manager satisfies the criteria set out in paragraphs (a) and (b) above.

The Cash Manager may also resign its appointment on no less than 90 calendar days' written notice to the Issuer, the Seller, the Servicer and the Trustee with a copy being sent to the Rating Agencies. No termination or resignation of the Cash Manager may take effect until (i) a Replacement Cash Manager has been appointed in its place and (ii) a Rating Agency Confirmation is received by the Issuer confirming that such termination or resignation will not cause the then current ratings of the Class A Notes to be downgraded, withdrawn or qualified.

Where no suitable entity is found that satisfies the criteria set out above, the Trustee and the Issuer may consent to the appointment of an entity as Replacement Cash Manager, such consent not to be unreasonably withheld where the Trustee has been directed to do so by an Extraordinary Resolution of the holders of the Most Senior Class of Notes.

The Cash Manager has undertaken to indemnify the Issuer and the Trustee against any Liability suffered or incurred by any such party as a direct result of fraud, gross negligence or wilful default of the Cash

Manager in performing any obligation under the Cash Management Agreement and under the other Transaction Documents to which the Cash Manager is a party (in its capacity as such). In addition, pursuant to the terms of the Cash Management Agreement, the Trustee shall not be responsible or have any liability if a Replacement Cash Manager cannot be found or appointed in accordance with the terms of the Cash Management Agreement.

In accordance with the terms of the Cash Management Agreement, the Issuer will pay to the Cash Manager for its services a cash management fee as set out in a fee letter dated on or about the Closing Date between the Issuer and the Cash Manager (the "**Cash Management Fee**").

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.

Swap Agreement

On or prior to the Closing Date, the Issuer will enter into one or more fixed/floating interest rate swap transactions with the Swap Counterparty, each under an International Swaps and Derivatives Association Inc. 1992 Master Agreement, in order to address certain risks arising as a result of the interest rate mismatch between the fixed rate of interest payable under the Contracts (and therefore received by the Issuer in respect of the Purchased Receivables) and the floating rate of interest payable by the Issuer under the Class A Notes.

For a more detailed description of the terms of the Swap Agreement, see the section headed "*Credit Structure, Liquidity and Hedging*" and the paragraph headed "*Interest Rate Risk*" in the section headed "*Risk Factors*".

The Swap Agreement and any non-contractual obligations arising out of or in connection therewith shall be governed by English law.

Trust Deed

The Notes will be constituted pursuant to the Trust Deed to be entered into on the Closing Date between the Issuer and the Trustee.

Citicorp Trustee Company Limited will agree to act as Trustee subject to the conditions contained in the Trust Deed. The Trust Deed will contain provisions requiring the Trustee to have regard to the interests of the holders of all Classes of Notes issued by the Issuer unless in the Trustee's opinion there is a conflict between the interests of the holders of the different Classes of Notes, in which case the Trustee will be required to have regard only to the interests of the holders of the Most Senior Class of Notes then outstanding.

The Trust Deed will contain provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances.

The Noteholders holding the Most Senior Class of Notes may by Extraordinary Resolution remove the Trustee by giving not less than 60 days' prior written notice to the Issuer and the Trustee provided a replacement is appointed pursuant to the Trust Deed.

In addition, the Trustee shall then only be bound to take any action at the direction of the Noteholders if it shall be indemnified and/or pre-funded and/or secured to its satisfaction against all liabilities to which it may render itself liable or which it may incur by so doing. Under no circumstances is the Trustee required to use its own funds in relation to expenses incurred in connection with the Trust Deed.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Trustee for its services under the Trust Deed at the rate and times agreed (and as amended from time to time) between the Issuer and the Trustee together with payment of any liabilities incurred by the Trustee in relation to the Trustee's performance of its obligations under the Trust Deed.

The Terms and Conditions of the Notes, including a summary of the provisions regarding Meetings of the Noteholders, are reproduced in full in the section headed "*Terms and Conditions of the Notes*".

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

Deed of Charge

On the Closing Date, the Issuer, the Trustee and the Secured Creditors among others will enter into the Deed of Charge.

Security

Pursuant to the Deed of Charge, to secure the Secured Liabilities, the Issuer will create security in favour of the Trustee for it and the other Secured Creditors as follows:

- (a) a charge by way of first fixed charge over all of the Issuer's right, title, interest and benefit, present and future, in, to, under and pursuant to the Purchased Receivables and their Related Rights, in and to all monies, rights, powers and property distributed or derived from, or accrued in or related to the Issuer's interest in the Purchased Receivables, and all of its powers relative thereto;
- (b) an assignation in security of the Issuer's interest in the Scottish Receivables (comprising the Issuer's beneficial interest under the trust declared by the Seller pursuant to any Scottish Declaration of Trust) (such assignation to be constituted pursuant to the assignation in security entered into by the Issuer in favour of the Trustee pursuant to the Deed of Charge);
- (c) an assignment by way of security of (or, to the extent not assignable, charges by way of a first fixed charge over) the benefit of the Issuer's right, title, benefit and interest present and future in the Charged Documents;
- (d) a first fixed charge over all of the Issuer's right title benefit and interest present and future in the property held in the Collection Account Declaration of Trust;
- (e) an assignment by way of security of (or, to the extent not assignable, charges by way of a first fixed charge over) the Issuer's rights in respect of any amount standing from time to time to the credit of the Issuer Bank Accounts, all interest paid or payable in relation to those amounts and the debts represented thereby (which, in the case of a fixed charge, may take effect as a floating charge and so rank behind the claims of any preferential creditors of the Issuer);
- (f) a first floating charge over all of the present and future property, assets and undertakings of the Issuer not subject to the fixed charges or assignments by way of security described above (but excepting from the foregoing exclusion all of the Issuer's property, assets and undertaking situated in Scotland or the rights to which are governed by Scots law, all of which are charged by way of floating charge); and
- (g) a first fixed charge over all of the Issuer's rights in respect of (the Authorised Investments made or purchased from time to time by or on behalf of the Issuer (whether owned by the Issuer or held by any nominee on the Issuer's behalf and (ii) all interest moneys and proceeds paid or payable in relation to those Authorised Investments,

together, the "**Charged Property**".

The Trustee will hold the benefit of the Charged Property, together with the covenants and undertakings given to it as Trustee under the Transaction Documents, on trust for the Secured Creditors to secure the Secured Liabilities.

Notwithstanding the security granted over the Issuer Bank Accounts, the Issuer and the Cash Manager are (prior to service of a Note Acceleration Notice) permitted to make payments out of such accounts for the purposes, among other things, of making payments and transfers in accordance with the Deed of Charge, the Cash Management Agreement and the Agency Agreement, and, prior to service of a Note Acceleration Notice, to make payments to third parties when these fall due. See further the paragraph headed "*Fixed charges may take effect under English law as floating charges*" in the section headed "*Risk Factors*".

Rights over the Proceeds

In the event that the security over the Charged Property becomes enforceable, the Issuer has granted the Trustee the right to direct the Issuer as to how to deal with the Charged Property.

The Secured Creditors will have no right of set-off.

Priority of Payments

The Priority of Payments, indicating the order in which payments should be made from funds available to the Issuer, are set out in full in the Cash Management Agreement and the Deed of Charge. Prior to service of a Note Acceleration Notice, Available Revenue Receipts are used in accordance with the Pre-Acceleration Revenue Priority of Payments and Available Principal Receipts are used in accordance with the Pre-Acceleration Principal Priority of Payments. Following the service of a Note Acceleration Notice, the Post-Acceleration Priority of Payments will apply.

No other Enforcement Rights

Under the terms of the Deed of Charge, the Issuer will undertake, following the occurrence of an Event of Default, to comply with all directions of the Trustee in relation to the management and administration of the Charged Property. The Issuer will also grant irrevocable powers of attorney under English law in favour of the Trustee to empower the Trustee to take such action in the name of the Issuer as the Trustee may deem necessary to protect the interests of Secured Creditors in respect of the Charged Property.

At any time after the Notes shall have become due and repayable and the Security therefore shall have become enforceable, no Noteholder or any other Secured Creditor will be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period of time. The Trustee will not be able to enforce the Security at the request of any Secured Creditor other than the Noteholders, pursuant to a request in writing from the holders of at least one-fifth in aggregate of the Principal Amount Outstanding of the Most Senior Class of Notes or an Extraordinary Resolution of the Most Senior Class of Notes.

The Notes are limited recourse obligations of the Issuer and, if, after the distribution of all the Issuer's assets, there are amounts that are not paid in full, any amounts outstanding will be deemed to be discharged in full and any payment rights are deemed to cease as described in more detail in Condition 10 (Enforcement).

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 (other than the assignation in security referred to above which will be governed by Scots law).

Corporate Services Agreement

On the Closing Date, the Issuer, Holdings, the Share Trustee and the Trustee will enter into the Corporate Services Agreement with the Corporate Services Provider under which the Corporate Services Provider will agree to provide certain corporate administration services to the Issuer and Holdings. In return for the services provided, the Corporate Services Provider will receive a fee (together with VAT thereon) paid semi-annually in advance in accordance with the relevant Priority of Payments.

The Corporate Services Provider may resign its appointment upon not less than 30 days' written notice to each of the parties to the Corporate Services Agreement, provided that:

- (a) if such resignation would otherwise take effect less than 30 days before or after the Final Maturity Date or any other date for redemption of the Notes or any Interest Payment Date in relation to the Notes, it shall not take effect until the thirtieth day following such date; and
- (b) no resignation by or termination or revocation of the appointment of the Corporate Services Provider shall take effect until a successor has been duly appointed in accordance with the Corporate Services Agreement.

The Issuer or Holdings may (with the prior written approval of the Trustee) revoke its appointment of the Corporate Services Provider by not less than 30 days' notice to the Corporate Services Provider (with a copy to the Trustee).

In addition, the appointment of the Corporate Services Provider shall terminate forthwith if:

- (i) in the reasonable opinion of the Issuer or Holdings, the Corporate Services Provider becomes incapable of acting;
- (ii) a default is made by the Corporate Services Provider in the performance or observance of any of its covenants and obligations under the Corporate Services Agreement; or
- (iii) an Insolvency Event occurs in relation to the Corporate Services Provider.

If the appointment of the Corporate Services Provider is terminated, the Issuer or Holdings undertakes that it will forthwith appoint a successor provided that the Servicer certifies that in its opinion such appointment will not affect the ratings of the Class A Notes.

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

Subordinated Loan Agreement

Close Brothers Limited as Subordinated Loan Provider will make available to the Issuer under the Subordinated Loan Agreement the Subordinated Loan which will be advanced to the Issuer on the Closing Date. The Subordinated Loan will be drawn down in the form of a single tranche comprising the Start-up Costs Proceeds and the Liquidity Reserve Proceeds.

The Start-up Costs Proceeds will be an amount equal to £15,758.54.

The Liquidity Reserve Proceeds will be an amount equal to 1.5 per cent. of the Principal Amount Outstanding of the aggregate of the Class A Notes as at the Closing Date and shall be used to establish the Liquidity Reserve in an amount equal to the Liquidity Reserve Required Amount on the Closing Date. The Liquidity Reserve Proceeds will be repayable on and from the Final Redemption Date.

The Issuer's obligations under the Subordinated Loan Agreement will be secured by the Deed of Charge but rank behind the claims of the Noteholders.

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

For further information on the Subordinated Loan and the Liquidity Reserve, see the section headed "*Credit Structure, Liquidity and Hedging*".

USE OF PROCEEDS

The proceeds from the issue of the Class A Notes will be £368,100,000 and the proceeds from the issue of the Subordinated Notes will be £67,600,000.

On the Closing Date, the Issuer will pay to the Seller the aggregate Initial Purchase Price calculated on or around the Closing Date for the Purchased Receivables on the Closing Date.

The Start-up Costs Proceeds advanced under the Subordinated Loan will, to the extent necessary, be applied towards payment of the initial fees and expenses incurred on or prior to the Closing Date by the Issuer payable in connection with the Securitisation.

The Liquidity Reserve Proceeds advanced under the Subordinated Loan will be deposited in the Transaction Account and used to establish the Liquidity Reserve in an amount equal to the Liquidity Reserve Required Amount.

THE PROVISIONAL PORTFOLIO

General

Information contained in this section is based on the Provisional Portfolio as at 29 February 2016.

The Portfolio will be comprised of Receivables originated by the Seller and purchased by the Issuer on the Closing Date and on any Additional Purchase Date. The Receivables in the Initial Portfolio to be purchased by the Issuer on the Closing Date will be Receivables selected from the Provisional Portfolio and from other Receivables not included in the Provisional Portfolio that have been originated by the Seller between the Initial Cut-Off Date and the Closing Date. All Receivables in the Portfolio are derived from the Contracts.

The Purchased Receivables which comprise the Portfolio will be purchased (and, as applicable, held under a Scottish Declaration of Trust) by the Issuer from Close Brothers Limited as Seller pursuant to the terms of the Receivables Sale and Purchase Agreement to be entered into on the Closing Date.

The Receivables

The Receivables are comprised of amounts due under the Contracts. The Contracts are entered into by retail customers and small businesses/commercial customers that are resident in England, Scotland or Northern Ireland. The Contracts are available for both new and used vehicles.

The Receivables arise under three types of contracts:

Conditional Sale Contracts

These agreements generally require the Obligor to make equal monthly payments of interest and principal which fully amortise the amount financed (typically the repayment period varies between 6 and 61 months) and a deposit payment may be made by an Obligor in some cases. An acceptance fee is payable, which may be payable on the first monthly payment date or alternatively may be spread across the term of the agreement. A title transfer fee is also payable, which may be payable on the final monthly payment date or alternatively may be spread across the term of the agreement. Title to the Vehicle passes to the Obligor once all payments (including the title transfer fee) have been made in full. The Obligor is required to insure the Vehicle for its replacement value and against liability to others for loss or damage.

Hire Purchase Contracts (other than PCP Contracts)

The Hire Purchase Contracts (other than PCP Contracts) carry a fixed rate of return, typically amortised in equal monthly instalments over the repayment period, which varies between 6 and 61 months. A deposit payment may be made by an Obligor in some cases. An acceptance fee is payable, which may be payable on the first monthly payment date or alternatively may be spread across the term of the agreement. The Obligor is the registered keeper of the Vehicle, although Close Brothers Limited remains the owner unless and until the Obligor exercises its option to purchase the Vehicle (and makes payment of the option fee). Certain of the Hire Purchase Contracts (other than the PCP Contracts) incorporate a final balloon payment. The Obligor is required to insure the Vehicle for its replacement value and against liability to others for loss or damage. The Obligor may be required to provide a guarantee and indemnity for its obligations under such Contract. The Hire Purchase Contracts (other than PCP Contracts) are only offered to corporate Obligors.

Hire Purchase Contracts (PCP Contracts)

PCP Contracts carry a fixed rate of return, amortised over the repayment period of up to 49 months, so that the Obligor has the right to (a) pay the option fee, make a final balloon payment and take title of the Vehicle or (b) return the Vehicle financed under such PCP Contract to the Seller in lieu of making such final balloon payment. An acceptance fee is payable, which may be payable on the first monthly payment date or spread across the terms of the agreement. These contracts apply Obligor payments to reduce the amount financed on the basis of generally equal monthly payments of interest and principal and, in the event that the relevant Obligor opts to keep the Vehicle at the end of the contract term, a final balloon payment for all amounts due at the end of the contract term. The Obligor is required to insure the Vehicle for its replacement value and against liability to others for loss or damage. The Initial Purchase Price or Additional Portfolio Purchase Price (as applicable) as calculated includes any such balloon

payments under PCP Contracts and any balloon payments received will be paid to the Transaction Account in accordance with the Receivables Sale and Purchase Agreement. The total Outstanding Principal Balance of Purchased Receivables arising under a PCP Contract as at the Initial Cut-Off Date is £43,608,015 (10.01 per cent. of the Provisional Portfolio by aggregate Outstanding Principal Balance as at the Initial Cut-Off Date) of which the balloon payment element accounts for 5.23 per cent. of the Provisional Portfolio by aggregate Outstanding Principal Balance as of the Initial Cut-Off Date.

The options available to the Obligor and the resulting implications for the Transaction are more particularly described as follows:

Option (a)

The Obligor may opt to pay the balloon payment, upon receipt of which title to the related Vehicle will pass to Obligor. The Obligor may finance the payment of the balloon payment by selling the Vehicle to a dealer (other than the relevant Dealer) for a minimum price of the Guaranteed Future Value. The sale proceeds will be paid towards the total amount due under the PCP Contract (including the balloon payment). If the Vehicle is valued at a greater sum than the Guaranteed Future Value, the Obligor can use these funds toward the purchase of a new vehicle. In addition, the Obligor may finance the payment of the balloon payment by trading in the related Vehicle against the purchase of a new vehicle from the relevant Dealer. The dealer will value the Vehicle, the minimum required valuation being the Guaranteed Future Value plus an amount equal to the option fee (the "**Guaranteed Minimum Future Value**" or "**GMFV**") and the GMFV will then be used towards settling the remaining balance under the PCP Contract. If the Vehicle is valued at a greater sum than the GMFV the Obligor can use these funds towards the purchase of a new vehicle from the relevant Dealer.

Option (b)

The Obligor may opt to return the related Vehicle to the Seller instead of paying the balloon payment. In this case, Close Brothers Limited is under an obligation pursuant to the Receivables Sale and Purchase Agreement to sell the Vehicle and to remit the proceeds of such sale to the Issuer.

Any balloon payments will form part of the Collections received by the Servicer on behalf of the Issuer.

The Obligor is the registered keeper of the Vehicle, although Close Brothers Limited remains the owner unless and until the Obligor exercises its option to purchase the Vehicle.

The Purchased Receivables

Under the Receivables Sale and Purchase Agreement, the Seller will assign and transfer (and, as applicable, hold under each Scottish Declaration of Trust) to the Issuer the Purchased Receivables and Related Rights which have an aggregate principal balance of £435,730,413 at the Initial Cut-Off Date.

Representations and warranties in respect of the Portfolio

None of the Issuer or the Trustee has undertaken or will undertake any investigation to verify the details of the Purchased Receivables and each will rely solely on the representations and warranties given by the Seller to the Issuer pursuant to the Receivables Sale and Purchase Agreement. Pursuant to the Receivables Sale and Purchase Agreement, the Seller will make certain representations and warranties to the Issuer regarding, among other things, its status and the validity of the Purchased Receivables and the Related Contracts. Such representations and warranties will be given to the Issuer on the Closing Date and each Additional Portfolio Purchase Date (as applicable) and in respect of Receivable Warranty (f), the date on which any Variation is agreed by the Servicer in respect of a Purchased Receivable.

For more detailed information on the representations and warranties in respect of the Portfolio please refer to the Section headed "*Overview of the Transaction Documents*".

The following statistical information is given in relation to the Provisional Portfolio as at the Cut-off Date.

Summary of Provisional Portfolio (as of the Cut-off Date)

Number of Underlying Agreements	69,512
Total Current Outstanding Balance	435,730,413
Average Current Outstanding Principal Balance	6,268
Minimum Current Outstanding Principal Balance	109.77
Maximum Current Outstanding Principal Balance	76,250
Minimum APR (%)	3.90
Maximum APR (%)	25.00
Weighted Average APR (%)	12.21
Minimum Original Term (months)	12.00
Maximum Original Term (months)	61.00
Weighted Average Original Term (months)	48.73
Weighted Average Remaining Term (months)	36.82

Distribution by type of Contract - New and Used

<u>New and Used</u>	<u>Number of Underlying Agreements</u>	<u>% Distribution by Number</u>	<u>Current Outstanding Balance</u>	<u>Distribution by Balance</u>
NEW CAR	2,878	4.14%	32,974,329	7.57%
NEW LCV	2,460	3.54%	26,038,983	5.98%
NEW MC	2,662	3.83%	11,820,957	2.71%
USED CAR	49,439	71.12%	292,075,342	67.03%
USED LCV	10,081	14.50%	64,588,350	14.82%
USED MC	1,992	2.87%	8,232,452	1.89%
Total	69,512	100.00%	435,730,413	100.00%

<u>New and Used</u>	<u>Number of Underlying Agreements</u>	<u>% Distribution by Number</u>	<u>Current Outstanding Balance</u>	<u>Distribution by Balance</u>
New	8,000	11.51%	70,834,269	16.26%
Used	61,512	88.49%	364,896,144	83.74%
Total	69,512	100.00%	435,730,413	100.00%

Distribution by Vehicle Type

<u>Vehicle type</u>	<u>Number of Underlying Agreements</u>	<u>% Distribution by Number</u>	<u>Current Outstanding Balance</u>	<u>Distribution by Balance</u>
MOTOR CARS	52,317	75.26%	325,049,671	74.60%
MOTOR BIKES	4,654	6.70%	20,053,409	4.60%
LIGHT COMMERCIAL VEHICLES	12,541	18.04%	90,627,333	20.80%
Total	69,512	100.00%	435,730,413	100.00%

Distribution by Product

Product	Number of Underlying Agreements	% Distribution by Number	Current Outstanding Balance	% Distribution by Balance	Balloon Balance	Balloon % of Total
Conditional Sale/ Hire Purchase.....	65,569	94.33%	392,122,398	89.99%	18,633,717	4.28%
PCP.....	3,943	5.67%	43,608,015	10.01%	22,778,953	5.23%
Total.....	69,512	100.00%	435,730,413	100.00%	41,412,671	9.50%

Distribution by Original Balance

Size by Original Balance	Number of Underlying Agreements	% Distribution by Number	Current Outstanding Balance	% Distribution by Balance
0.01 - 5,000.00.....	20,251	29.13%	46,043,040	10.57%
5,000.01 - 10,000.00.....	29,845	42.94%	152,783,487	35.06%
10,000.01 - 15,000.00.....	11,849	17.05%	108,340,287	24.86%
15,000.01 - 20,000.00.....	4,296	6.18%	56,566,383	12.98%
20,000.01 - 25,000.00.....	1,646	2.37%	28,084,787	6.45%
25,000.01 - 30,000.00.....	678	0.98%	14,151,945	3.25%
30,000.01 - 35,000.00.....	360	0.52%	8,560,769	1.96%
35,000.01 - 40,000.00.....	156	0.22%	4,337,717	1.00%
40,000.01 - 45,000.00.....	137	0.20%	4,284,923	0.98%
45,000.01 - 50,000.00.....	69	0.10%	2,462,190	0.57%
50,000.01 - 55,000.00.....	78	0.11%	3,109,160	0.71%
55,000.01 - 60,000.00.....	43	0.06%	1,844,572	0.42%
> 60,000.00.....	104	0.15%	5,161,154	1.18%
Total.....	69,512	100.00%	435,730,413	100.00%
Minimum.....	1,000.00			
Maximum.....	78,644.00			
Average.....	8,613.34			

Distribution by Current Outstanding Balance

Size by Current Outstanding Balance	Number of Underlying Agreements	% Distribution by Number	Current Outstanding Balance	% Distribution by Balance
0.01 - 5,000.00	35,481	51.04%	97,270,753	22.32%
5,000.01 - 10,000.00	22,459	32.31%	158,412,275	36.36%
10,000.01 - 15,000.00	7,372	10.61%	89,048,063	20.44%
15,000.01 - 20,000.00	2,474	3.56%	42,073,220	9.66%
20,000.01 - 25,000.00	857	1.23%	18,923,735	4.34%
25,000.01 - 30,000.00	394	0.57%	10,706,279	2.46%
30,000.01 - 35,000.00	171	0.25%	5,508,928	1.26%
35,000.01 - 40,000.00	100	0.14%	3,752,053	0.86%
40,000.01 - 45,000.00	76	0.11%	3,217,286	0.74%
45,000.01 - 50,000.00	45	0.06%	2,128,304	0.49%
50,000.01 - 55,000.00	43	0.06%	2,241,862	0.51%
55,000.01 - 60,000.00	21	0.03%	1,218,008	0.28%
> 60,000.00	19	0.03%	1,229,647	0.28%
Total	69,512	100.00%	435,730,413	100.00%
Minimum	109.77			
Maximum	76,250.00			
Average	6,268.42			

Distribution by APR

APR	Number of Underlying Agreements	% Distribution by Number	Current Outstanding Balance	% Distribution by Balance
0%	0	0.00%	0	0.00%
0.00% < X <= 5.00%	110	0.16%	2,274,477	0.52%
5.00% < X <= 7.50%	2,821	4.06%	33,345,774	7.65%
7.50% < X <= 10.00%	9,785	14.08%	104,718,118	24.03%
10.00% < X <= 12.50%	14,502	20.86%	116,535,375	26.74%
12.50% < X <= 15.00%	14,539	20.92%	85,268,531	19.57%
15.00% < X <= 17.50%	11,967	17.22%	50,645,828	11.62%
17.50% < X <= 20.00%	8,199	11.80%	25,953,203	5.96%
20.00% < X <= 22.50%	4,712	6.78%	11,250,037	2.58%
22.50% < X <= 25.0%	2,877	4.14%	5,739,070	1.32%
Total	69,512	100.00%	435,730,413	100.00%
Minimum	3.90%			
Maximum	25.00%			
Weighted Average	12.21%			

Distribution by Contract Yield

<u>Contract Yield</u>	<u>Number of Underlying Agreements</u>	<u>% Distribution by Number</u>	<u>Current Outstanding Balance</u>	<u>% Distribution by Balance</u>
0%.....	0	0.00%	0	0.00%
0.00% < X <= 5.00%	1,064	1.53%	7,910,596	1.82%
5.00% < X <= 7.50%	6,387	9.19%	57,229,725	13.13%
7.50% < X <= 10.00%	22,662	32.60%	167,973,935	38.55%
10.00% < X <= 12.50%	21,050	30.28%	123,849,327	28.42%
12.50% < X <= 15.00%	13,199	18.99%	59,100,455	13.56%
15.00% < X <= 17.50%	4,211	6.06%	16,960,137	3.89%
17.50% < X <= 20.00%	768	1.10%	2,367,295	0.54%
20.00% < X <= 22.50%	128	0.18%	285,885	0.07%
22.50% < X <= 25.0%	43	0.06%	53,058	0.01%
Total	69,512	100.00%	435,730,413	100.00%
Minimum.....	0.25%			
Maximum	24.82%			
Weighted Average	10.10%			

Distribution by Customer Type

<u>Customer Type</u>	<u>Number of Underlying Agreements</u>	<u>% Distribution by Number</u>	<u>Current Outstanding Balance</u>	<u>% Distribution by Balance</u>
Individual.....	61,355	88.27%	363,581,633	83.44%
Corporate.....	8,157	11.73%	72,148,780	16.56%
Total	69,512	100.00%	435,730,413	100.00%

Distribution by Geographical Region

<u>Region</u>	<u>Number of Underlying Agreements</u>	<u>% Distribution by Number</u>	<u>Current Outstanding Balance</u>	<u>% Distribution by Balance</u>
South East inc London.....	8,657	12.45%	50,588,959	11.61%
East Anglia	6,308	9.07%	45,229,177	10.38%
North West.....	5,423	7.80%	36,846,969	8.46%
South West.....	4,697	6.76%	31,008,314	7.12%
East Midlands	8,727	12.55%	53,717,466	12.33%
Yorkshire and Humberside	9,223	13.27%	53,337,424	12.24%
Wales	2,772	3.99%	16,955,174	3.89%
West Midlands	10,328	14.86%	60,592,291	13.91%
Inner London	3,820	5.50%	31,198,653	7.16%
N. Ireland.....	2,194	3.16%	13,033,309	2.99%
North.....	4,563	6.56%	26,467,150	6.07%
Scotland	2,800	4.03%	16,755,528	3.85%
Total	69,512	100.00%	435,730,413	100.00%

Distribution by Year of Origination

Origination Date	Number of Underlying Agreements	% Distribution by Number	Current Outstanding Balance	% Distribution by Balance
2013.....	14,412	20.73%	46,884,729	10.76%
2014.....	18,797	27.04%	98,859,774	22.69%
2015.....	29,025	41.76%	226,127,018	51.90%
2016.....	7,278	10.47%	63,858,892	14.66%
Total.....	69,512	100.00%	435,730,413	100.00%

Distribution by Term at Origination

Original Term (months)	Number of Underlying Agreements	% Distribution by Number	Current Outstanding Balance	% Distribution by Balance
0 < X < 12.....	0	0.00%	0	0.00%
12 <= X < 24.....	255	0.37%	958,848	0.22%
24 <= X < 36.....	4,075	5.86%	12,630,000	2.90%
36 <= X < 48.....	23,707	34.10%	99,112,499	22.75%
48 <= X < 60.....	25,243	36.31%	183,008,740	42.00%
60 <= X <= 72.....	16,232	23.35%	140,020,325	32.13%
Total.....	69,512	100.00%	435,730,413	100.00%
Minimum.....	12.00			
Maximum.....	61.00			
Weighted Average.....	48.73			

Distribution by Remaining Term

Remaining Term (months)	Number of Underlying Agreements	% Distribution by Number	Current Outstanding Balance	% Distribution by Balance
0 < X < 12.....	8,830	12.70%	13,495,751	3.10%
12 <= X < 24.....	14,668	21.10%	58,382,179	13.40%
24 <= X < 36.....	19,718	28.37%	122,001,862	28.00%
36 <= X < 48.....	16,581	23.85%	143,204,409	32.87%
48 <= X < 60.....	9,144	13.15%	92,636,828	21.26%
60 <= X <= 72.....	571	0.82%	6,009,383	1.38%
Total.....	69,512	100.00%	435,730,413	100.00%
Minimum.....	1.00			
Maximum.....	60.00			
Weighted Average.....	36.82			

PCP Agreements - Distribution by Maturity Date

PCP Maturity Date Distribution	Number of Underlying Agreements	% Distribution by Number	Outstanding Balloon Balance	% of Outstanding Balloon Balance
2015 - Q4.....				
2016 - Q1.....				
2016 - Q2.....	43	1.09%	200,935	0.88%
2016 - Q3.....	44	1.12%	222,135	0.98%
2016 - Q4.....	37	0.94%	262,634	1.15%
2017 - Q1.....	30	0.76%	236,399	1.04%
2017 - Q2.....	122	3.09%	776,375	3.41%
2017 - Q3.....	112	2.84%	663,238	2.91%
2017 - Q4.....	121	3.07%	698,093	3.06%
2018 - Q1.....	98	2.49%	637,941	2.80%
2018 - Q2.....	278	7.05%	1,809,434	7.94%
2018 - Q3.....	340	8.62%	2,043,313	8.97%
2018 - Q4.....	300	7.61%	1,659,484	7.29%
2019 - Q1.....	348	8.83%	1,844,217	8.10%
2019 - Q2.....	262	6.64%	1,822,446	8.00%
2019 - Q3.....	563	14.28%	3,112,535	13.66%
2019 - Q4.....	634	16.08%	3,317,856	14.57%
2020 - Q1.....	611	15.50%	3,471,919	15.24%
Total.....	3,943	100.00%	22,778,953	100.00%

Distribution by Top 20 Corporate Obligor

Corporate Obligor	Number of Underlying Agreements	% Distribution by Number	Current Outstanding Balance	% Distribution by Balance
1.....	25	0.04%	190,146	0.04%
2.....	11	0.02%	162,113	0.04%
3.....	12	0.02%	154,750	0.04%
4.....	13	0.02%	138,263	0.03%
5.....	4	0.01%	120,789	0.03%
6.....	3	0.00%	110,427	0.03%
7.....	8	0.01%	108,836	0.02%
8.....	9	0.01%	105,744	0.02%
9.....	97	0.14%	86,066	0.02%
10.....	7	0.01%	84,684	0.02%
11.....	9	0.01%	83,385	0.02%
12.....	4	0.01%	81,316	0.02%
13.....	4	0.01%	77,319	0.02%
14.....	1	0.00%	76,250	0.02%
15.....	5	0.01%	74,200	0.02%
16.....	4	0.01%	72,308	0.02%
17.....	2	0.00%	72,110	0.02%
18.....	2	0.00%	71,588	0.02%
19.....	2	0.00%	71,507	0.02%

Corporate Obligor	Number of Underlying Agreements	% Distribution by Number	Current Outstanding Balance	% Distribution by Balance
20.....	6	0.01%	71,341	0.02%
Other.....	7,929.00	11.41%	70,135,639	16.10%
Total.....	8,157.00	11.73%	72,148,780	16.56%

Distribution by Top 20 Individual Obligors

Individual Obligor	Number of Underlying Agreements	% Distribution by Number	Current Outstanding Balance	% Distribution by Balance
1.....	4	0.01%	154,955	0.04%
2.....	2	0.00%	123,587	0.03%
3.....	3	0.00%	87,862	0.02%
4.....	2	0.00%	80,023	0.02%
5.....	3	0.00%	79,677	0.02%
6.....	1	0.00%	76,178	0.02%
7.....	2	0.00%	74,590	0.02%
8.....	1	0.00%	70,344	0.02%
9.....	2	0.00%	68,534	0.02%
10.....	2	0.00%	68,183	0.02%
11.....	2	0.00%	67,293	0.02%
12.....	1	0.00%	66,551	0.02%
13.....	1	0.00%	65,013	0.01%
14.....	2	0.00%	64,895	0.01%
15.....	1	0.00%	62,835	0.01%
16.....	1	0.00%	62,419	0.01%
17.....	1	0.00%	61,316	0.01%
18.....	2	0.00%	61,149	0.01%
19.....	1	0.00%	61,128	0.01%
20.....	1	0.00%	60,894	0.01%
Other.....	61,320.00	88.21%	362,064,205	83.09%
Total.....	61,355.00	88.27%	363,581,633	83.44%

Contractual Amortisation Profile

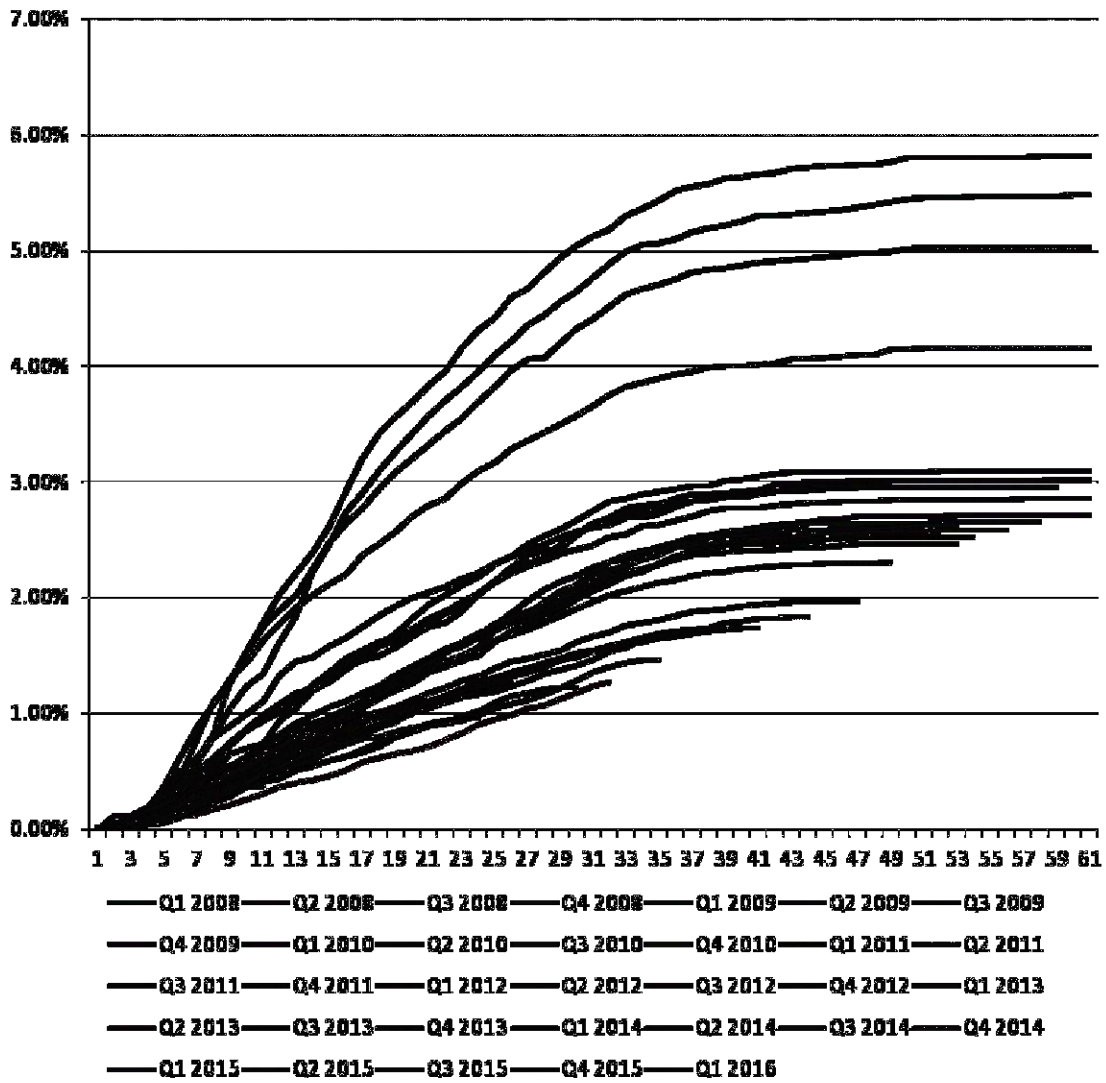
Month	Total Amortisation Profile	Percentage
0.....	435,730,413	100.00%
1.....	423,548,932	97.20%
2.....	411,142,823	94.36%
3.....	398,781,598	91.52%
4.....	386,555,272	88.71%
5.....	374,467,366	85.94%
6.....	362,502,154	83.19%
7.....	350,624,087	80.47%
8.....	338,828,400	77.76%

Month	Total Amortisation Profile	Percentage
9.....	327,164,400	75.08%
10.....	315,631,827	72.44%
11.....	303,996,501	69.77%
12.....	292,567,005	67.14%
13.....	280,915,773	64.47%
14.....	269,262,420	61.80%
15.....	257,976,368	59.21%
16.....	247,011,364	56.69%
17.....	236,366,737	54.25%
18.....	225,810,713	51.82%
19.....	215,566,294	49.47%
20.....	205,273,837	47.11%
21.....	195,096,264	44.77%
22.....	185,298,875	42.53%
23.....	175,715,369	40.33%
24.....	166,275,487	38.16%
25.....	156,745,892	35.97%
26.....	147,263,844	33.80%
27.....	138,192,631	31.72%
28.....	129,654,609	29.76%
29.....	121,049,454	27.78%
30.....	112,996,995	25.93%
31.....	105,367,346	24.18%
32.....	98,038,735	22.50%
33.....	91,068,217	20.90%
34.....	84,403,324	19.37%
35.....	78,082,497	17.92%
36.....	71,844,018	16.49%
37.....	65,736,303	15.09%
38.....	59,757,465	13.71%
39.....	54,522,859	12.51%
40.....	49,480,113	11.36%
41.....	44,417,204	10.19%
42.....	39,004,440	8.95%
43.....	34,019,072	7.81%
44.....	29,679,292	6.81%
45.....	25,496,305	5.85%
46.....	21,075,677	4.84%
47.....	17,480,399	4.01%
48.....	13,646,176	3.13%
49.....	10,275,132	2.36%
50.....	8,689,503	1.99%
51.....	7,229,375	1.66%
52.....	5,890,043	1.35%

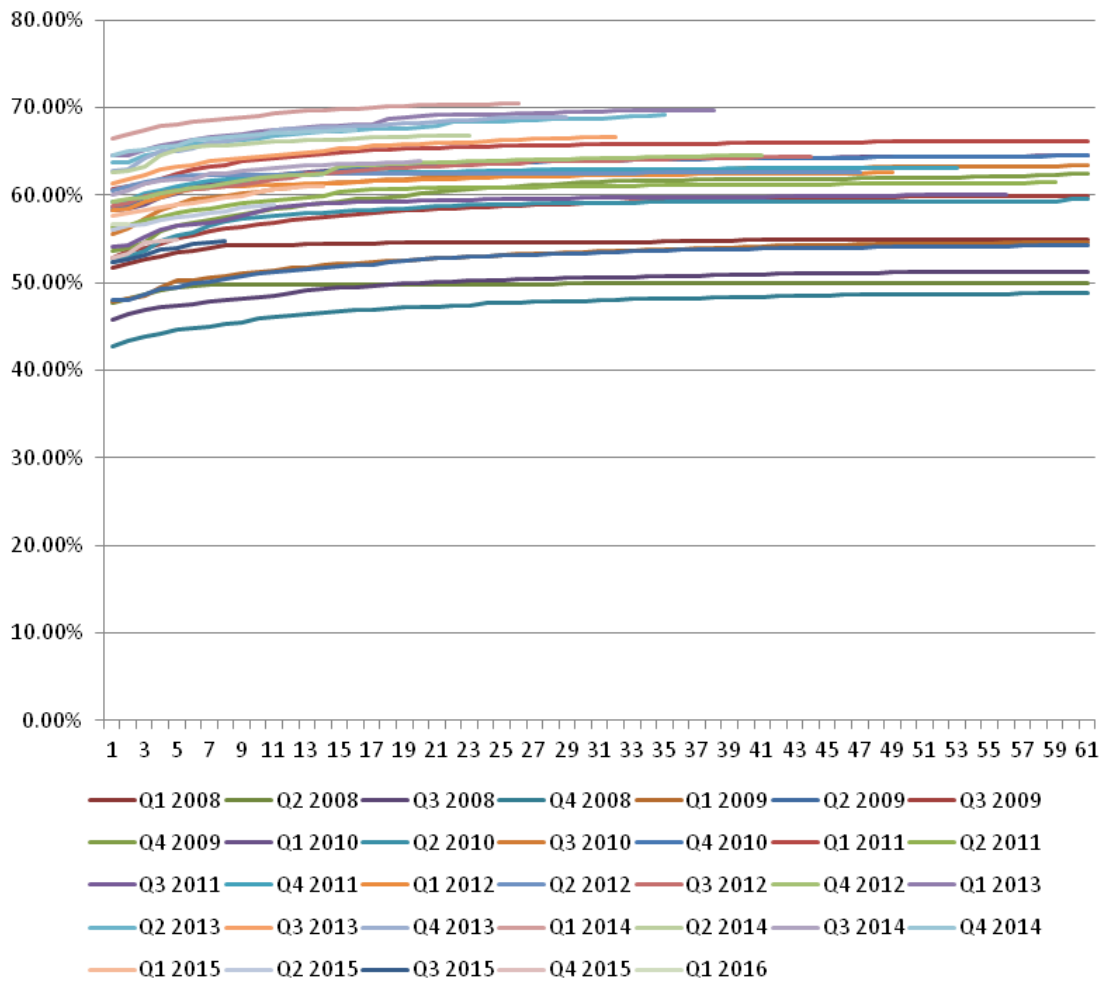
Month	Total Amortisation Profile	Percentage
53.....	4,704,792	1.08%
54.....	3,640,296	0.84%
55.....	2,711,594	0.62%
56.....	1,910,481	0.44%
57.....	1,245,003	0.29%
58.....	716,144	0.16%
59.....	296,856	0.07%
60.....	0	0.00%

Historical Performance Data

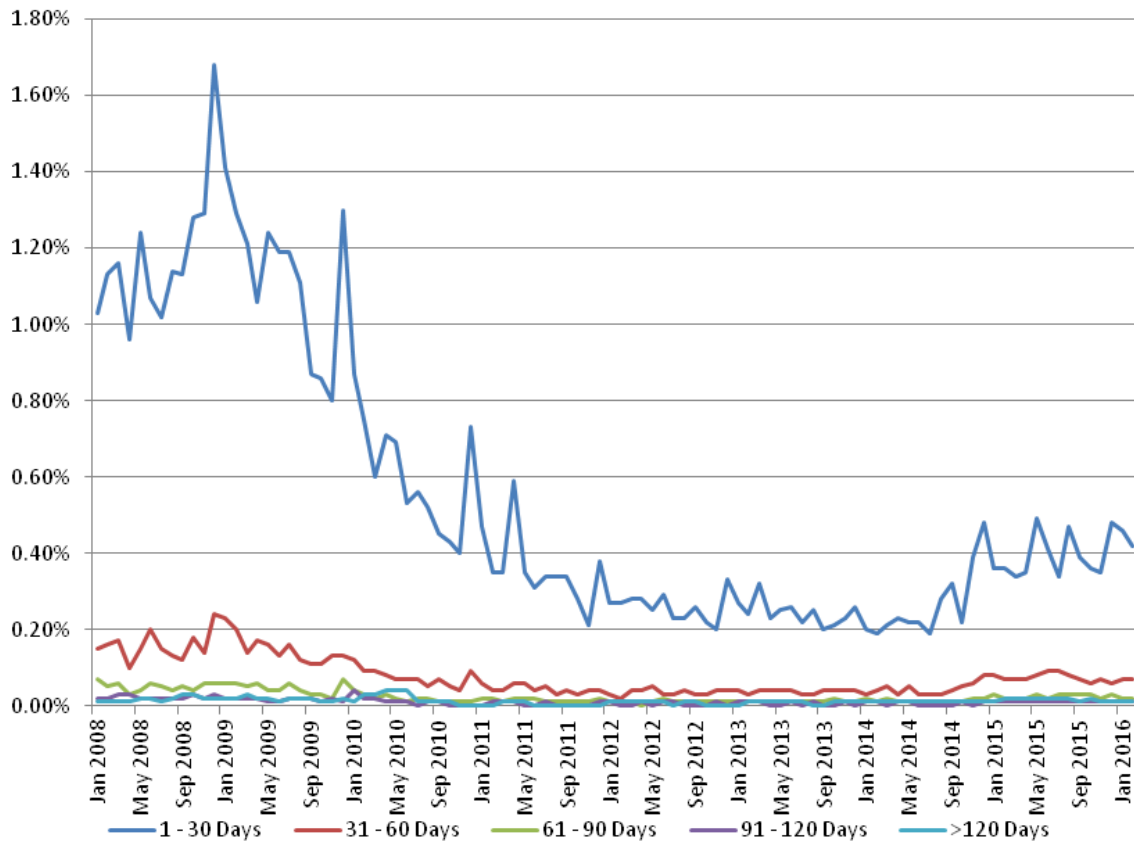
Gross Loss



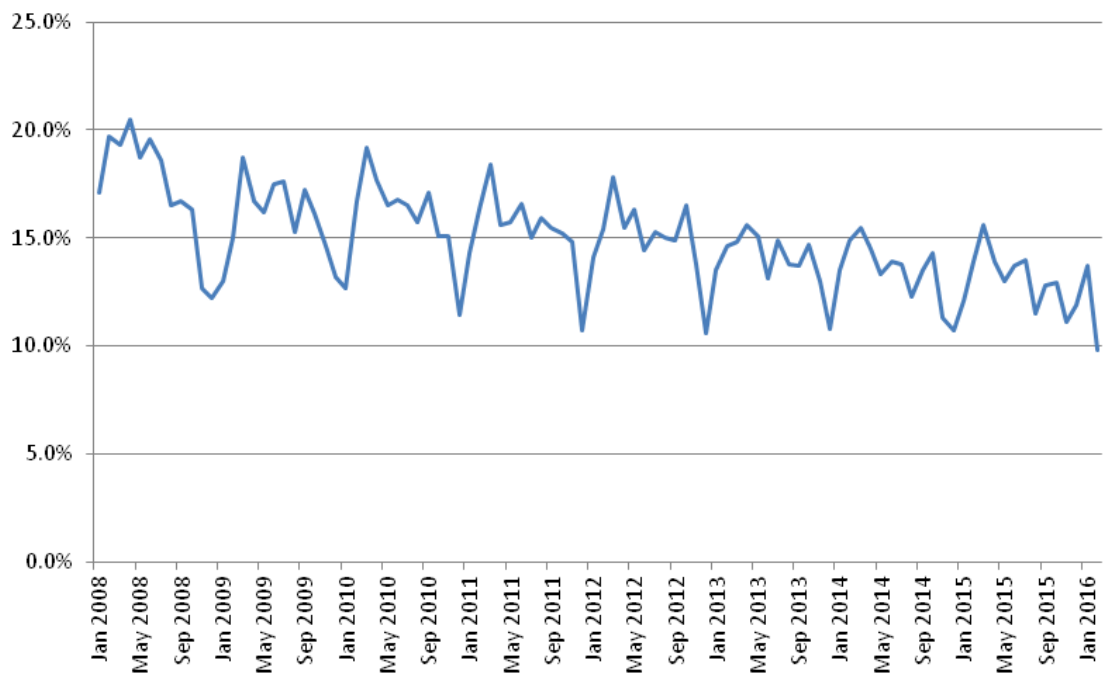
Cumulative Recoveries



Dynamic Delinquencies



Annualised CPR



SERVICING OF COLLECTIONS

Pursuant to the Servicing Agreement, the Issuer has appointed Close Brothers Limited as Servicer for the purposes of servicing the Purchased Receivables. In particular, pursuant to the Servicing Agreement, the Servicer has undertaken to service the Portfolio and to perform its duties under the terms and conditions set out in the Servicing Agreement in accordance with all applicable laws and regulations, the Credit and Collection Procedures and pursuant to specific instructions that, on certain conditions, may be given to it by the Issuer or, as applicable, the Trustee from time to time. See "*Overview of the Transaction Documents*" above.

CASH MANAGEMENT

Pursuant to the Account Bank Agreement and the Cash Management Agreement, each to be dated on or about the Closing Date, the Account Bank and the Cash Manager will provide the Issuer (i) in the case of the Account Bank, with certain account holding services and (ii) in the case of the Cash Manager, with certain notification, calculation, reporting and cash management services in relation to monies from time to time standing to the credit of the Issuer Bank Accounts.

Cash Flows

Pursuant to the Servicing Agreement, the Servicer will procure that (i) all Collections in respect of the Purchased Receivables and (ii) all amounts representing an Optional Repurchase Payment (other than the Initial Optional Repurchase Payment) in respect of a Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated Receivable which has been repurchased by the Seller pursuant to the Receivables Sale and Purchase Agreement and credited to the Collection Account in respect of the Purchased Receivables shall be transferred directly into the Transaction Account on each Interest Payment Date (or at any time within two Business Days prior to such Interest Payment Date).

Upon the occurrence of a CBL Trigger Event and as long as a CBL Trigger Event is continuing (i) all Collections in respect of the Purchased Receivables and (ii) all amounts representing an Optional Repurchase Payment (other than the Initial Optional Repurchase Payment) in respect of a Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated Receivable which has been repurchased by the Seller pursuant to the Receivables Sale and Purchase Agreement and credited to the Collection Account in respect of the Purchased Receivables shall be transferred within two Business Days following receipt by the Seller, directly into the Transaction Account.

Monthly Cash Flows

On or before each Calculation Date, the Cash Manager will make the necessary determinations and calculations under the Transaction Documents, in particular determining the Available Revenue Receipts and the Available Principal Receipts to be distributed on the immediately following Interest Payment Date.

On each Interest Payment Date, the Cash Manager will instruct the Account Bank to apply Available Revenue Receipts and Available Principal Receipts on behalf of the Issuer in accordance with the applicable Priority of Payments set out in the Cash Management Agreement.

Directions of the Cash Manager

The Account Bank has agreed to comply with the directions of the Cash Manager until such time as the Cash Manager receives a copy of a Note Acceleration Notice served by the Trustee on the Issuer or has notice of any enforcement action taken by the Trustee, to effect payments from the Transaction Account.

Ledger Accounts

Pursuant to the Cash Management Agreement, the Cash Manager shall establish and maintain the Issuer Retained Profit Ledger, the Principal Deficiency Ledger (which comprises the Class A Principal Deficiency Sub-ledger and the Subordinated Notes Principal Deficiency Sub-ledger), the Revenue Deficiency Ledger, the Liquidity Reserve Ledger, the Interest Rate Swap Ledger and the Replenishment Ledger (together the "**Ledger Accounts**"). On or before each Interest Payment Date, the Cash Manager will:

- (a) record amounts as appropriate on the Revenue Deficiency Ledger on each Interest Payment Date by:
 - (i) crediting the Revenue Deficiency Ledger by an amount equal to the amount transferred under item (a) of the Pre-Acceleration Principal Priority of Payments for such Interest Payment Date; and
 - (ii) debiting the Revenue Deficiency Ledger by an amount equal to the Revenue Deficiency for such Interest Payment Date;

- (b) record amounts as appropriate on the Principal Deficiency Ledger by:
 - (i) crediting the Class A Principal Deficiency Sub-ledger by an amount equal to the amounts transferred under item (g) of the Pre-Acceleration Revenue Priority of Payments on such Interest Payment Date;
 - (ii) crediting the Subordinated Notes Principal Deficiency Sub-ledger by an amount equal to the amounts transferred under item (i) of the Pre-Acceleration Revenue Priority of Payments on such Interest Payment Date; and
 - (iii) debiting the Principal Deficiency Ledger by an amount equal to the aggregate of (x) the losses arising from Defaulted Receivables, Returned PCP Receivables and Voluntarily Terminated Receivables; and (y) by an amount equal to the amount applied in accordance with item (a) of the Pre-Acceleration Principal Priority of Payment, in the following order:
 - (A) *first*, to the Subordinated Notes Principal Deficiency Sub-ledger until the debit balance thereon is equal to the then Principal Amount Outstanding of the Subordinated Notes; and
 - (B) *second*, to the Class A Principal Deficiency Sub-ledger until the debit balance thereon is equal to the then Principal Amount Outstanding of the Class A Notes.
- (c) record amounts as appropriate on the Liquidity Reserve Ledger by:
 - (i) crediting the Liquidity Reserve Ledger by an amount equal to the aggregate of:
 - (A) Liquidity Reserve Proceeds under the Subordinated Loan; and
 - (B) payments made in accordance with item (f) of the Pre-Acceleration Revenue Priority of Payments; and
 - (ii) debiting the Liquidity Reserve Ledger by an amount equal to the aggregate of amounts drawn from the Liquidity Reserve on each Interest Payment Date from the Closing Date as Available Revenue Receipts on each such Interest Payment Date and on the Final Class A Interest Payment Date as Available Principal Receipts or, as the case may be, Available Revenue Receipts; and
- (d) record amounts as appropriate on the Issuer Retained Profit Ledger by recording as a credit on the Issuer Retained Profit Ledger any amounts retained by the Issuer as profit in accordance with the relevant Priority of Payments and recording as a debit any amounts paid out to fund UK corporation tax payments and dividends paid to Holdings.
- (e) adjust as appropriate the Interest Rate Swap Ledger by:
 - (i) recording scheduled payments paid by the Issuer (or required to be paid by the Issuer but otherwise netted against other payments owing from the Swap Counterparty under the Swap Agreement) to the Swap Counterparty under the Swap Agreement; and
 - (ii) recording scheduled payments received by the Issuer (or required to be received by the Issuer but otherwise netted against other payments owing to the Swap Counterparty under the Swap Agreement) from the Swap Counterparty under the Swap Agreement.
- (f) record amounts to the Replenishment Ledger by:
 - (i) on each Interest Payment Date falling in the Revolving Period, crediting the Replenishment Ledger in an amount equal to the amount to be applied thereto in accordance with the Pre-Acceleration Principal Priority of Payments;
 - (ii) debiting from the Replenishment Ledger on any Business Day amounts to be used by the Issuer for the purchase of Additional Portfolios from the Seller on such Business Day;
 - (iii) on each Interest Payment Date debit all amounts standing to the credit of the Replenishment Ledger to be applied as Available Principal Receipts; and

- (iv) following the termination of the Revolving Period and, for the avoidance of doubt, following the date on which the Notes have been repaid in full, all amounts standing to the credit of the Replenishment Ledger form part of Available Principal Receipts.

Application of amounts in respect of Swap Collateral, Excess Swap Collateral, Swap Tax Credits and Replacement Swap Premium.

Amounts received by the Issuer (or the Cash Manager on its behalf) in respect of Excess Swap Collateral, Swap Collateral (except to the extent that following the early termination of a Swap Agreement the value of such Swap Collateral has been applied, pursuant to the provisions of such Swap Agreement, to reduce the amount that would otherwise be payable by the Swap Counterparty to the Issuer on early termination of the swap under such Swap Agreement, as applicable, and, to the extent so applied in reduction of the amount otherwise payable by the Swap Counterparty, such Swap Collateral is not to be applied in acquiring a replacement swap), Swap Tax Credits and Replacement Swap Premium (only to the extent it is applied directly to pay a Swap Termination Payment due and payable by the Issuer to the outgoing Swap Counterparty) shall, to the extent due and payable under the terms of such Swap Agreement, be paid by the Cash Manager on behalf of the Issuer directly to the Swap Counterparty without regard to the relevant Priority of Payments and in accordance with the terms of the Deed of Charge and the Swap Agreement.

Priority of Payment

Pre-Acceleration Priority of Payments

The Cash Manager will on behalf of the Issuer apply Available Revenue Receipts and Available Principal Receipts standing to the credit of the Transaction Account on each Interest Payment Date in accordance with the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments.

Pre-Acceleration Revenue Priority of Payments

On each Interest Payment Date falling prior to the service of a Note Acceleration Notice by the Trustee on the Issuer, the Cash Manager (on behalf of the Issuer) shall instruct the Account Bank to apply or provide for application of the Available Revenue Receipts in accordance with the following "**Pre-Acceleration Revenue Priority of Payments**" (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) first, *pro rata* and *pari passu* to pay fees, costs, charges, liabilities expenses (including, legal fees and expenses) and any other amounts due to the Trustee (including by way of indemnity) or any Appointee appointed by the Trustee, together with interest and any amounts in respect of VAT (if any) on those amounts, and to make provision for any amounts due or to become due during the following Interest Period to the Trustee under the Trust Deed and the Deed of Charge;
- (b) second, *pro rata* and *pari passu*, to pay amounts due to:
 - (i) the Agent Bank and the Paying Agents together with interest and any amount in respect of VAT (if any) on those amounts, and any fees, costs, charges, liabilities, expenses (including legal fees and expenses) and any other amounts due (including by way of indemnity) or to become due during the following Interest Period to the Agent Bank and the Paying Agents under the Agency Agreement;
 - (ii) the Cash Manager, together with interest and any amount in respect of VAT (if any) on those amounts, and any fees, costs, charges, liabilities, expenses (including legal fees and expenses) and any other amounts due (including by way of indemnity) or to become due during the following Interest Period to the Cash Manager under the Cash Management Agreement;
 - (iii) the Servicer, together with any amounts in respect of VAT (if any) on those amounts, and to provide for any amounts due or to become due to the Servicer in the immediately succeeding Interest Period under the Servicing Agreement;

- (iv) the Corporate Services Provider, together with any amounts in respect of VAT (if any) on those amounts, and to provide for any amounts due, or to become due to the Corporate Services Provider in the immediately succeeding Interest Period, under the Corporate Services Agreement;
 - (v) the Account Bank, together with interest and any amount in respect of VAT (if any) on those amounts, and any fees, costs, charges, liabilities, expenses (including legal fees and expenses) and any other amounts due (including by way of indemnity) or to become due during the following Interest Period to the Account Bank under the Account Bank Agreement;
 - (vi) prior to any enforcement action taken by the Trustee in respect of the Security, any auditors of, and other professional advisers to, the Issuer;
 - (vii) pay the Administrator Incentive Recovery Fee (if any);
 - (viii) the Registrar, together with interest and any amount in respect of VAT (if any) on those amounts, and any fees, costs, charges, liabilities, expenses (including legal fees and expenses) and any other amounts due (including by way of indemnity) or to become due during the following Interest Period to the Registrar under the Agency Agreement;
 - (ix) to any party who is not a party to any Transaction Document to which the Issuer has delegated obligations in respect of EMIR (including any reporting or portfolio reconciliation obligations) or in respect of any agreements relating to EMIR according to the respective amounts due by the Issuer; and
 - (x) the Listing Agent, together with any amount in respect of VAT (if any) on those amounts;
- (c) third, prior to any enforcement action taken by the Trustee in respect of the Security, to pay amounts due to any third party creditors of the Issuer (other than those referred to elsewhere in this priority of payments), which amounts have been 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 to provide for any of those amounts expected to become due and payable during the following Interest Period by the Issuer and, to the extent amounts credited to the Issuer Retained Profit Ledger are insufficient, to the extent of any insufficiency to pay or discharge any corporation tax liability of the Issuer;
 - (d) fourth, to pay all amounts (if any) due and payable to the Swap Counterparty under the Swap Agreement (including termination payments but excluding any Subordinated Swap Amounts).
 - (e) fifth, to pay, *pro rata* and *pari passu*, interest due and payable on the Class A Notes;
 - (f) sixth, prior to and including the Final Class A Interest Payment Date, an amount to be credited to the Liquidity Reserve Ledger so that it equals the Liquidity Reserve Required Amount;
 - (g) seventh, an amount sufficient to eliminate any debit on the Class A Principal Deficiency Sub-Ledger;
 - (h) eighth, an amount equal to the Issuer Profit Amount to be retained by the Issuer;
 - (i) ninth, an amount sufficient to eliminate any debit on the Subordinated Notes Principal Deficiency Sub-ledger;
 - (j) tenth, to pay, *pro rata* and *pari passu*, interest due and payable on the Subordinated Notes;
 - (k) eleventh, to pay any Subordinated Swap Amounts due and payable to the Swap Counterparty;
 - (l) twelfth, towards payment of interest amounts due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;

- (m) thirteenth, to make a payment in respect of any principal due under the Subordinated Loan Agreement;
- (n) fourteenth, to pay any other amounts due and payable by the Issuer to any party under a Transaction Document not otherwise provided for above; and
- (o) fifteenth, the surplus if any, towards payment of any Deferred Purchase Price due to the Seller pursuant to the terms of the Receivables Sale and Purchase Agreement.

On the Final Class A Interest Payment Date an amount not exceeding the Principal Amount Outstanding of the Class A Notes on such Interest Payment Date in accordance with item (f) above shall be applied as Available Principal Receipts and shall be applied in full in accordance with the Pre-Acceleration Principal Priority of Payments in such amount as is required to redeem the Class A Notes and thereafter any excess shall continue to be applied in accordance with the Pre-Acceleration Revenue Priority of Payments.

Revenue Deficiency

On or before each Calculation Date, the Cash Manager will determine whether Available Revenue Receipts (but ignoring any Available Principal Receipts referred to in item (f) of the definition of Available Revenue Receipts) will be sufficient to pay items (a) to (e) of the Pre-Acceleration Revenue Priority of Payments. If the Cash Manager determines that there is a deficiency in the amount of Available Revenue Receipts (but ignoring any Available Principal Receipts referred to in item (f) of the definition of Available Revenue Receipts) available to pay items (a) to (e) of the Pre-Acceleration Revenue Priority of Payments (the amount of the deficit being the "**Revenue Deficiency**"), then the Issuer shall pay or provide for that Revenue Deficiency by applying amounts which constitute Available Principal Receipts (if any) to cover the deficit (and the Cash Manager shall make a corresponding entry against the Revenue Deficiency Ledger).

Available Principal Receipts will, if applicable, be applied as Available Revenue Receipts subject to and in accordance with the Pre-Acceleration Revenue Priority of Payments.

Pre-Acceleration Principal Priority of Payments

On each Interest Payment Date prior to the service of a Note Acceleration Notice on the Issuer by the Trustee, the Cash Manager (on behalf of the Issuer) shall instruct the Account Bank to apply or provide for application of the Available Principal Receipts in accordance with the following "**Pre-Acceleration Principal Priority of Payments**" (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) first, by way of credit to the Revenue Deficiency Ledger, an amount equal to the Revenue Deficiency and such amount to be applied as Available Revenue Receipts;
- (b) second, prior to the expiration of the Revolving Period, to pay any Additional Portfolio Purchase Price if such Interest Payment Date is an Additional Portfolio Purchase Date;
- (c) third, prior to the expiration of the Revolving Period, to the extent not used under item (b), to credit all remaining Available Principal Receipts to the Replenishment Ledger
- (d) fourth, after the end of the Revolving Period then, to pay, *pro rata* and *pari passu*, in accordance with the respective amounts thereof, principal on the Class A Notes;
- (e) fifth, after the end of the Revolving Period then, to pay, *pro rata* and *pari passu*, amounts due and payable in respect of principal (if any) on such Interest Payment Date on Subordinated Notes until the Subordinated Notes have been repaid in full; and
- (f) sixth, to apply any remaining amounts as Available Revenue Receipts ("**Surplus Available Principal Receipts**").

On the Final Class A Interest Payment Date amounts standing to the credit of the Liquidity Reserve can be applied on such Interest Payment Date as Available Principal Receipts and shall be applied in full in accordance with the Pre-Acceleration Principal Priority of Payments in such amount as is required to

redeem the Class A Notes and thereafter any excess shall continue to be applied in accordance with the Pre- Acceleration Revenue Priority of Payments.

Post-Acceleration Priority of Payments

The Deed of Charge sets out the priority of distribution by the Trustee, following the service of a Note Acceleration Notice on the Issuer (known as the "**Post-Acceleration Priority of Payments**"), of amounts received or recovered by the Trustee (or a receiver appointed on its behalf).

The Trustee will apply amounts other than amounts representing (i) any Excess Swap Collateral (which shall be returned directly to the Swap Counterparty in accordance with the Swap Agreement), (ii) any Replacement Swap Premium (only to the extent it is applied directly to pay a Swap Termination Payment due and payable by the Issuer to the outgoing Swap Counterparty), (iii) any Swap Tax Credits, which shall be returned directly to the Swap Counterparty in accordance with the Cash Management Agreement, and (iv) in respect of the Swap Counterparty, prior to the designation of an early termination date under the Swap Agreement and the resulting application of the Swap Collateral by way of netting or set-off, pursuant to the terms of the Swap Agreement, an amount equal to the value of all Swap Collateral provided by a Swap Counterparty to the Issuer pursuant to the Swap Agreement (and any interest or distributions in respect thereof) received or recovered following enforcement of the Security in the following order of priority (in each case, only to the extent that payments of a higher order of priority have been made in full):

- (a) first, *pro rata* and *pari passu*, to pay fees, costs, charges, liabilities, expenses (including, legal fees and expenses) and any other amounts due to the Trustee (including by way of indemnity) or any Appointee appointed by the Trustee, together with interest and any amount in respect of VAT (if any) on those amounts and any other amounts then due or to become due and payable to the Trustee under the provisions of the Trust Deed and the Deed of Charge;
- (b) second, *pro rata* and *pari passu*, to pay amounts due to:
 - (i) the Agent Bank and the Paying Agents, together with interest and any amount in respect of VAT (if any) on those amounts and any fees, costs, charges, liabilities, expenses (including legal fees and expenses) and any other amounts due (including by way of indemnity) or to become due and payable to them under the provisions of the Agency Agreement;
 - (ii) the Cash Manager, together with interest and any amount in respect of VAT (if any) on those amounts, and any fees, costs, charges, liabilities, expenses (including legal fees and expenses) and any other amounts due (including by way of indemnity) or to become due and payable to them, under the Cash Management Agreement;
 - (iii) the Servicer, together with any amount in respect of VAT (if any) on those amounts under the Servicing Agreement;
 - (iv) the Corporate Services Provider, together with any amount in respect of VAT (if any) on those amounts under the Corporate Services Agreement;
 - (v) the Account Bank, together with interest and any amount in respect of VAT (if any) on those amounts, and any fees, costs, charges, liabilities, expenses (including legal fees and expenses) and any other amounts due (including by way of indemnity) or to become due and payable to them, under the Account Bank Agreement;
 - (vi) to any party who is not a party to any Transaction Document to which the Issuer has delegated obligations in respect of EMIR (including any reporting or portfolio reconciliation obligations) or in respect of any agreements relating to EMIR according to the respective amounts due by the Issuer;
 - (vii) pay the Administrator Incentive Recovery Fee (if any); and
 - (viii) the Registrar, together with interest and any amount in respect of VAT (if any) on those amounts, and any fees, costs, charges, liabilities, expenses (including legal fees and expenses) and any other amounts due (including by way of indemnity) or to

become due during the following Interest Period to the Registrar under the Agency Agreement;

- (c) third, to pay all amounts (if any) due and payable to the Swap Counterparty under the Swap Agreement (including termination payments but excluding any Subordinated Swap Amounts);
- (d) fourth, to pay, *pro rata* and *pari passu* amounts in respect of interest and principal due and payable on the Class A Notes until the Class A Notes are redeemed in full;
- (e) fifth, to pay, *pro rata* and *pari passu* amounts in respect of interest and principal due and payable on the Subordinated Notes until the Subordinated Notes are redeemed in full;
- (f) sixth, to pay any Subordinated Swap Amounts due and payable to the Swap Counterparty;
- (g) seventh, towards payment of all amounts due and payable to the Subordinated Loan Provider under the Subordinated Loan Agreement;
- (h) eighth, to pay an amount equal to the Issuer Profit Amount to be retained by the Issuer and to pay corporate tax not otherwise able to be paid from amounts deposited in the Issuer Profit Ledger; and
- (i) ninth, the surplus, if any, toward payment of any Deferred Purchase Price due to the Seller pursuant to the terms of the Receivables Sale and Purchase Agreement.

ESTIMATED WEIGHTED AVERAGE LIFE OF THE NOTES

Estimated average lives of the Class A Notes

The maturity and average life of the Class A Notes cannot be exactly predicted as the actual rate at which Collections and Recoveries will be received under the Portfolio and a number of other relevant factors (such as the amount and timing of defaults or voluntary terminations) are unknown. However, calculations as to the expected maturity and average life of the Class A Notes can be made on the basis of certain assumptions as set out below in this section.

Structure of the Transaction

The ability of the Issuer to meet its obligations in respect of the Notes will be dependent upon the receipt by the Issuer of Collections and Recoveries (if possible) by the Servicer in respect of the Purchased Receivables comprised in the Portfolio. The amortisation of the Notes of each Class is therefore closely associated with the principal payments of the Purchased Receivables. An analysis of the average life of the Notes of each Class can therefore be made by analysing the projected cash flows of the Portfolio.

Weighted average life

The expression "weighted average life" refers to the average amount of time that will elapse (on an actual/365 basis) from the date of issuance of a Note to the date of distribution to the investor of amounts distributed in net reduction of principal of such Note (assuming no losses). The weighted average lives of the Class A Notes will be influenced by, among other things, the actual rate of redemption of the Purchased Receivables in the Portfolio and the length of the Revolving Period.

Structuring Assumptions

The table set forth below was produced using a financial model in which, among other things, it is assumed that prepayments of principal occur in respect of the Purchased Receivables included in the Portfolio each month at the indicated assumed constant per annum rates of prepayment ("**CPR**") relative to the then outstanding current principal balances of such Purchased Receivables. CPR does not purport to be either a historical description of the prepayment experience of any pool of Purchased Receivables or a prediction of the expected rate of prepayment of Purchased Receivables, including the Purchased Receivables to be included in the Portfolio. CPR is an annual prepayment rate.

The table set forth below was prepared on the basis of the characteristics of the Receivables to be included in the Portfolio and the following additional assumptions, including:

- (a) no Purchased Receivable is sold by the Issuer;
- (b) no delinquencies, defaults or voluntary terminations arise on any Purchased Receivable;
- (c) the Revolving Period of 12 months from the first Interest Payment Date;
- (d) the Clean Up Call is exercised on the first Interest Payment Date that such option is exercisable by the Issuer;
- (e) the first Interest Payment Date is on 14 July 2016 (subject to adjustment in accordance with the Business Day Convention);
- (f) the Closing Date is 9 June 2016 and the Notes are issued on such date; and
- (g) the amortisation profile of the assets at the end of the Revolving Period is assumed to be the same as the profile of the Initial Portfolio on the Initial Cut-Off Date.

The actual characteristics and performance of the Purchased Receivables in the Portfolio are likely to differ from the assumptions used in preparing the tables set forth below, which are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that those Purchased Receivables will prepay at a constant rate until the Final Redemption Date, that all of those Purchased Receivables will prepay at the same rate or that there will be no defaults, voluntary terminations or delinquencies on those Purchased

Receivables. Any difference between the assumptions set out above and the actual characteristics and performance of those Purchased Receivables and the length of the Revolving Period will cause the weighted average life of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage of CPR. Subject to foregoing discussions and assumptions, the following tables indicate the weighted average lives of the Notes in years.

Weighted Average Life of the Class A Notes

CPR⁴	WAL (in Years)	First Principal Payment	Expected Maturity
0.0%	2.42	Jul-17	Jul-20
5.0%	2.32	Jul-17	May-20
10.0%	2.22	Jul-17	Apr-20
15.0%	2.13	Jul-17	Feb-20
20.0%	2.05	Jul-17	Dec-19
25.0%	1.97	Jul-17	Oct-19

⁴ Constant annual rate of prepayment

THE ISSUER

Introduction

The Issuer was incorporated in England and Wales under the Companies Act 2006 on 18 April 2013 (registered number 8494691) as a public company with limited liability under the Companies Act 2006 (as amended). The original name of the Issuer was Tearbrook plc, which was changed to Orbita Funding 2013-1 plc on 25 July 2013, to Orbita Funding 2015-1 plc on 9 October 2015 and to Orbita Funding 2016-1 plc on 26 November 2015. The registered office of the Issuer is 35 Great St. Helen's, London EC3A 6AP, telephone 020 7398 6300. The issued share capital of the Issuer is 50,000 ordinary shares of £1 each of which one share is fully paid and 49,999 shares are quarter-paid and all shares are held by Holdings. The entire issued share capital of Holdings is held on trust by SFM Corporate Services Limited under the terms of a share trust deed dated 28 July 2014 under a discretionary trust for discretionary purposes. The Issuer has no subsidiaries.

Principal Activities

The Issuer is permitted, pursuant to the terms of its Articles of Association, *inter alia*, to issue the Notes and to acquire the Purchased Receivables and the Related Rights.

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to its incorporation, the authorisation and issue of the Notes and of the other documents and matters referred to or contemplated in this document to which it is or will be a party and matters which are incidental or ancillary to the foregoing. The Issuer has prepared dormant accounts for the accounting years ending July 2014 and 2015.

There is no intention to accumulate surpluses in the Issuer.

The Issuer will covenant to observe certain restrictions on its activities which are set out in Condition 3 (Covenants).

Directors and Company Secretary

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

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
SFM Directors Limited	35 Great St. Helen's, London EC3A 6AP	Director of SPVs
SFM Directors (No.2) Limited	35 Great St. Helen's, London EC3A 6AP	Director of SPVs
J-P Nowacki	35 Great St. Helen's, London EC3A 6AP	Company Director

The company secretary of the Issuer is SFM Corporate Services Limited.

As at the date hereof, the Issuer has no employees, non-executive directors or premises.

The Directors of SFM Directors Limited and SFM Directors (No.2) Limited and their business addresses and principal activities are as follows:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
Robert Berry	35 Great St. Helen's, London EC3A 6AP	Director
J-P Nowacki	35 Great St. Helen's, London EC3A 6AP	Director
Claudia Wallace	35 Great St. Helen's, London EC3A 6AP	Director
Helena Whitaker	35 Great St. Helen's, London EC3A 6AP	Director
Vinoy Nursiah	35 Great St. Helen's, London EC3A 6AP	Director

Debra Parsall	35 Great St. Helen's, London EC3A 6AP	Director
Susan Abrahams	35 Great St. Helen's, London EC3A 6AP	Director

Capitalisation Statement

The following table shows the capitalisation of the Issuer as at the date of this Prospectus:

Share capital

Issued:

50,000 ordinary shares of £1 each, 49,999 issued and paid up as to £0.25 and one issued fully paid share
£12,500.75

The accounting reference date of the Issuer is 31 July.

HOLDINGS

Introduction

Holdings was incorporated in England and Wales under the Companies Act 2006 on 15 April 2013 (registered number 8489151) as a private company with limited liability under the Companies Act 2006 (as amended). The original name of the Issuer was Nougathaven Limited, which was changed to Orbita Holdings Limited on 25 July 2013. The registered office of Holdings is at c/o 35 Great St. Helen's, London EC3A 6AP, telephone 020 7398 6300. The share capital of Holdings is one ordinary share of £1 which is issued and is credited as fully paid. The entire issued share capital of Holdings is held on trust by SFM Corporate Services Limited under the terms of a declaration of trust dated 28 July 2014 on a discretionary trust for discretionary purposes.

Principal Activities of Holdings

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 activities other than those incidental to its incorporation and those matters referred to or contemplated in this document and any matters which are incidental or ancillary to the foregoing. Holdings has prepared dormant accounts for the accounting years ending July 2014 and 2015.

Directors and Company Secretary of Holdings

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

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
SFM Directors Limited	35 Great St. Helen's, London EC3A 6AP	Director of SPVs
SFM Directors (No.2) Limited	35 Great St. Helen's, London EC3A 6AP	Director of SPVs
J-P Nowacki	35 Great St. Helen's, London EC3A 6AP	Company Director

The company secretary of Holdings is SFM Corporate Services Limited.

As at the date hereof, Holdings has no employees, non-executive directors or premises.

The directors of SFM Directors Limited and SFM Directors (No.2) Limited and their business addresses and principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
Robert Berry	35 Great St. Helen's, London EC3A 6AP	Director
J-P Nowacki	35 Great St. Helen's, London EC3A 6AP	Director
Claudia Wallace	35 Great St. Helen's, London EC3A 6AP	Director
Helena Whitaker	35 Great St. Helen's, London EC3A 6AP	Director
Vinoy Nursiah	35 Great St. Helen's, London EC3A 6AP	Director
Debra Parsall	35 Great St. Helen's, London EC3A 6AP	Director
Susan Abrahams	35 Great St. Helen's, London EC3A 6AP	Director

THE SELLER, THE SERVICER AND THE RECEIVABLES

1. Corporate Information and Business Operations

The Seller was incorporated on 9 February 1924 under the Companies Acts 1908 to 1917 in England and Wales as a private company with limited liability (registered number 195626). The Seller is a bank and is authorised to accept deposits under the FSMA. The Seller is authorised by the Prudential Regulatory Authority and is regulated by the Financial Conduct Authority and the Prudential Regulatory Authority and is the parent company of a group providing a range of banking services. The Seller is a wholly-owned indirect subsidiary of Close Brothers Group plc.

The registered office of the Seller is 10 Crown Place, London, EC2A 4FT and its telephone number is +44 (0) 20 7655 3100.

The Seller and its subsidiaries (together, the "**Group**") is comprised of a number of specialist businesses focused on specialist lending to small and medium sized enterprises ("**SMEs**"), professionals and consumers, financing a diverse range of asset classes, mainly in the UK but also in Ireland, the Channel Islands and Germany. This includes treasury and deposit-taking operations in London. The main source of income for the Group is net interest and fees on its loan book supplemented by rental income and interest income from treasury assets.

The Group's strategy is to deliver sustainable growth and strong returns throughout the economic cycle. To do this, the Group continually invests in its business model to maintain its local presence and leading position in its chosen specialist markets, in order to build long-term client relationships.

The Group is organised into four business divisions (Retail, Commercial, Property and Treasury), which together employ over 1,900 people.

2. Close Brothers Limited's Motor Finance Business

The motor finance business is part of the Group's Retail business unit and provides point of sale finance for the acquisition of cars, motorbikes and light commercial vehicles. The motor finance business was founded in 1988.

The business operates through 13 branches across the UK, which service a network of over 7,200 motor dealers ranging from small independent dealerships to large multi-franchised dealerships and manufacturers. As at 31 January 2016, the motor finance business had a loan book of £1,633.3 million, relationships with over 32,000 SMEs and over 230,000 individuals and an average loan size of £6,000 with an average contractual loan term of 3-4 years.

The Contracts have been entered into by the Seller in the name of Close Brothers Motor Finance ("**CBMF**"), a trading name of the Seller registered with the Financial Conduct Authority. In this section references to CBMF are to the Seller's motor finance business.

CBMF is based in Doncaster and its head office, Roman House, is home to nine key functions together with the senior leadership team. At its second Doncaster location, Spinner Point, the motor finance business has its key accounts division, dealer support and IT functions. The motor finance business contains a dedicated motorcycle division and a key accounts division which provides support to larger franchised dealers.

3. Close Brothers Motor Finance Product Description

CBMF offers a range of products that include consumer and commercial finance for both new and used cars, motorbikes and light commercial vehicles. The main sales channel for CBL is the branch network with some dealer business being managed and written by the CBMF key accounts team who deal with larger single site dealers, small groups and franchised dealers. CBMF relies almost exclusively on contracts it has established with Dealers for the introduction of business.

Upon a customer selecting a vehicle and visiting a Dealer to purchase such vehicle, a Dealer will submit an application to its local CBMF branch. Such application is underwritten in such CBMF

branch (the vast majority manually) and, if successful, the CBMF branch will confirm acceptance to the relevant Dealer at which point the transaction is concluded between the Dealer and the customer. Occasionally the document completion process is completed by distance selling for which the Dealer is separately approved. CBMF will pay the cost of the vehicle and commission to the relevant Dealer and the customer shall be required to repay the financing to CBMF via direct debit.

Dealers may also submit applications via a broker, with approximately 20 per cent. of deals being referred to CBMF through this route.

Until July 2015 CBMF offered Guaranteed Asset Protection insurance ("**GAP**") to customers purchasing new or used cars, motorbikes and light commercial vehicles through a dedicated telesales team within CBMF, underwritten by Sterling Insurance Company Limited ("**Sterling**") to be rebranded Covea from 1 January 2016 following the acquisition of the Sterling business by Covea Insurance plc, part of the Covea Group). CBMF pays the cost of this cover to Sterling, and receives payment from the customer at the end of their finance agreement or upon demand.

The GAP product provides additional protection to the customer in the event that the vehicle is the subject of a total loss insurance claim. This could either be for theft or physical damage. In the event of a claim the customer's comprehensive car insurance policy will normally pay an amount equal to the current market value of the car at the time of loss. The GAP policy would then cover the difference between this and the outstanding balance on the finance agreement.

CBMF now offers a Return To Invoice ("**RTI**") insurance product to customers purchasing new or used cars, motorbikes and light commercial vehicles and this product is again offered to customers through a dedicated telesales team within CBMF.

The RTI product provides additional protection to the customer in the event that the vehicle is the subject of a total loss insurance claim. This could either be for theft or physical damage. In the event of a claim the customer's comprehensive car insurance policy will normally pay an amount equal to the current market value of the car at the time of loss. The RTI policy would then cover the difference between this and the initial amount that the customer paid for the vehicle. Sterling collects monthly premiums directly from the customer for a term of up to 36 months, paying commission to CBMF on a monthly basis. The RTI policy is offered on a "pay as you go" basis and can be cancelled by the customer at any time.

The GAP insurance product was offered and the RTI insurance product is offered to a customer by CBMF post-purchase of the relevant vehicle through its solicitation telesales team.

As at the date of this Prospectus, CBMF does not offer payment protection insurance on any of its retail financing contracts and no Contracts with payment protection insurance are part of the Purchased Receivables.

4. **The Contracts**

The Purchased Receivables are Receivables originated by CBMF under auto finance contracts with the Obligors. The Contracts have been entered into by CBMF with the Obligors following an introduction from a Dealer retailer acting as a credit broker and credit intermediary, though in some cases a Dealer may submit an application through a broker. The Vehicles are mainly used vehicles, with identifiable values available from Glass's Guide.

On the Closing Date, CBMF will sell and assign absolutely to the Issuer, without recourse, all of its rights, title, interest and benefit in and to the Purchased Receivables (other than Excluded Amounts) together with the Related Rights and the Issuer agrees to purchase the rights, title, interest and benefit in and to the Purchased Receivables in accordance with the Receivables Sale and Purchase Agreement described in "*Overview of the Transaction Documents — Receivables Sale and Purchase Agreement*". CBMF will make representations to the Issuer in respect of the Purchased Receivables. These representations are described further in "*Overview of the Transaction Documents — Receivables Sale and Purchase Agreement*".

The Issuer's assets arising from or in connection with the Purchased Receivables will include:

- the Purchased Receivables and collections on the Purchased Receivables applied on and after the Cut-Off Date; and
- Related Rights in relation to the Purchased Receivables.

The Vehicles will not be transferred by CBMF to the Issuer. Instead any proceeds derived from (including by way of sale or otherwise) any Vehicle returned to or recovered by or on behalf of CBMF will be paid to the Issuer.

5. **Auto Receivables**

5.1 **General**

The Receivables arise under fixed interest rate agreements. The Vehicle is sold to the Obligors on deferred payment terms. Legal title in the Vehicle is retained by CBMF until payment of all the instalments has been made.

All of the Contracts, with the exception of PCP Contracts (as described further below), provide for level monthly payments of instalments that amortise the amount financed over the term.

5.2 **Payments of Interest**

Each instalment payment generally consists of an interest portion, a fees portion, and a principal portion.

If the Obligor pays an instalment payment after its scheduled due date, CBMF may charge the Obligor late payment interest on the outstanding amount of the instalment (at the interest rate of the Contract).

The Obligor may early settle the Contract in whole or in part, in accordance with the formulae for full and partial early settlements contained under the CCA and applicable secondary legislation.

5.3 **Amortisation Characteristics**

Generally, the Obligor pays monthly instalments pursuant to the instalment plan set out in the Contract. Other than in respect of PCP Contracts, on payment of the last instalment, any outstanding amount under the Contract will be fully amortised. In respect of PCP Contracts, the Obligor has the option to (a) make a final balloon payment and take title of the Vehicle or (b) return the Vehicle financed under such PCP Contract to CBMF in lieu of making such final balloon payment (subject to compliance with certain conditions). The Contract sets out the amount of each instalment as well as the total number of instalments. In respect of PCP Contracts, the Contract, in addition to the amount of each instalment and the total number of instalments, also sets out the amount and timing of the final balloon payment. The first instalment becomes payable on the date specified in the Contract. Any of the subsequent monthly instalments become payable in the relevant month on the same calendar day as the first instalment.

5.4 **Residual value risk (PCP contracts)**

To mitigate risk in PCP Contracts, the Guaranteed Future Value and consequently the balloon payment is usually set below the predicted future value in respect of the relevant vehicle based on contractual mileage assumptions using CAP Monitor valuation. Any customers taking advantage of the right to return the vehicle will be charged for any excess mileage above the contracted rate and any excessive wear and tear.

CBMF monitors the residual value exposure on a regular basis and monitors the future CAP Monitor valuation in respect of the relevant vehicle in its monthly risk reporting and risk committee reporting.

6. **Origination**

The Contracts are originated through CBMF's network of Dealers (with a portion of applications being received via brokers). CBMF enters into formal written agreements with each Dealer before it permits them to offer their products. A dealer declaration completed by the Dealer for every regulated agreement imposes obligations regarding the requirement to give an adequate explanation of the agreement to the Obligor, the form and content of contract documents and verification of the signing of Contracts by Obligors.

Dealers are responsible for the preparation and submission of an Obligor's application to the underwriters in the relevant CBMF branch. If the application is accepted, a paperless electronic process ("**E-Click**") is used for the majority of Contracts that allows Dealers to present the finance agreement to the Obligor and sign the agreement online.

E-Click is a simple five step process that can be completed quickly and is intended to conform with the requirements of the CCA and relevant EU legislation on e-signature. Under E-Click, turnaround times are reduced, electronic ID checks are completed automatically and fraud prevention is incorporated. The E-click process ensures the customer is taken through all steps and documents required as part of the sales process from a legal and regulatory point of view.

For non-E-Click agreements, a paper based credit agreement and paper based ID and supporting documentation is received, reviewed and set up

7. **Underwriting**

CBMF underwriting is predominantly a manual process of subjective decision making carried out by specialist teams based in the branch network. Underwriters complete an assessment of affordability based on customer profile (including vehicle type) and credit bureau information. Branch managers and regional Heads of Operations are responsible for undertaking regular reviews of underwriting quality in their teams, to ensure that standards are being consistently applied.

All proposals for private individuals are credit scored however it is CBMF's policy to make the majority of lending decisions in respect of individual customers and all corporate customers by a manual process of subjective underwriting carried out by trained and experienced underwriters in its branches. Careful consideration is given to an applicant's ability to afford their credit commitments based on an assessment of customer profile and existing commitments. No credit scoring is done for corporate proposals.

Underwriting is carried out in CBMF's branch network and business units. The CBMF credit team is responsible for underwriting of proposals outside business mandate levels and for the approval of policy exceptions. In total approximately 70 staff hold underwriting mandates.

Underwriters will assess the applicant's propensity and ability to repay as well as considering CBMF's recovery position in the event of non-payment.

Underwriters will review all aspects of an application in reaching a decision including the applicant's profile, Experian search results, the terms of the deal and the vehicle to be financed. Customer details must include a minimum of three years address and employment history

Additional notes detailed on the Front-end Proposal System (FPS) are required to be documented by exception, for example, details from manual searches, gaps in voters roll, poor credit profiles, information from either the Dealer or the applicant. All acceptance conditions are also required to be documented. If acceptance is outside standard parameters, rationale of acceptance must be detailed by an underwriter with the requisite authority. All applications require a statement detailing how evidence of affordability has been determined.

8. **Fraud Detection**

All accepted deals over £20,000 are subject to a manual customer contact check to prevent identity fraud. For agreements processed using the E-Click service, a positive ID check result

(using information including bank details) is considered a satisfactory proof of identity and replaces the requirement for a copy driving licence.

For non-E-Click customers or if an E-Click ID check fails, the applicant must provide a copy of his or her current driving licence. Exception can be made where the driving licence is currently with the DVLA. In these cases, a copy of a passport must be provided and confirmation from the DVLA that the customer holds a current licence.

An Experian search and voters roll enquiry is mandatory on all private individuals. The customer's address must be confirmed for at least 3 years. Credit Account Information Sharing (CAIS) records and voters roll are both acceptable as confirmation of address.

9. **Material Changes to Credit and Internal Control Policy comprised within the Credit and Collection Procedures**

The credit department regularly reviews and analyses CBMF's portfolio of receivables to evaluate the effectiveness of the underwriting guidelines, scoring models and purchasing criteria. The credit department conducts monthly quality assurance reviews on a sample of 20 deals by branch to monitor adherence to mandate underwriting and credit policy and to ensure that the standard of subjective decision making is maintained. Further periodic reviews are carried out by CBMF's risk management functions. This trend analysis instructed by the ongoing review may trigger changes to policies in order to change the quality of CBMF's portfolio.

Any changes to the credit or internal control policies must be approved by the motor risk and compliance committee, with material changes also requiring approval by bank risk and compliance committee and bank credit.

10. **Servicing and Collections**

10.1 **General**

Close Brothers Limited as Servicer, will act as servicer of the Purchased Receivables for this securitisation transaction. All duties carried out by the Servicer will be undertaken using the standard of care that CBMF would exercise in its own affairs taking into account the degree and skill that it exercises for all comparable assets. CBMF's servicing and collections systems maintain records for all Receivables, applications of payments, relevant information on Obligors and account status.

Approximately 92 per cent. of CBMF's retail customers make their payments through direct debit payment systems, the remainder pay via standing order, cash, cheque or bank transfer. In the case of direct debit and standing order payments, payment files are received on a daily basis from the independent third party banks that process these transactions. This file is uploaded to the Cash Management System ("CMS") from which every transaction is reported directly to the finance and control and service support departments via a daily CMS report detailing all payments received.

10.2 **Arrears Collections Procedure comprised within the Credit and Collection Procedures**

CBMF uses an arrears collections procedure, which all employees must follow when engaging with customers in arrears, including those who are experiencing a degree of financial stress, to ensure all customers are treated fairly and that solutions are aligned to customer circumstances. Each branch or division has its own collections team.

An unpaid direct debit letter will be issued to the customer and the account will appear on CBMF's internal collection system monitoring and reporting system 2-3 days following an unpaid direct debit, for collection activity to commence.

CBMF's primary collections communication strategy is to contact the customer by phone, as this allows the best opportunity to quickly understand the customer's circumstances and offer appropriate solutions. Other forms of contact can be used, such as text message, email, letter or account manager home visit. Where contact with the customer has been unsuccessful or where the customer has not been able to commit to bringing their account up to date, a statutory default

notice will be sent once the account reaches 10 days in arrears. Once this notice has been issued, the customer has 21 days in which to pay the arrears in full and CBMF will continue to attempt to make contact during this period.

Where there has been no customer contact despite phone contact guidelines being followed and no payment arrangement towards the arrears at the point the default notice has expired, the relevant CBMF branch may consider arranging a home visit in an attempt to re-connect with the customer.

CBMF endeavours to support customers to help them to regain control of their finances and only considers termination and repossession once all other options have been exhausted. In the majority of cases CBMF does not consider allowing a customer to retain a vehicle they cannot afford, or afford to maintain in a roadworthy condition, to be a fair outcome. Where contact has been made with the customer and they have worked with CBMF to allow a full understanding of their circumstances, the customer will be made aware of the different options available to them and an appropriate outcome/ solution can be agreed.

Solutions which allow the customer more time to repay their arrears are known as forbearance; however CBMF would not offer solutions that put the customer in a worsening financial situation.

10.3 **Termination of the Contracts by the Servicer**

The termination of an agreement with an obligor can only take place when the date shown on the relevant default notice has expired and the notice of sums in arrears letter was issued at least 2 working days before (in the case of regulated agreements only). Once a termination notice is issued this is irreversible and CBMF cannot continue to collect monthly repayments. As noted above, CBMF will consider forbearance and if an arrangement can be put in place.

Unregulated contracts have no statutory requirements attached to them; therefore there is no requirement to serve a default notice or notice of sums in arrears. CBMF will normally inform the company/customer so they have the opportunity to remedy the default before issuing a termination letter prior to repossession of the vehicle.

10.4 **Voluntary Termination**

Voluntary termination is only available to regulated customers who have conditional sale/PCP contracts and where the agreement has not already been terminated by the Servicer.

If CBMF terminates a credit agreement the customer no longer has a right to voluntarily terminate as the agreement has already ended. They can however voluntarily surrender after CBMF has terminated by returning the vehicle in partial or full and final settlement of their liability. Under the terms of a customer's credit agreement they are within their rights to return the vehicle at any time by voluntarily terminating their agreement. The customer is informed of this right in their agreement and the notice of default.

When a customer voluntarily terminates an agreement, they remain liable to pay up to half of the total amount payable under the agreement, or half plus any other extra monthly instalments that have fallen due. For example if the agreement is 24 months in duration and the customer voluntarily terminates at 18 months they will be liable for all rentals and arrears up to the date of voluntary termination (18 months). If the customer is in arrears, they can voluntarily terminate their agreement at any point including during the 21 day period following the issue of a default notice.

Voluntary termination does not include payments in respect of GAP insurance and the customer is still liable to make full payment of this additional product. As the RTI policy is offered on a "pay as you go" basis, it can be cancelled by the customer at any time.

Where there is a shortfall, the customer should make arrangements to satisfy their remaining liability as part of their voluntary termination. If this cannot be cleared in one payment the account will be transferred to branch services and the remaining liability would then be collected

by a Servicer appointed external collection agency. All external collection agents used are fully accredited.

The customer must give notice in writing of their wish to voluntarily terminate. CBMF may accept such notification by letter, fax or email.

10.5 **Changes to the Arrears Collections Policy comprised within the Credit and Collection Procedures**

The arrears collections policy comprised within the Credit and Collection Procedures is broken into regulatory rules and policy rules. Regulatory rules are a mandatory requirement under applicable law and cannot be waived, amended or treated as exceptions.

Policy rules must be complied with in all but exceptional circumstances. Where a CBMF branch wants to take action which is out of line with a collections policy rule there is a policy rule exemption procedure which must be followed, obtaining appropriate internal authorisation for the action before it is taken explaining the reason why the action is outside of the policy rule and why this is the correct action for this account, noting authorisation on the account notes as an evidence trail and additional details on the policy rule exceptions register.

11. **Repossessions and Disposals**

11.1 **Repossessions**

The repossession of CBMF property takes place when all other efforts to recover the debt have been exhausted.

Repossession activity is ultimately managed and controlled by CBMF to ensure all legal requirements have been met. CBMF has also contracted the services of the tracing agents and field collection agencies.

For terminated agreements where the customer has paid over a third on their account, the asset becomes protected goods, and therefore cannot be repossessed without a court order. As a general rule, CBMF does not issue proceedings for return of goods orders via a court due to the potential costs and the possibility of not being able to locate a vehicle after a judgement for a return of goods order has been awarded.

Once an agreement has been terminated, repossession will normally take place as soon as possible with particular interest being given to the following:

- (a) Vehicle condition;
- (b) Immobilisation and insurance;
- (c) Road fund licence and insurance certificate;
- (d) Vehicle condition report;
- (e) V5 registration certificate; and
- (f) Keys (both sets).

A letter of authorisation to allow an external collection agent to carry out the repossession of the vehicle is required. There must also be an accurate and a specific assessment of the vehicle condition and its value.

Branch managers are required to ensure that any repossessed goods should be stored in a locked yard, or if this is not possible, the vehicle(s) must be properly immobilised. It is normal practice to get the agent to deliver the vehicle to the approved auction house, which has secure storage facilities

If a customer that is a limited company goes into liquidation, the agreement is normally terminated and the vehicle repossessed. Unregulated contracts have no statutory requirements

attached to them, but the normal practice is to issue a missed payment letter asking the hirer to bring the account up to date within seven days. If suitable arrangements are not made to clear the arrears in this period the branch should issue a termination letter to the hirer and arrange repossession of the vehicle, unless the customer is able to settle the agreement.

11.2 Disposals

The three main ways in which repossessions are disposed of are:

- (a) through a recognised car auction;
- (b) selling back to the supplying Dealer; or
- (c) selling to the trade (meaning dealers other than the supplying Dealer).

In instances where the vehicle is sold by the supplying Dealer, three written bids should be obtained and then authorisation from the regional head of operations is obtained.

CBMF has arrangements with a number of approved auction houses. The auction house will arrange for collection of the vehicle and onward transmission to its local branch from the relevant CBMF branch or a specified collection point. Where a bid has been registered this will be submitted for decision to the branch manager, office manager or senior collector. If declined, bids from future auctions will be assessed by the branch to ensure best price is received for the vehicle.

The preferred auction house will submit the sale proceeds to the branch at which the account is held. A detailed statement indicating vehicles covered by the funds will accompany the payment should there be more than one vehicle sold.

11.3 Repossessions and Disposals of Motorcycles

CBMF branches are also likely to be involved in the repossession of motorcycles. Normal arrears procedures apply, that is, a default notice is issued, then termination and repossession occurs. As with cars (as noted above), if more than a third is paid, a court order is required.

CBMF will take steps to ensure that in all cases any relevant documentation is also returned, for example: Keys, MOT certificate and registration document. CBMF will also ensure that a V5 notification form is signed, or a termination letter is given to the hirer.

CBMF will store the motorcycle securely until disposal. CBMF's preference is to store the motorcycle at the premises of the supplying dealer; otherwise the vehicle will be stored at a local motorcycle dealer or within the branch boundaries.

The motorcycle is required to be entered in the branch repossession register and the relevant documentation completed. It is often preferable for CBMF to sell the motorcycle to the trade as the trade normally provide preferential bids when compared to auctions. As with cars, it is the Seller's responsibility to obtain the best price possible.

Three trade bids should be obtained in writing and the motorcycle sold to the highest bidder. Otherwise the vehicle will normally be sold to the supplying Dealer for the market price or trade price, whichever is higher.

Regional head of operations' approval is required if the vehicle is being sold to the trade. If the motorcycle is to be sold through an auction house, an approved third party auction house will be used. In all instances, the regional head of operations' written approval must be obtained. As with cars, motorcycles should normally be sold within a month of repossession.

12. Delinquent Accounts

Delinquent accounts are written off after standard collection efforts are exhausted and all collections, including sale proceeds, auction proceeds and insurance claims have been applied to the account. In the majority of cases, the amount written off equals the balance due after the sale

of the repossessed vehicle. If a vehicle has been completely written off due to an accident, the balance remaining (whether from an insured or uninsured loss) is written off when the customer is unable to pay. Customers' accounts may then be transferred to one of CBMF's approved collection agents.

Following the process outlined above, the principal amount, accrued interest and collection fees of accounts are written off. An actual write-off is made after all amounts, including the sale proceeds of the repossessed vehicle and any rebates, are applied to an account.

13. **Vehicles returned pursuant to a PCP Contract in lieu of final balloon payment**

Vehicles returned under PCP Contracts are sold through auction. Customers are charged for any excess mileage or excessive wear and tear.

14. **Information Regarding the Policies and Procedures of the Seller**

The Seller has internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation. The policies and procedures of the Seller in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and re-financing credit, as to which please see the information set out in this section of this Prospectus headed "*The Seller, the Servicer and the Receivables*" and the section of this Prospectus headed "*Summary of the Key Transaction Documents – Servicing Agreement*";
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures, as to which we note that the Portfolio will be serviced in line with the usual servicing procedures of the Seller – please see further this section of this Prospectus headed "*The Seller, the Servicer and the Receivables*" and the section of this Prospectus headed "*Overview of the Transaction Documents – Servicing Agreement*";
- (c) adequate diversification of credit portfolios given the Seller's target market and overall credit strategy; and
- (d) policies and procedures in relation to risk mitigation techniques, as to which please see further the section of this Prospectus headed "*Overview of the Transaction Documents – Servicing Agreement*" and this section of this Prospectus headed "*The Seller, the Servicer and the Receivables*".

THE SWAP COUNTERPARTY

HSBC Bank plc and its subsidiaries form a UK based group providing a comprehensive range of banking and related financial services.

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently incorporated as a limited company in 1880. In 1923, the company adopted the name Midland Bank Limited, which it held until 1982 when it re-registered and changed its name to Midland Bank plc. In 1992, Midland Bank plc became a wholly owned subsidiary undertaking of HSBC Holdings plc, whose Group Head Office is at 8 Canada Square, London E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in 1999.

The HSBC Group is one of the world's largest banking and financial services organisations, with around 6,000 offices in 71 countries and territories in Europe, Asia, Middle East and North Africa, North America and Latin America. Its total assets at 31 March 2016 were U.S.\$2,596 billion. HSBC Bank plc is the HSBC Group's principal operating subsidiary undertaking in Europe.

The short term senior unsecured and unguaranteed obligations of HSBC Bank plc are, as at the date of this Prospectus, rated P-1 by Moody's and A-1+ by Standard & Poor's and HSBC Bank plc has a short term issuer default rating of F1+ from Fitch. The long term senior unsecured and unguaranteed obligations of HSBC Bank plc are rated Aa2 by Moody's and AA- by Standard & Poor's and HSBC Bank plc has a long term issuer default rating of AA- from Fitch.

HSBC Bank plc is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority. HSBC Bank plc's principal place of business in the United Kingdom is 8 Canada Square, London E14 5HQ.

CREDIT STRUCTURE, LIQUIDITY AND HEDGING

Credit Enhancement

Subordination

Credit enhancement for the Class A Notes will be provided by the subordination of payments due in respect of the Subordinated Notes which rank lower than the Class A Notes in the applicable Priority of Payments.

The obligations of the Issuer to pay interest and (following expiry of the Revolving Period) to repay principal on the Notes will be subject to the applicable Priority of Payments and such amounts will only be payable to the extent that the Issuer has sufficient Available Revenue Receipts and Available Principal Receipts after making payment of all amounts required to be paid pursuant to the relevant provisions of the Cash Management Agreement or the Deed of Charge in priority to such payments. It follows that the rights of the holders of the Subordinated Notes to receive payments of principal are subordinated to the rights of the Noteholders of the Class A Notes which rank higher in the applicable Priority of Payments. Until the expiry of the Revolving Period, no principal shall be repaid on the Notes.

On an enforcement of the Security, Noteholders of the Class A Notes will have priority over the Noteholders of the Subordinated Notes that rank below them in respect of the Charged Property and the proceeds of enforcement.

Credit Support for the Notes provided by Available Revenue Receipts

It is anticipated that, during the life of the Notes, the interest payable by Obligors on the Receivables will, assuming that all of the Receivables are fully performing, be sufficient so that the Available Revenue Receipts will be available to pay the amounts payable under items (a) to (e) and (f) of the Pre-Acceleration Revenue Priority of Payments. The actual amount of any excess will vary during the life of the Notes. Two of the key factors determining such variation are the interest rates applicable to the Receivables in the Portfolio (as to which, see the section entitled "Key Structural Features – Credit Enhancement – Swap Agreement") and the performance of the Portfolio.

Subordinated Loan and Start-up Costs Proceeds

Additional liquidity support for payment of interest on the Class A Notes will be provided by the Liquidity Reserve Proceeds advanced under the Subordinated Loan. On the Closing Date, the Liquidity Reserve Proceeds will be drawn down by the Issuer. The Issuer will use this amount to establish the Liquidity Reserve in the Transaction Account, the purpose of which is to provide credit and liquidity support for the Class A Notes only so long as the Class A Notes are outstanding. The Liquidity Reserve will not be used to cure any amount standing to the credit of the Principal Deficiency Ledger.

The Issuer's up-front costs and expenses are expected to be £15,758.54 but, if any further costs and expenses are required to be incurred, will be funded by the Issuer borrowing an additional amount under the Subordinated Loan Agreement. Such amount will be repayable (subject to amounts being available under the Pre-Acceleration Revenue Priority of Payments) on each Interest Payment Date.

The Subordinated Loan will bear interest at an arm's length rate (subject to deferral if the Issuer has insufficient funds to pay such interest), and the obligations to repay the Liquidity Reserve Proceeds advanced under the Subordinated Loan will be repayable on the Final Redemption Date. On enforcement of the Security, Noteholders will have priority in respect of the Charged Property and the proceeds of enforcement.

Repayment of Liquidity Reserve Proceeds advanced under the Subordinated Loan will be subordinated to the Notes and payments will only be made on and from the Final Redemption Date.

Liquidity Reserve

In order to provide additional liquidity support for payment of interest on the Class A Notes only, on the Closing Date, the Issuer will draw down the Liquidity Reserve Proceeds under the Subordinated Loan to be made by Close Brothers Limited as Subordinated Loan Provider, the proceeds of which will be deposited in the Transaction Account to establish the Liquidity Reserve.

On each Interest Payment Date, amounts standing to the credit of the Liquidity Reserve shall be applied as Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments and shall be used to pay interest on the Class A Notes and senior expenses ranking in priority thereto. On the Final Class A Interest Payment Date, an amount not exceeding the Principal Amount Outstanding of the Class A Notes shall be applied as Available Principal Receipts and shall be applied in full in accordance with the Pre-Acceleration Principal Priority of Payments in such amount as is required to redeem the Class A Notes and thereafter any excess shall continue to be applied in accordance with the Pre-Acceleration Revenue Priority of Payments. Amounts will be paid into the Liquidity Reserve from Available Revenue Receipts up to the Liquidity Reserve Required Amount on each Interest Payment Date in accordance with the Pre-Acceleration Revenue Priority of Payments.

The "**Liquidity Reserve Required Amount**" will be (a) up to and including the Final Class A Interest Payment Date, an amount equal to the higher of: (i) 1.5 per cent. of the aggregate of the Principal Amount Outstanding of the Class A Notes as at the Calculation Date immediately preceding the relevant Interest Payment Date; and (ii) 0.5 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes as at the Closing Date and (b) thereafter, zero.

As a result of the amortisation of the Liquidity Reserve Required Amount, any surplus amounts to be released as a result of such amortisation will be applied to pay the remaining items of the Pre-Acceleration Revenue Priority of Payments.

Principal Deficiency Ledger

The Principal Deficiency Ledger has been established to record Revenue Deficiencies and losses that arise from Defaulted Receivables, Returned PCP Receivables or Voluntarily Terminated Receivables in the Portfolio.

The Principal Deficiency Ledger is comprised of two sub-ledgers the Class A Principal Deficiency Sub-ledger and the Subordinated Notes Principal Deficiency Sub-ledger which correspond to the Class A Notes and the Subordinated Notes respectively.

Close Brothers Limited will crystallise a loss on a Receivable and credit a corresponding amount to the Principal Deficiency Ledger on the earlier of (i) (if any) on a Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated Receivable being repurchased by the Seller pursuant to the Receivables Call Option; or (ii) a Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated receivable being written off as uncollectable by the Servicer in accordance with the Seller's Credit and Collection Procedures.

On each Interest Payment Date the aggregate of (i) any losses arising from Defaulted Receivables, Returned PCP Receivables or Voluntarily Terminated Receivables and (ii) an amount equal to the Revenue Deficiency to be applied as Available Revenue Receipts pursuant to the Pre-Acceleration Principal Priority of Payments, will be recorded on the Principal Deficiency Ledger.

The Swap Counterparty

For a further description of each Swap Counterparty, see "*The Swap Counterparty*" above.

Swap Agreement

On or prior to the Closing Date, the Issuer will enter into one or more fixed/floating interest rate swap transactions with the Swap Counterparty, each under an International Swaps and Derivatives Association Inc. 1992 Master Agreement, in order to address certain risks arising as a result of a fixed rate of interest payable under the Purchased Receivables and the floating rate of interest payable by the Issuer under the Class A Notes. At the commencement of each relevant period in respect of the interest rate swap transactions, the notional amount of each interest rate swap transaction documented by the Swap Agreement will be equal to the Class A Notes Principal Amount.

Pursuant to the terms of the Swap Agreement, on each Interest Payment Date commencing on the first Interest Payment Date and ending on the Final Redemption Date, the Issuer will make fixed rate payments to the Swap Counterparty in sterling which the Issuer will fund using payments which it receives from the Purchased Receivables. The fixed rate for the purposes of the Swap Agreement will be 0.70% per annum of the swap notional amount. The Swap Counterparty will, on the same Interest

Payment Date, make floating rate payments in sterling (calculated by reference to one-month Sterling LIBOR and such floating rate payment is subject to a floor of zero) to the Issuer. The amounts payable by the Issuer and the Swap Counterparty under the Swap Agreement will be netted so that only a net amount will be due from the Issuer or the Swap Counterparty (as the case may be) on an Interest Payment Date.

Ratings downgrade of a Swap Counterparty

Fitch Required Ratings

In the event that neither the Swap Counterparty nor any Credit Support Provider (as defined in the Swap Agreement) in respect of such Swap Counterparty maintains a derivative counterparty long-term rating (or, in the absence of such a rating with respect to such entity), the long-term issuer default rating by Fitch of at least "A" or a short term issuer default rating by Fitch of at least "F1" (the "**Initial Fitch Rating Event**"), the Swap Counterparty will use reasonable efforts to (a) post collateral to the Issuer within 14 calendar days of the Initial Fitch Rating Event or (b) (i) procure a transfer to an eligible replacement of its rights and obligations under the Swap Agreement or (ii) procure a guarantee from an eligible guarantor in respect of its obligations under the Swap Agreement or (iii) take such other action (which may, for the avoidance of doubt, include taking no action) as will result in the rating of the Class A Notes then outstanding following the taking of such action (or inaction) being maintained at, or restored to, at least the level it was at immediately prior to such Initial Fitch Rating Event (the action described in this item (b) referred to as the "**Fitch Required Actions**"), in each case, within 30 calendar days of the Initial Fitch Rating Event.

In the event that neither the Swap Counterparty nor any Credit Support Provider (as defined in the Swap Agreement) in respect of such Swap Counterparty maintains a derivative counterparty long-term rating (or, in the absence of such a rating with respect to such entity, the long-term issuer default rating) by Fitch of at least "A-" or short-term rating of at least "F2", the Swap Counterparty will be obliged to post an increased amount of collateral, in accordance with the terms of the credit support annex to the Swap Agreement.

In the event that neither the Swap Counterparty nor any Credit Support Provider in respect of such Swap Counterparty maintains a derivative counterparty long-term rating (or in the absence of such a rating with respect to such entity, the long-term issuer default rating) by Fitch of at least "BBB-" and a short-term issuer default rating by Fitch of at least "F3" (the "**Subsequent Fitch Rating Event**"), the Swap Counterparty will be obliged (a) pending the taking of any of the actions set out in subparagraph (b) below, to post collateral to the Issuer within 14 calendar days of the Subsequent Fitch Rating Event and (b) to use best endeavours to take any of the Fitch Required Actions within 30 calendar days of the Subsequent Fitch Rating Event.

If the Swap Counterparty fails to post collateral to the Issuer, procure a guarantee or transfer to an eligible replacement, or take such other action as required to maintain the rating of the Class A Notes in accordance with the foregoing, the Issuer may (but will not be obliged to) terminate the Swap Agreement.

Moody's Required Ratings

In the event that neither the Swap Counterparty nor any guarantor in respect of such Swap Counterparty maintains a long-term issuer default rating by Moody's or a counterparty risk assessment from Moody's of at least "Baa1" (the "**Moody's Collateral Trigger Event**") such Swap Counterparty will be obliged to post collateral to the Issuer in accordance with the terms of the credit support annex to the relevant Swap Agreement.

In the event that neither the Swap Counterparty nor any guarantor in respect of such Swap Counterparty maintains a long-term issuer default rating by Moody's or a counterparty risk assessment from Moody's of at least "Baa1" (the "**Moody's Transfer Trigger**"), the relevant Swap Counterparty will be obliged to, at its own cost, use commercially reasonable efforts to, as soon as reasonably practicable, either (i) procure a transfer to an eligible replacement of its rights and obligations under the relevant Swap Agreement or (ii) procure a guarantee from an eligible guarantor in respect of its present and future obligations under the relevant Swap Agreement.

If a Swap Counterparty fails to post collateral to the Issuer in accordance with the terms of the credit support annex to the relevant Swap Agreement, this will constitute an Event of Default under such Swap

Agreement. If a Swap Counterparty fails to procure a guarantee or transfer within 30 Business Days of the Moody's Transfer Trigger this will constitute an additional termination event under the relevant Swap Agreement, provided that an eligible replacement has made a firm offer that meets the conditions specified in such Swap Agreement.

Termination rights and payments

The Swap Agreement may be terminated in certain limited circumstances. Any such termination may oblige the Issuer or the relevant Swap Counterparty to make a termination payment. Any payment due to the outgoing Swap Counterparty from a replacement Swap Counterparty following termination of a Swap Agreement will be paid directly to such outgoing Swap Counterparty and will not be made available to the Secured Creditors.

If any provision of the Pre-Acceleration Revenue Priority of Payments or the Post-Acceleration Priority of Payments is amended without the prior written consent of the Swap Counterparty and such amendment further contractually subordinates the obligations of the Issuer to the Swap Counterparty, the Swap Counterparty has the right to terminate the Swap Agreement.

If any of the Transaction Documents are amended without the Swap Counterparty's prior consent and such amendments affect the Swap Counterparty in the manner specifically set out in the Swap Agreement, the Swap Counterparty has the right to terminate the Swap Agreement.

If any of the Class A Notes are redeemed in part or in full other than in accordance with their stated maturity, this will give rise to an additional termination event under the terms of the Swap Agreement.

If the Issuer does not satisfy its payment obligations under the Swap Agreement, this will constitute an event of default by the Issuer thereunder and will entitle the Swap Counterparty to terminate the Class A Swap Agreement.

Upon the occurrence of certain events in respect of the Issuer, the Swap Counterparty will have the right to terminate the Swap Agreement in accordance with its terms.

Upon termination of the Swap Agreement, endeavours will be made by the Issuer, although there can be no certainty, to find a replacement Swap Counterparty.

Security and Ranking

The Issuer's obligations to the Swap Counterparty under the Swap Agreement will be secured under the Deed of Charge. In the event of the Charged Property being enforced thereunder, such obligations (other than Subordinated Swap Amounts) will rank ahead of payments in respect of the Notes.

Withholding Tax

All payments to be made by a party under the Swap Agreement are to be made without withholding or deduction for or on account of any tax unless such withholding or deduction is required by applicable law. Each of the Issuer and the Swap Counterparty will represent, on entering into the Swap Agreement, that it is not obliged to make any such deduction or withholding under current taxation law and practice. If, as a result of a change in law (or the application or official interpretation thereof), the Issuer is required to make such a withholding or deduction from any payment to be made to the Swap Counterparty under the Swap Agreement, the Issuer will not be obliged to pay any additional amounts to the Swap Counterparty in respect of the amounts so required to be withheld or deducted. If the Swap Counterparty is required to make such a withholding or deduction from any payment to the Issuer under the Swap Agreement, it shall pay to the Issuer such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount the Issuer would have received had no such deduction or withholding been required. The party receiving a reduced payment or that is required to make an additional payment, as the case may be, will have the right to terminate the Swap Agreement (subject to the Swap Counterparty's obligation to use all reasonable efforts (provided that such efforts will not require such Swap Counterparty to incur a loss, excluding immaterial, incidental expenses) to transfer its rights and obligations under the Swap Agreement to another of its offices or affiliates such that payments made by or to that office or affiliate under the Swap Agreement can be made without any withholding or deduction for or on account of tax).

Governing Law

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

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 Trust Deed. The terms and conditions set out below will apply to the Notes in global form.

The £368,100,000 Class A Asset Backed Floating Rate Notes due 2023 (the "**Class A Notes**") and the £67,600,000 Subordinated Asset Backed Fixed Rate Notes due 2023 (the "**Subordinated Notes**" and, together with the Class A Notes, the "**Notes**") in each case of Orbita Funding 2016-1 (the "**Issuer**") are constituted by a trust deed (the "**Trust Deed**") dated 9 June 2016 (the "**Closing Date**") and made between the Issuer and Citicorp Trustee Company Limited (in such capacity, the "**Trustee**") as trustee for the Noteholders (as defined below) and security trustee for the Secured Creditors. Any reference in these terms and conditions (the "**Conditions**") to a "**Class**" of Notes or of Noteholders shall be a reference to the Class A Notes or the Subordinated Notes, as the case may be, or to the respective holders thereof.

The security for the Notes is constituted by a deed of charge and assignment (the "**Deed of Charge**") dated on or about the Closing Date and made between, among others, the Issuer and the Trustee.

Pursuant to an agency agreement (the "**Agency Agreement**") dated on or about the Closing Date and made between the Issuer, Citibank N.A., London Branch as principal paying agent (the "**Principal Paying Agent**" and such additional or other paying agents, if any, appointed from time to time pursuant to the Agency Agreement, the "**Paying Agents**"), agent bank (the "**Agent Bank**") as Registrar (the "**Registrar**") and as Account Bank (the "**Account Bank**") and the Trustee, provision is made for the payment of principal, and interest in respect of the Notes of each class.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge and the master definitions schedule (the "**Master Definitions Schedule**") entered into by, *inter alios*, the Issuer and the Trustee on or about the Closing Date.

Copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions Schedule and the other Transaction Documents are available for inspection and collection during normal business hours at the Specified Office for the time being of each of the Paying Agents. 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.

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

1. **FORM, DENOMINATION AND TITLE**

1.1 The Class A Notes are initially represented by a temporary global note (in respect of the Class A Notes a "**Temporary Global Note**"), in bearer form in the aggregate principal amount on issue of £368,100,000 for the Class A Notes. The Subordinated Notes will be in registered definitive form in the aggregate principal amount on issue of £67,600,000. The Temporary Global Note has been deposited on behalf of the subscribers of the Class A Notes with the Common Safekeeper on the Closing Date. Upon deposit of the Temporary Global Note, the Clearing Systems will credit each subscriber of Class A Notes with the principal amount of Class A Notes equal to the aggregate principal amount thereof for which it had subscribed and paid. Interests in the Temporary Global Note are exchangeable on and after the date which is 40 days after the Closing Date, upon certification of non-U.S. beneficial ownership by the relevant Noteholder, for interests in a permanent global note (a "**Permanent Global Note**") representing the Class A Notes (the expressions "**Global Notes**" and "**Global Note**" meaning, respectively, (i) the Temporary Global Note and the Permanent Global Note, or (ii) either the Temporary Global Note or Permanent Global Note, as the context may require). The Permanent Global Note has also been deposited with the Clearing Systems as Common Safekeeper. Title to the Global Notes will pass by delivery.

Interests in a Global Note in respect of the Class A Notes will be transferable in accordance with the rules and procedures for the time being of the relevant Clearing System.

Pursuant to the Agency Agreement, Citibank N.A., London Branch has agreed to act as registrar (the "**Registrar**") and will maintain a register with respect to the Subordinated Notes (the "**Register**"). Title to the Subordinated Notes shall only pass by and upon registration in the Register. All transfers of such Subordinated Notes are subject to any restrictions on transfer set forth on such Subordinated Notes and the detailed regulations concerning transfers in the Agency Agreement.

For so long as the Class A Notes are represented by a Global Note and the Clearing Systems so permit, the Class A Notes will be tradeable only in the minimum authorised denomination of £100,000 and higher integral multiples of £1,000, notwithstanding that no Definitive Notes (as defined below) will be issued with a denomination above £199,000. The Subordinated Notes will be tradeable only in the minimum authorised denomination of £100,000 and higher integral multiples of £1,000.

- 1.2 If, while any of the Class A Notes are represented by a Permanent Global Note, (a) either of the Clearing Systems is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Trustee is then in existence or (b) the Issuer or any Paying Agent has or will become subject to adverse tax consequences which would not be suffered were such Class A in definitive form, then the Issuer will issue Notes of the relevant class in definitive form ("**Definitive Notes**") in exchange for such Permanent Global Note (free of charge to the persons entitled to them) within 30 days of the occurrence of the relevant event. These Conditions and the Transaction Documents will be amended in such manner as the Trustee requires to take account of the issue of Definitive Notes.
- 1.3 Definitive Notes in respect of the Class A Notes, if issued, will only be printed and issued in denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Definitive Notes will be issued with respect to the Class A Notes with a denomination above £199,000. All such Notes will be serially numbered and will be issued in bearer form with (at the date of issue) interest coupons, principal coupons and, if necessary, talons attached.
- 1.4 "**Noteholders**", with respect to the Class A Notes, means each person (other than the Clearing Systems themselves) who is for the time being shown in the records of the Clearing Systems as the holder of a particular Principal Amount Outstanding (as defined in Condition 6.4 (*Principal Amount Outstanding*)) of the Class A Notes (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of the Notes standing to the account of any person shall be conclusive and binding for all purposes) and such person shall be treated by the Issuer, the Trustee and all other persons as the holder of such Principal Amount Outstanding of such Notes for all purposes, other than for the purpose of payments in respect thereof, the right to which shall be vested, as against the Issuer, the Trustee and all other persons, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and for which purpose "**Noteholders**" means the bearer of the relevant Global Note; and related expressions shall be construed accordingly. "**Noteholders**", with respect to the Subordinated Notes, means each person who is for the time being showing in the Register as holder(s) of the Subordinated Notes.
- 1.5
 - (a) "**Class A Noteholders**" means Noteholders in respect of the Class A Notes; and
 - (b) "**Subordinated Noteholders**" means Noteholders in respect of the Subordinated Notes and, together with the Class A Noteholders, the "**Noteholders**".

2. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

2.1 Status and relationship between the Notes

- (a) The Class A Notes constitute direct, secured and, subject as provided in Condition 10 (*Enforcement*), unconditional obligations of the Issuer. The Class A Notes rank *pari passu* without preference or priority amongst themselves.

- (b) The Subordinated Notes constitute direct, secured and, subject as provided in Condition 10 (*Enforcement*) and Condition 15 (*Subordination by Deferral of Interest*), unconditional obligations of the Issuer. The Subordinated Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes as provided in these Conditions and the Transaction Documents.
- (c) The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the Noteholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise) provided that the Trustee will be required in any such case to have regard only to the interests of the Class A Noteholders if, in the Trustee's opinion, there is a conflict between the interests of, on the one hand, the Class A Noteholders and, on the other, each or any of the Subordinated Noteholders.

2.2 Security

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

3. COVENANTS

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

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking (other than for the avoidance of doubt, any security created pursuant to the Deed of Charge);
- (b) **Restrictions on activities:** (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage (including without limitation activities of the Issuer in connection with its regulatory obligations under EMIR as a consequence of entering into the Swap Agreement); or (ii) have any subsidiaries (as defined in the Companies Act 2006), any subsidiary undertakings (as defined in the Companies Act 2006) or any employees or premises;
- (c) **Disposal of assets:** transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (d) **Dividends or distributions:** pay any dividend or make any other distribution (other than from amounts standing to the credit of its Issuer Retained Profit Ledger) to its shareholders or issue any further shares;
- (e) **Indebtedness:** incur any financial indebtedness (other than the Secured Liabilities) or give any guarantee in respect of any financial indebtedness or of any other obligation of any person;
- (f) **Merger:** consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety 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 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) **Issuer Bank Accounts:** have an interest in any bank account other than the Issuer Bank Accounts, unless such account or interest therein is charged to the Trustee on terms acceptable to it;
- (i) **Corporation tax:** prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the Taxation of Securitisation Companies Regulations 2006.
- (j) **VAT:** apply to become part of any VAT Group or voluntarily become registered (or part of any registration) for VAT in the UK; and
- (k) **Surrender of group relief:** offer or consent to surrender to any company any amounts which are available for surrender by way of group relief within Part 5 of the Corporation Tax Act 2010.

4. INTEREST

4.1 Interest Accrual

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 close of business on the day preceding the day on which such Note has been redeemed in full unless, upon due presentation in accordance with Condition 5 (*Payments*), payment of the principal in respect of the Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Trust Deed.

4.2 Interest Payment Dates

The Notes bear interest on their respective Principal Amounts Outstanding from and including the Closing Date payable monthly in arrear on the 14th day of each calendar month (each an "**Interest Payment Date**") in respect of the relevant Interest Period (as defined below). If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month, in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. The first payment shall be due on the Interest Payment Date falling in July 2016. The period from (and including) the Closing Date to (but excluding) the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

4.3 Rate of Interest

For each Interest Period, the interest rate applicable to the Class A Notes shall be one-month Sterling LIBOR plus 0.95% per annum (the "**Class A Notes Interest Rate**") and is subject to a floor of zero, with LIBOR being determined by the Agent Bank on the following basis:

- (i) at or about 11.00 a.m. London time on each Interest Payment Date (each such day, a "**LIBOR Determination Date**"), the Agent Bank will determine the offered quotation from leading banks in the London interbank market ("**LIBOR**") for one-month Sterling deposits (rounded to five decimal places with the mid-point rounded up) by reference to the display designated as the London interbank offered rate administered by ICE Benchmark Administration Limited (or such other party that takes over the administration of that rate) as quoted on page LIBOR01 of the Reuters screen service (or any replacement Thomson Reuters page which displays that rate) (the "**LIBOR Screen Rate**"). If the agreed page is replaced or service ceases to be available, the Agent Bank may specify another page or service displaying the appropriate rate after consultation with the Trustee and the Principal Paying Agent; or

- (ii) if the LIBOR Screen Rate is not then available for Sterling or for the Interest Period of the Class A Notes, the arithmetic mean of the rates (rounded to five decimal places with the mid-point rounded up) as supplied to the Agent Bank at its request by the principal London office of each of three Reference Banks or such other three banks which the Agent Bank (in consultation with the Issuer) may appoint from time to time (the "**Reference Banks**") at or about 11.00 a.m. London time on the LIBOR Determination Date for the offering of deposits to the leading banks in the London interbank market in Sterling and for a period comparable to the Interest Period for the Notes. If on any LIBOR Determination Date, only two of three of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If on any such LIBOR Determination Date, only one such quotation is provided or if the Agent Bank certifies that it cannot determine LIBOR in accordance with the foregoing, LIBOR shall be LIBOR as determined on the immediately preceding LIBOR Determination Date.
- (b) The Subordinated Notes bear interest on their respective Principal Amount Outstanding from and including the Closing Date at a fixed rate of 5 per cent. per annum (the "**Subordinated Notes Interest Rate**" and together with the Class A Notes Interest Rate, the "**Interest Rate**").
- (c) In the event that the Class A Notes Interest Rate for any Interest Period is determined in accordance with the provisions of paragraph (a) above to be less than zero, the Class A Notes Interest Rate (as applicable) for such Interest Period shall be deemed to be zero.
- (d) In these Conditions (except where otherwise defined), the expression:
 - (i) "**Business Day**" means a day which is both a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;
 - (ii) "**Interest Determination Date**" means, in respect of the Notes the first day of the Interest Period for which the rate will apply;
 - (iii) "**Representative Amount**" means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time.

4.4 **Determination of Interest Amounts**

The amount of interest payable in respect of each Class A Note on any Interest Payment Date shall be calculated not later than on the first day of the Interest Period immediately preceding such Interest Payment Date. The Agent Bank will, on the LIBOR Determination Date in relation to each Interest Period, calculate the amount of interest (the "**Interest Amount**") payable in respect of each Class A Note for such Interest Period. The Interest Amount in respect of the Class A Notes (the "**Class A Notes Interest Amount**") will be calculated by applying the Class A Notes Interest Rate for such Interest Period to the Principal Amount Outstanding of such Class A Notes on the first day of such Interest Period (after making any payments of principal in respect thereof), multiplying the product by the actual number of days in such Interest Period divided by 365 (the "**Floating Rate Day Count Fraction**") and rounding the resulting figure to the nearest £0.01 (half a penny being rounded upwards). If the Agent Bank certifies that it cannot determine LIBOR in accordance with the foregoing, LIBOR shall be LIBOR as determined on the immediately preceding LIBOR Determination Date.

The amount of interest payable in respect of each Subordinated Note (the "**Subordinated Notes Interest Amount**") on each Interest Payment Date shall be calculated not later than on the first day of each Interest Period by applying the Subordinated Notes Interest Rate to the Principal Amount Outstanding of the Subordinated Notes on the first day of the relevant Interest Period (after making any payments of principal in respect thereof) and multiplying the product by the

Fixed Rate Day Count Fraction and rounding the resulting figure to the nearest penny (half a penny being rounded upwards).

Fixed Rate Day Count Fraction means:

- (a) in respect of any period which is a Regular Period, the number of days in the relevant period (from and including the first day of the relevant period to but excluding the last day of the relevant period) divided by the product of (i) the number of days in the Regular Period in which the relevant period falls and (ii) the number of Regular Periods in any period of one year; or
- (b) in respect of any period which is not a Regular Period the sum of:
 - (i) the number of days in such Regular Period falling in the relevant period in which the Regular Period begins divided by the product of (x) the number of days in such relevant period and (y) the number of Regular Dates that would occur in one calendar year; and
 - (ii) the number of days in such Regular Period falling in the next relevant period divided by the product of (x) the number of days in such relevant period and (y) the number of Regular Dates that would occur in one calendar year;

"Regular Period" means each period from (and including) a Regular Date in any year to (but excluding) the next Regular Date; and

"Regular Date" means the 14th day of each calendar month (whether before or after the Closing Date or before or after the scheduled Final Maturity Date of the Notes).

4.5 **Publication of Rate of Interest and Interest Amounts**

The Agent Bank shall cause each of the Class A Notes Interest Rate and the Subordinated Notes Interest Rate, and the Class A Notes Interest Amount and the Subordinated Notes Interest Amount for each Interest Period and the relative Interest Payment Date to be notified to the Issuer, the Trustee, the Registrar, each of the Clearing Systems and to any stock exchange or other relevant authority on which the Notes are at the relevant time admitted to trading and/or listed and to be published in accordance with Condition 14 (*Notice to Noteholders*) as soon as possible after their determination and in no event later than the second Business Day thereafter. The Class A Notes Interest Amount and the Subordinated Notes Interest Amount 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.

4.6 **Determination by the Trustee**

The Trustee shall, if the Agent Bank defaults at any time in its obligation to calculate any of the Class A Note Interest Amount and/or the Subordinated Note Interest Amount in accordance with the above provisions, (a) calculate the Class A Notes Interest Amount and/or the Subordinated Notes Interest Amount, as the case may be, in the manner provided in Condition 4.4 (*Determination of Interest Amounts*) or (b) use the Class A Notes Interest Rate and/or the Subordinated Notes Interest Rate, as the case may be, as last determined in the manner provided in Condition 4.4 (*Determination of Interest Amounts*) and each such determinations or calculation shall be deemed to be determination or calculation by the Agent Bank. The Trustee shall assume no liability for such calculation and the Trustee may engage advisors (at the cost of the Issuer) to perform such calculations and shall not be liable for any delay incurred by so doing.

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

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Agent Bank or the Trustee, will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Agent Bank, the Paying Agents, the Registrar and all Noteholders and (in the absence of its gross negligence, wilful default or fraud) no liability to the Issuer or to the

Noteholders shall attach to the Agent Bank or, if applicable, the Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 4.

4.8 **Agent Bank**

The Issuer shall procure that, so long as any of the Notes remains outstanding, there is at all times an Agent Bank for the purposes of the Notes and the Issuer may terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the amount of interest for any Interest Period, the Issuer shall, appoint the London office of another major bank engaged in the London interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed.

5. **PAYMENTS**

5.1 **Payments in respect of Notes**

Payments in respect of principal and interest in respect of any Global Note will be made outside the United States only against presentation of such Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) for such purpose, subject, in the case of any Temporary Global Note, to certification of non-US beneficial ownership as provided in such Temporary Global Note. Each payment of principal or interest made in respect of a Global Note will be recorded by the Clearing Systems in their records (which records are the records each relevant Clearing System holds for its customers and reflect such customers' interest in the Notes) and such records shall be *prima facie* evidence that the payment in question has been made. No person appearing from time to time in the records of either of the Clearing Systems as the holder of a Class A Note shall have any claim directly against the Issuer in respect of payments due on such Class A Note whilst such Class A Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note. The Issuer shall procure that each payment shall be entered *pro rata* in the records of the relevant Clearing System but any failure to make such entries shall not affect the discharge referred to above.

Payments in respect of the Subordinated Notes shall be made by transfer to the account specified by the Subordinated Noteholder to the Principal Paying Agent in accordance with the terms of the Agency Agreement.

5.2 **Method of Payment**

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

5.3 **Payments subject to Applicable Laws**

Payments in respect of principal and interest on the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable in the place of payment and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

5.4 **Payment only on a Presentation Date**

A holder shall be entitled to present a Global Note for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

"**Presentation Date**" means a day which (subject to Condition 8 (*Prescription*)):

- (a) is or falls after the relevant due date;

- (b) is a Business Day in the place of the Specified Office of the Paying Agent at which the Global Note is presented for payment; and
- (c) in the case of payment by credit or transfer to a Sterling account in London as referred to above, is a Business Day in London.

In this Condition 5.4, Business Day means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

5.5 **Paying Agents**

The name of the Principal Paying Agent and its initial Specified Office are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a person appointed to perform the obligations of the Principal Paying Agent; and
- (b) there will at all times be at least one Paying Agent (who may be the Principal Paying Agent) having its Specified Office in such place as may be required by the rules and regulations of the relevant stock exchange and competent authority which, for so long as the Notes are admitted to trading on the Official List of the Irish Stock Exchange and to trading on its regulated market and the relevant listing rules require, shall be a place in the United Kingdom (such as London) or such other place as the Irish Stock Exchange may approve.

Notice of any termination or appointment and of any changes in Specified Offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 14 (*Notice to Noteholders*).

6. **REDEMPTION**

6.1 **Redemption at maturity**

Unless previously redeemed in full, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Interest Payment Date falling on the Final Maturity Date.

6.2 **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 the next Interest Payment Date, the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any Class of the 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 the United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax or any other tax authority outside the United Kingdom;
- (b) the aggregate Outstanding Principal Balance of all of the Purchased Receivables is equal to or less than 10 per cent. of the aggregate Outstanding Principal Balance of all of the Purchased Receivables as at the Closing Date; or
- (c) the Class A Notes have been redeemed in full, then the Issuer:
 - (i) may redeem all, but not some only, of the Notes, or
 - (ii) if the Seller has directed the Issuer to use the proceeds of a repurchase of the Purchased Receivables by the Seller to redeem the Notes, the Issuer must redeem all, but not some only, of the Notes,

in each case, on the next following Interest Payment Date or, in respect of (c), on and from the Interest Payment Date on which (c) occurs.

The Issuer may, if the same would avoid the effect of the relevant event described 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 as principal debtor under the Notes.

If the Issuer certifies to the Trustee (upon which certificate the Trustee shall rely absolutely and without further enquiry or liabilities) immediately before giving the notice referred to below that one or more of the events described above is continuing 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 sub-paragraph (a) described above, such shorter period expiring on or before the latest date permitted by relevant law) to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) and to the Trustee, redeem all, but not some only, of the Notes at their respective Principal Amount Outstanding together with accrued but unpaid interest up to but excluding the date of redemption (which shall be an Interest Payment Date). Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the Trustee a certificate (upon which certificate the Trustee shall rely absolutely and without further enquiry or liabilities) signed by two directors of the Issuer stating that (a) the relevant event described above is continuing; (b) in the case of sub-paragraph (b) above, that no Event of Default has occurred and that no Insolvency Event has occurred in respect of the Issuer; and (c) in the case of sub-paragraphs (a) to (c) above inclusive, the Issuer will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Interest Payment Date and to discharge all other amounts required to be paid by it on the relevant Interest Payment Date, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above and it shall be conclusive and binding on the Noteholders.

6.3 **Mandatory Redemption in part**

Other than as set out in this Condition 6, the Principal Amount Outstanding of the Notes shall not be due until the Final Maturity Date, however on each Interest Payment Date following the termination of the Revolving Period and, prior to the service of a Note Acceleration Notice, Available Principal Receipts will be applied in redemption of the Notes, in accordance with the Pre-Acceleration Principal Priority of Payments.

On and after the occurrence of an Event of Default and service of a Note Acceleration Notice, the Issuer shall redeem the Notes in accordance with the Post-Acceleration Priority of Payments.

For the avoidance of doubt the Notes will be redeemed, subject to and in accordance with the relevant Priority of Payments.

6.4 **Principal Amount Outstanding**

The "**Principal Amount Outstanding**" of a Note on any date shall be its original principal amount less the aggregate amount of all principal payments in respect of such Note which have become paid since the Closing Date except if and to the extent that any such payment has been improperly withheld or refused.

6.5 **Notice of redemption**

Any such notice as is referred to in Condition 6.2 (*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.

6.6 **No purchase by the Issuer**

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

6.7 **Cancellation**

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

7. **TAXATION**

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**"), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer or, as the case may be, the relevant 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. Neither the Issuer nor any other person shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

8. **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 8 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 Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Noteholders in accordance with Condition 14 (*Notice to Noteholders*).

9. **EVENTS OF DEFAULT**

9.1 The Trustee in its absolute discretion may, and if so directed in writing by the holders of at least one-fifth in aggregate Principal Amount Outstanding of the Class A Notes while they remain outstanding and thereafter the Subordinated Notes while they remain outstanding (the "**Most Senior Class of Notes**") or if so directed by an Extraordinary Resolution of the Most Senior Class of Notes (subject, in each case, to being indemnified and/or prefunded and/or secured to its satisfaction against all Liabilities to which it may become liable or which it may incur by so doing and subject as further provided in clause 9.1(b) of the Trust Deed), (but, in the case of the happening of any of the events described in sub-paragraph (d) below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Most Senior Class of Notes) shall give notice (a "**Note Acceleration Notice**") to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Trust Deed, following the occurrence of any of the following events (each, an "**Event of Default**"):

- (a) an Insolvency Event occurs with respect to the Issuer; or
- (b) the Issuer defaults in the payment of any interest on the Most Senior Class of Notes when the same becomes due and payable, and such default continues for a period of fourteen Business Days (for the avoidance of doubt, while any of the Class A Notes are still outstanding, non-payment on the Subordinated Notes will not be an Event of Default); or
- (c) the Issuer defaults in the payment of principal on the Most Senior Class of Notes when due, and such default continues for a period of seven Business Days, for the avoidance of doubt, non-payment on the Subordinated Notes, while any of the Class A Notes are still outstanding, will not be an Event of Default; or
- (d) the Issuer fails to perform or observe any of its other obligations under the Conditions or any Transaction Document to which it is a party and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 30 days following the service by the Trustee on the Issuer of notice requiring the same to be remedied.

9.2 **General**

Upon the service of a Note Acceleration Notice by the Trustee in accordance with Condition 9.1 above, all classes of the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Trust Deed. The security constituted by the Deed of Charge will become enforceable upon the occurrence of an Event of Default.

9.3 **Restriction**

Except in the case of an Event of Default referred to in Condition 9.1(b) or 9.1(c), the Trustee will not be entitled to dispose of any of the assets comprised in the Security constituted by the Deed of Charge unless a financial adviser selected by the Trustee has confirmed that, in its opinion, either (i) a sufficient amount would be realised from such disposal to allow discharge in full of all amounts owing to the Noteholders and all amounts payable in priority thereto in accordance with the applicable Priority of Payments or (ii) a sufficient amount would not be so realised, but the resulting shortfall would be less than the shortfall that would result from not disposing of such assets.

10. **ENFORCEMENT**

Subject to Condition 9 (*Events of Default*), the Trustee may at any time at its discretion and without notice, and shall, if so directed in writing by the holders of at least one-fifth in aggregate Principal Amount Outstanding of the Most Senior Class of Notes or if so directed by an Extraordinary Resolution of the Most Senior Class of Notes (subject in each case to being indemnified and/or pre-funded and/or secured to its satisfaction against all Liability to which it may become liable or which it may incur by so doing and subject as further provided in clause 9.1(b) of the Trust Deed), take such action under or in connection with any of the Transaction Documents as it may think fit (including, without limitation, taking any action under or in connection with any of the Transaction Documents or, after the service of a Note Acceleration Notice, to take steps or proceedings to enforce or realise the security constituted by the Deed of Charge), provided that:

- (a) the Trustee shall not be bound to take any such action unless it shall have been indemnified and /or pre-funded and/or secured to its satisfaction; and
- (b) none of the Trustee or any of the Secured Creditors shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer.

Notwithstanding the foregoing, the Deed of Charge will provide that the Trustee shall use its best endeavours to enforce the security constituted by the Deed of Charge by appointing an administrative receiver in respect of the Issuer if it has actual notice of (i) an application for the appointment of an administrator in respect of the Issuer or (ii) the giving of a notice of intention to appoint an administrator in respect of the Issuer, such appointment of an administrative receiver to take effect not later than the final day by which the appointment must be made in order to prevent an administration proceeding.

The Deed of Charge will further provide that (a) the Trustee will not be liable for any failure to appoint an administrative receiver in respect of the Issuer, save in the case of its own gross negligence, wilful default or fraud and (b) in the event that the Trustee appoints an administrative receiver in respect of the Issuer under the Deed of Charge in the circumstances set out in the paragraph above, then the Issuer shall waive any claims against the Trustee in respect of the appointment of the administrative receiver.

11. **MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER**

11.1 The Trust Deed contains provisions for convening meetings of the Noteholders of each 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.

11.2 Subject as provided below, the quorum at any meeting of Noteholders of any Class of Notes for passing an Ordinary Resolution will be one or more persons holding or representing not less than one-fifth of the aggregate Principal Amount Outstanding of such Class of Notes, or, at any

adjourned meeting, one or more persons being or representing a Noteholder of the relevant Class, whatever the aggregate Principal Amount Outstanding of the Notes of such Class held or represented by it or them.

11.3 Subject as provided below, the quorum at any meeting of Noteholders of any Class of Notes for passing an Extraordinary Resolution (other than in respect of a Basic Terms Modification) 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, at any adjourned meeting, one or more persons holding or representing not less than one quarter of the aggregate Principal Amount Outstanding of the Notes of such Class.

11.4 The quorum at any meeting of Noteholders of any Class for passing an Extraordinary Resolution to sanction a modification of the date of maturity of any Notes or which would have the effect of postponing any day for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of such Notes, altering the currency of payment of such Notes or altering the quorum or majority required in relation to this exception (each, a "**Basic Terms Modification**") shall be one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, not less than one-quarter of the aggregate Principal Amount Outstanding of the Notes of such Class.

Subject to Condition 11.5 and except in the case of an Extraordinary Resolution directing the Trustee to give a Note Acceleration Notice, as to which the provisions of Condition 9 (*Events of Default*) shall apply:

- (a) an Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on the Subordinated Noteholders irrespective of the effect upon them; and
- (b) no Extraordinary Resolution of the Subordinated Noteholders shall be effective for any purpose unless either: (i) the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders or (ii) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders or (iii) none of the Class A Notes remain outstanding.

The Trust Deed contains similar provisions in relation to directions in writing from the holders of the Most Senior Class of Notes outstanding upon which the Trustee is bound to act.

11.5 An Extraordinary Resolution involving a Basic Terms Modification that is passed by the holders of one Class of Notes shall not be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes then outstanding.

11.6 The Trustee may agree without the consent of the Noteholders or the other Secured Creditors:

- (a) to any modification (excluding in relation to a Basic Terms Modification), or to any waiver or authorisation of any breach or proposed breach, of these Conditions or of any of the Transaction Documents which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Most Senior Class Outstanding; or
- (b) to any modification which, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error.

11.7 Notwithstanding the provisions of Condition 11.6, the Trustee shall be obliged, without any consent or sanction of the Noteholders or the other Secured Creditors, but subject to the receipt of written consent from each of the Secured Creditors party to the Transaction Document being modified, to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to these Conditions and/or any Transaction Document that the Issuer considers necessary or as proposed by the Swap Counterparty or the Account Bank pursuant to Condition 11.7(a)(ii):

- (a) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that:

- (i) the Issuer certifies in writing to the Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
- (ii) in the case of any modification to a Transaction Document or these Conditions proposed by the Swap Counterparty or the Account Bank in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
 - (A) the Swap Counterparty or the Account Bank, as the case may be, certifies in writing to the Issuer and the Trustee that such modification is necessary for the purposes described in paragraph (ii)(x) and/or (y) above; and
 - (B) Either:
 - (1) the Swap Counterparty or the Account Bank, as the case may be, obtains from each of the Rating Agencies a Rating Agency Confirmation and, if relevant, delivers a copy of each such confirmation to the Issuer and the Trustee; or
 - (2) the Swap Counterparty or the Account Bank, as the case may be, certifies in writing to the Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in a downgrade, qualification or withdrawal of the then current ratings assigned to any Class of the Notes by such Rating Agency;
- (b) in accordance with the provisions of Part 6(d) (*Amendment to Swap Documentation to ensure compliance with EMIR*) of the schedule to the Swap Agreement, in order to enable the Issuer and/or any Swap Counterparty to comply with any obligation which applies to it under EMIR, and/or any New Regulatory Requirements (as such term is defined in the schedule to the Swap Agreement) provided that the Issuer or the relevant Swap Counterparty, as appropriate, certifies to the Trustee and the relevant Swap Counterparty or Issuer, as applicable, in writing that such modification is required solely for the purpose of enabling it to satisfy such obligation and has been drafted solely to such effect;
- (c) for the purpose of complying with any changes in the requirements of Article 405 of the Capital Requirements Regulation, Article 17 of Directive 2011/61/EU (as amended), Article 51 of the AIFM Regulation or Article 254(2) of the Solvency II Delegated Act after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the Capital Requirements Regulation, the AIFM Regulation or the Solvency II Delegated Act or any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (d) for the purpose of enabling the Notes to be (or to remain) listed on the Irish Stock Exchange, provided that the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (e) 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 Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

- (f) for the purpose of complying with any changes in the requirements of Regulation (EU) No 1060/2009 (the "**CRA Regulation**") after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by the Issuer, the Swap Counterparty or the relevant Transaction Party, as the case may be, pursuant to Conditions 11.7(a) to (f) (inclusive) above being a "**Modification Certificate**"). The Trustee is only obliged to concur with the Issuer in making any modification referred to in Conditions 11.7(a) to (f) (inclusive) above (other than in respect of a Basic Terms Modification) to the Conditions and/or any Transaction Document provided that:

- (A) other than in the case of a modification pursuant to Condition 11.7(b), at least 30 days' prior written notice of any such proposed modification has been given to the Trustee;
- (B) the Modification Certificate in relation to such modification shall be provided to the Trustee both at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (C) the written consent of each Secured Creditor which is party to the relevant Transaction Document has been obtained; and
- (D) the Trustee is satisfied that it has been or will be reimbursed all costs, fees and expenses (including properly incurred legal fees) incurred by it in connection with such modification,

and provided further that, other than in the case of a modification pursuant to Condition 11.7(b) above:

- (E) other than in the case of a modification pursuant to Condition 11.7(a)(ii) above, either:
 - (1) the Issuer obtains from each of the Rating Agencies a Rating Agency Confirmation; or
 - (2) the Issuer certifies in the Modification Certificate that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in a downgrade, qualification or withdrawal of the then current ratings assigned to any Class of the Notes by such Rating Agency; and
- (F) The Issuer certifies in writing to the Trustee (which certification may be in the Modification Certificate) that in relation to such modification (I) the Issuer has provided at least 30 days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 14 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Notes in each case specifying the date and time by which Noteholders must respond, and has made available at such time the modification documents for inspection at the registered office of the Principal Paying Agent for the time being during normal business hours, and (II) 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 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 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 Issuer in accordance with the notice provided above and 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 Schedule 3 (*Provisions for Meetings of Noteholders*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

- 11.8 When implementing any modification pursuant to Condition 11.7:
- (a) (save to the extent the Trustee considers that the proposed modification would constitute a Basic Terms Modification), the Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely and without investigation or liability on any Modification Certificate or other certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Condition 11.7 and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
 - (b) the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights, powers, authorisations, discretions, indemnification or protections, of the Trustee in the Transaction Documents and/or these Conditions.
- 11.9 The Trustee may also, without the consent of the Noteholders or the other Secured Creditors, if it is of the opinion that such determination will not be materially prejudicial to the interests of the Noteholders or the other Secured Creditors, determine that an Event of Default or Potential Event of Default shall not, or shall not subject to specified conditions, be treated as such.
- 11.10 Any such modification, waiver, authorisation or determination pursuant to Conditions 11.6 and 11.7 may be made on such terms and subject to such conditions (if any) as the Trustee may determine and shall be binding on the Noteholders and the other Secured Creditors and, unless the Trustee agrees otherwise, any such modification shall be notified by the Issuer as soon as practicable thereafter to:
- (a) so long as any of the Senior Notes remain outstanding, each Rating Agency; and
 - (b) the Noteholders in accordance with Condition 14 (*Notice to Noteholders*).
- 11.11 Notwithstanding Conditions 11.6 to 11.10 above, the Issuer may modify the terms of the Collection Account Declaration of Trust without the consent of the Trustee provided that such modification is made in accordance with the terms of the Collection Account Declaration of Trust and does not adversely affect the rights or obligations of the Issuer thereunder (for the avoidance of doubt, and without limitation, a modification to the Collection Account Declaration of Trust will adversely affect the rights or obligations of the Issuer if it has the effect of reducing any amount held on trust for the Issuer or which the Issuer is entitled to receive under the Collection Account Declaration of Trust). Condition 11.10 above shall not apply to a modification made to the Collection Account Declaration of Trust in accordance with the terms of this Condition 11.11.
- 11.12 In connection with any such substitution of principal debtor referred to in Condition 6.2 (*Optional redemption for taxation or other reasons*), the Trustee may also agree, without the consent of the Noteholders or the other Secured Creditors, to a change in the laws governing

these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders.

11.13 The Trustee shall be entitled to take into account, for the purpose of exercising or performing any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents, among other things, to the extent that it considers, in its sole and absolute discretion, it is necessary and/or appropriate and/or relevant, any communication or confirmation by any Rating Agency (including any Rating Agency Confirmations and whether or not such communication or confirmation is addressed to, or provides that it may be relied upon by, the Trustee and irrespective of the method by which such confirmation is conveyed) (a) that the then current rating by it of the Class A Notes would not be downgraded, withdrawn or qualified by such exercise or performance and/or (b) if the original rating of the Class A Notes has been downgraded previously, that such exercise or performance will not prevent the restoration of such original rating of such class of Notes.

11.14 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 or any of the Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), the Trustee is required to have regard to the interests of the Noteholders of any class, it shall have regard to the general interests of the Noteholders of such class as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

12. **INDEMNIFICATION AND EXONERATION OF THE TRUSTEE**

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving them from taking action or enforcing the security constituted by the Deed of Charge unless indemnified and/or pre-funded and/or secured to its satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Trustee is 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, the 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.

13. **REPLACEMENT OF GLOBAL NOTES**

If any Global Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Global 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 and/or the Principal Paying Agent may reasonably require. A mutilated or defaced Global Note must be surrendered before a new one will be issued.

14. **NOTICE TO NOTEHOLDERS**

Any notice shall be deemed to have been duly given to (A) the Class A Noteholders if sent to the Clearing Systems for communication by them to the holders of the Class A Notes and shall be

deemed to be given on the date on which it was so sent and (B) the Subordinated Noteholders if sent to the Registrar and (so long as the relevant Notes are admitted to trading and listed on the official list of the Irish Stock Exchange), any notice shall also be published in accordance with the relevant guidelines of the Irish Stock Exchange by a notification in writing to the Company Announcement Office of the Irish Stock Exchange.

15. SUBORDINATION BY DEFERRAL OF INTEREST

15.1 Deferred Interest

To the extent that, subject to and in accordance with the relevant Priority of Payments, the funds available to the Issuer to pay interest on any Class (or sub-class) of Notes (other than the Most Senior Class of Notes then outstanding) on an Interest Payment Date (after deducting the amounts paid senior to such interest under the Pre-Acceleration Revenue Priority of Payments are insufficient to pay the full amount of such interest, payment of the shortfall attributable to such Class (or sub-class) of Notes ("**Deferred Interest**") will not then fall due but will instead be deferred until the first Interest Payment Date for such Notes thereafter on which sufficient funds are available or until the relevant Class of Notes becomes the Most Senior Class of Notes (after deducting the amounts paid senior to such interest under the Pre-Acceleration Revenue Priority of Payments and subject to and in accordance with the relevant Priority of Payments) to fund the payment of such deferred interest to the extent of such available funds.

Such Deferred Interest will accrue interest ("**Additional Interest**") at the rate of interest applicable from time to time to the applicable Class (or sub-class) of Notes and payment of any Additional Interest will also be deferred until the first Interest Payment Date for such Notes thereafter on which funds are available (after deducting the amounts referred to in items (a) to (i) (inclusive) of the Pre-Acceleration Revenue Priority of Payments subject to and in accordance with the relevant Priority of Payments) to the Issuer to pay such Additional Interest to the extent of such available funds.

Amounts of Deferred Interest and Additional Interest shall not be deferred beyond the Final Maturity Date of the applicable Class (or sub-class) of Notes, when such amounts will become due and payable.

Payments of interest due on an Interest Payment Date in respect of the Most Senior Class of Notes then outstanding will not be deferred. In the event of the delivery of a Note Acceleration Notice, the amount of interest in respect of such Notes that was due but not paid on such Interest Payment Date will itself bear interest at the applicable rate until both the unpaid interest and the interest on that interest are paid as provided in the Trust Deed.

15.2 Principal on the Subordinated Notes

All payments of principal on the Subordinated Notes shall be made in accordance with the relevant Priority of Payments.

15.3 General

Any amounts of interest in respect of the Subordinated Notes otherwise payable under these Conditions which are not paid by virtue of this Condition 15 (*Subordination by Deferral of Interest*), together with accrued interest thereon, shall in any event become due and payable on the Final Maturity Date or on such earlier date as the Subordinated Notes become due and repayable in full under Condition 6 (*Redemption*) or if applicable, Condition 9 (*Events of Default*).

15.4 Notification

As soon as practicable after becoming aware that any part of a payment of interest on the Subordinated Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 15 (*Subordination by Deferral of Interest*), the Issuer will give notice thereof to the Subordinated Noteholders, as applicable in accordance with Condition 14 (*Notice to Noteholders*).

15.5 **Application**

This Condition 15 (*Subordination by Deferral of Interest*) shall cease to apply in respect of the Subordinated Notes, upon the redemption in full of all Class A Notes.

16. **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 Note Acceleration Notice; and
- (b) Realisation (defined below) of all of the property, assets and undertakings of the Issuer and subject of any security created by the Deed of Charge (together the "**Charged Property**") and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Priority of Payments; and

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 class of Notes then the amount remaining to be paid (after such application in full of the amounts first referred to in (b) above) under such class of Notes (and any class of Notes junior to that class of Notes) shall, on the day following such application in full of the amounts referred to in (b) above, cease to be due and payable by the Issuer. For the purpose of this Condition 16, "**Realisation**" means, in relation to any Charged Property, the deriving, to the fullest extent practicable, of proceeds from or in respect of such Charged Property including (without limitation) through sale or through performance by an obligor in accordance with the provisions of the Transaction Documents.

17. **NON PETITION**

Only the Trustee may pursue the remedies available under the general law or under the Transaction Documents to enforce the Security and no Noteholder or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security. In particular, each Secured Creditor (other than the Issuer and the Trustee) agrees and acknowledges to each of the Issuer and the Trustee, and the Trustee agrees with and acknowledges to the Issuer, that:

- (a) none of the Secured Creditors (nor any person on their behalf, other than the Issuer Trustee where appropriate) are entitled, otherwise than as permitted by the Transaction Documents, to direct the Trustee to enforce the Security or take any proceedings or action against the Issuer to enforce or realise the Security;
- (b) none of the Secured Creditors (other than the Trustee) shall have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to any of such Secured Creditors;
- (c) until the date falling two years after the Final Discharge Date none of the Secured Creditors nor any person on their behalf shall initiate or join any person in initiating an Insolvency Event or the appointment of an Insolvency Official in relation to the Issuer other than a Receiver or an administrator appointed under Clause 11 (Receiver) of the Deed of Charge; and
- (d) none of the Secured Creditors shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priority of Payments not being complied with.

18. **GOVERNING LAW**

Each of the Trust Deed, the Global Notes and these Conditions (and, in each case, any non-contractual obligations arising out of or in connection with the relevant document) is governed by, and shall be construed in accordance with, English law.

19. **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.

SUMMARY OF PROVISIONS RELATING TO THE CLASS A NOTES (WHILE IN GLOBAL FORM) AND THE SUBORDINATED NOTES

General

The Class A Notes, as at the Closing Date, will initially be represented by a Temporary Global Note. All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Temporary Global Note will be deposited on or about the Closing Date on behalf of the subscribers for the Class A Notes, with the Clearing Systems as Common Safekeeper. Upon deposit of the Temporary Global Note, the Clearing Systems will credit each subscriber of the Class A Notes with the principal amount of the Class A Notes of the relevant class equal to the aggregate principal amount thereof for which the subscriber will have subscribed and paid. Interests in the Temporary Global Note are exchangeable on and after the date which is 40 days after the Closing Date, upon certification of non-U.S. beneficial ownership by the relevant Class A Noteholder, for interests recorded in the records of the Clearing Systems in a Permanent Global Note.

Payments on the Global Note

Payments in respect of principal and interest in respect of the Global Note will be made only against presentation of such Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) for such purpose, subject, in the case of any Temporary Global Note, to certification of non-US beneficial ownership as provided in such Temporary Global Note. Each payment of principal or interest made in respect of the Global Note will be recorded by the Clearing Systems in their records (which records are the records each relevant Clearing System holds for its customers which reflect such customers' interest in the Class A Notes) and such records shall be *prima facie* evidence that the payment in question has been made. No person appearing from time to time in the records of either of the Clearing Systems as the holder of a Note shall have any claim directly against the Issuer in respect of payments due on such Note whilst such Note is represented by the Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the Global Note. The Issuer shall procure that each payment shall be entered *pro rata* in the records of the relevant Clearing Systems but any failure to make such entries shall not affect the discharge referred to above.

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

Payments in respect of principal and interest on the Class A Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment.

A holder shall be entitled to present a Global Note for payment only on a Presentation Date and shall not except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

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 depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.

Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer or the Trustee requests any action of Noteholders or if a Noteholder desires to give instructions or to take any action that a Noteholder is entitled to give or take under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the participants 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 the 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 or to the order of the common safekeeper and, upon final payment, will surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. The redemption price payable in connection with the redemption 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. Any redemptions of the Global Note in part 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 the 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 Global Note on the relevant schedule thereto and on 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.

Issuance of Definitive Notes

If, while any of the Class A Notes are represented by a Permanent Global Note, (a) either of the Clearing Systems is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Trustee is then in existence or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will on the next Interest Payment Date (as defined below) be required to make any deduction or withholding from any payment in respect of such Class A Notes which would not be required were such Class A Notes in definitive form, then the Issuer will issue Definitive Notes in exchange for such Permanent Global Note (free of charge to the persons entitled to them) within 30 days of the occurrence of the relevant event. The Conditions and the Transaction Documents will be amended in such manner as the Trustee require to take account of the issue of Definitive Notes.

Any Class A Notes issued in definitive form will be issued in definitive bearer form in the denominations set out in the Conditions and will be subject to the provisions set forth under "*Transfers and Transfer Restrictions*" above. The Subordinated Notes will be issued in definitive registered form and will be subject to the provisions set forth under "*Transfers and Transfer Restrictions*" above.

Notices and Reports

With respect to the Class A Notes, the Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices and reports received relating to the Issuer, the Global Notes or the Book- Entry Interests. Any notice shall be deemed to have been duly given to the relevant Noteholders if sent to the Clearing Systems for communication by them to the holders of the Class A Notes and shall be deemed to be given on the date on which it was so sent and (so long as the relevant Class A Notes are admitted to trading and listed on the official list of the Irish Stock Exchange) any notice shall also be published in accordance with the relevant guidelines of the Irish Stock Exchange by a notification in writing to the Company Announcements Office of the Irish Stock Exchange.

With respect to the Subordinated Notes, the Issuer will send a copy of any notices and reports received relating to the Issuer and the Subordinated Notes to the Registrar, in accordance with the Conditions. Any notice shall be deemed to have been duly given to the relevant Noteholders if sent in accordance with the Conditions.

TAXATION

UNITED KINGDOM TAXATION

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("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. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes 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 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 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

Payment 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 UK 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 either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Irish Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the regulated market of that Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

In all cases falling outside the exemption described above, interest on the Notes that has a United Kingdom source 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.

Other Rules Relating to United Kingdom Withholding Tax

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "**FFI**" (as defined by FATCA)) that does not become a "**Participating FFI**" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed-compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer may be classified as an FFI.

The new withholding regime is in effect for payments from sources within the United States and will apply to foreign passthru payments (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the grandfathering date, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the United Kingdom have entered into an agreement (the "**US-UK IGA**") based largely on the Model 1 IGA.

The Issuer expects to be treated as a Reporting FI pursuant to the US-UK IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Class A Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Class A Notes by the Issuer, any paying agent and the Common Safekeeper, given that each of the entities in the payment chain between the Issuer (and, for the avoidance of doubt, excluding the Issuer) and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Class A Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, Definitive Notes will only be printed in remote circumstances. In the case of the Subordinated Notes, FATCA Withholding generally will not be imposed on payments on the Subordinated Notes to Citibank N.A., London Branch, the paying agent, provided that Citibank N.A., London Branch complies with its requirements imposed by FATCA to collect and report (to the U.S. or another relevant taxing authority) substantial information regarding its U.S. account holders (which would include some account holders that are non-U.S. entities but have U.S. owners). However, FATCA withholding could be applicable in the payment chain between the paying agent and the holder of a Subordinated Note. Prospective investors should consult their tax advisors on how FATCA might apply to their investment in a Subordinated Note.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. 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.

SUBSCRIPTION AND SALE

The Joint Lead Managers have, pursuant to a subscription agreement dated 25 May 2016 between Close Brothers Limited, (as the Seller), the Joint Lead Managers and the Issuer (the "**Subscription Agreement**"), together agreed with the Issuer (subject to certain conditions) to subscribe and pay for £200,000,000 of the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes.

Close Brothers Limited, (as the Seller) has, pursuant to the Subscription Agreement, agreed with the Issuer (subject to certain conditions) to subscribe and pay for: (i) £168,100,000 of the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes; and (ii) 100 per cent. of the Subordinated Notes at the issue price of 100 per cent. of the aggregate principal amount of the Subordinated Notes, in each case as at the Closing Date.

The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes.

Other than admission of the Notes to the Official List of the Irish Stock Exchange and to trading on its regulated market, no action has been taken by the Issuer or the Joint Lead Managers which would or has been intended to permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

Pursuant to the Subscription Agreement, Close Brothers Limited as seller has covenanted that it 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 paragraph (d) of Article 405(1) of the Capital Requirements Regulation and paragraph (d) of Article 51(1) of the AIFM Regulation. As at the Closing Date, such interest will be comprised of an interest in the first loss tranche as required by the text of each of paragraph (d) of Article 405(1) of the Capital Requirements Regulation and paragraph (d) of Article 51(1) of the AIFM Regulation (comprising the Subordinated Notes). Any change to the manner in which such interest is held will be notified to the Noteholders.

United States

The Notes have not been and will not be registered under the Securities Act or any 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 (as defined in Regulation S) except pursuant to an exemption from registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions in reliance on Regulation S.

Each of the Joint Lead Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes as part of its distribution at any time or otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each affiliate or other dealer (if any) to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. See "*Transfer Restrictions*", below.

The Class A Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, and Treasury regulations promulgated thereunder.

United Kingdom

Each of the Joint Lead Managers has represented to and agreed with the Issuer that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in any activity (within the meaning of

section 21 of the FSMA) received by it in connection with the issue or sale of 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.

Each of the Joint Lead Managers has acknowledged that, save for having obtained the approval of the Prospectus as a prospectus in accordance with Part VI of the FSMA, and having applied for the admission of the Notes to the Official List of the Irish Stock Exchange and to trading on its regulated market, no further action has been or will be taken in any jurisdiction by the Joint Lead Managers that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material in relation to the Notes, in any country or jurisdiction where such further action for that purpose is required.

France

Each of the Joint Lead Managers has represented to and agreed with the Issuer that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties and/or (b) qualified investors (*investisseurs qualifiés*), (other than individuals) as defined in, and in accordance with, Articles D.411-1 and following of the French *Code monétaire et financier*.

The Netherlands

Each Joint Lead Manager has represented and agreed that it will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus in relation thereto to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive unless:

- (a) such offer is made exclusively to legal entities which are qualified investors as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "FMSA") and which includes authorized discretionary asset managers acting for the account of retail investors under a discretionary investment management contract in The Netherlands; or
- (b) standard exemption logo and wording are disclosed as required by article 5:20(5) of the FMSA; or
- (c) such offer is otherwise made in circumstances in which article 5:20(5) of the FMSA is not applicable,

provided that no such offer of Notes 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 expressions (i) an "offer of Notes to the public" in relation to any Notes in The Netherlands; and (ii) "Prospectus Directive", have the meaning given to them above in the paragraph below with "Public Offer Selling Restriction under the Prospectus Directive".

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each of the Joint Lead Managers has represented, warranted and agreed 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 Notes which are the subject of the offering contemplated by the Prospectus as 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 Notes to the public in that Relevant Member State:

- (a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

- (b) *Fewer than 150 offerees*: 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 Joint Lead Managers; or
- (c) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Notes referred to in (b) 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 (as amended by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

General

Each of the Joint Lead Managers has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations, and all offers and sales of Notes by it will be made on the same terms.

TRANSFER RESTRICTIONS

Offers and Sales by the Joint Lead Managers

The Notes (including with respect to the Class A Notes interests therein represented by a Global Note or a Book-Entry Interest and with respect to the Class A Notes and the Subordinated Notes, a Definitive Note) have not been and will not be registered under the Securities Act or any state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to such registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions pursuant to Regulation S.

Investor Representations and Restrictions on Resale

Each purchaser of the Notes (which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) will be deemed to have represented and agreed, as follows, that:

- (a) the Notes have not been and will not be registered under the Securities Act and such Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Notes, then it agrees that it will offer, resell, pledge or transfer such Notes only (i) to a purchaser who is not a U.S. person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. person and who is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S or (ii) 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 or (iii) pursuant to another exemption from the registration requirements of the Securities Act; 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;
- (b) unless the relevant legend set out below has been removed from the Notes, such purchaser shall notify each transferee of Notes (as applicable) from it that (i) such Notes have not been registered under the Securities Act, (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) above, (iii) such transferee shall be deemed to have represented that such transferee is acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing;
- (c) the Issuer, the Joint Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

The Notes bear a legend to the following effect:

"THIS NOTE 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 OR ANY OTHER RELEVANT JURISDICTION AND IS SUBJECT TO UNITED STATES TAX LAW REQUIREMENTS, 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 NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, 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 AND OTHERWISE IN ACCORDANCE WITH UNITED STATES TAX LAW REQUIREMENTS."

Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

GENERAL INFORMATION

1. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market, subject only, in the case of the Notes, to the issue of the Global Note of the Class A Notes. The issue of the Notes will be cancelled, if the related Global Notes, as applicable, are not issued. The estimated aggregate cost of the foregoing applications for admission to the Official List of the Irish Stock Exchange and admission to trading on its regulated market is approximately EUR 5,541.20.
2. Arthur Cox Listing Services Limited is acting solely in its capacity as Irish Listing Agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on its regulated market for the purposes of the Prospectus Directive.
3. Any website referred to in this document does not form part of the Prospectus.
4. The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had during the 12 months preceding the date of this Prospectus, significant effects upon the financial position or profitability of the Issuer.
5. The auditor of the Issuer is Deloitte LLP. Deloitte LLP is registered to carry on audit work in the United Kingdom by the Institute of Chartered Directors in England and Wales.
6. For so long as the Notes are admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market, the Issuer shall maintain a Paying Agent in the United Kingdom.
7. The issue of the Notes was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 3 June 2016.
8. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN and Common Code:

Notes	Common Code	ISIN
Class A	130278566	XS1302785669

9. From the date of this Prospectus and including for so long as the Notes are admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market, copies of the following documents may be inspected in physical form or in electronic form at the registered office of the Issuer during usual business hours, on any weekday (public holidays excepted): the Trust Deed, the Agency Agreement, the Servicing Agreement, the Cash Management Agreement, the Account Bank Agreement, the Deed of Charge, the Master Definitions Schedule, the Receivables Sale and Purchase Agreement, the Subordinated Loan Agreement, the Swap Agreement, the Corporate Services Agreement and the Memorandum and Articles of Association of the Issuer.
10. The Cash Manager on behalf of the Issuer, will publish the Monthly Investor Report detailing, *inter alia*, certain aggregated data in relation to the Portfolio. The Monthly Investor Report will also be made available, *inter alios*, to the Rating Agencies and will be available at the website <https://sf.citidirect.com/> until the last security is redeemed in full. The website and the content thereof does not form part of this Prospectus. Other than as outlined above, the Issuer does not intend to provide post-issuance transaction information relating to the Notes or the Contracts. Each Monthly Investor Report shall contain a glossary of terms used in such report.
11. In addition, the Issuer shall disclose in the first Monthly Investor Report the amount of Notes:
 - (i) privately placed with investors which are not the Seller or part of the Seller's Group;
 - (ii) retained by the Seller or by a member of the Seller's Group; and

- (iii) publicly placed with investors which are not in the Seller's Group.
12. The Issuer shall also disclose (to the extent possible), in relation to any amount initially retained by a member of the Seller's Group, but subsequently placed with investors which are not in the Seller's Group, such placement in the next Monthly Investor Report.
 13. From the date hereof as long as the Notes remain outstanding, the cashflow model (setting out the transaction cashflows assuming zero losses) and loan level data will be available at the website <https://sf.citidirect.com/> until the last security is redeemed in full. The website and the content thereof does not form part of this Prospectus.
 14. The Issuer confirms that the Contracts backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. However, 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. Consequently investors are advised to review carefully any disclosure in the Prospectus together with any amendments or supplements thereto.
 15. Since its date of incorporation, the Issuer has not commenced operations. The Issuer has prepared dormant accounts for the accounting years ending in July 2014 and 2015.
 16. The following legend will appear on all Class A Notes and on all receipts and interest coupons relating to such Notes: "ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The language of the prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

GLOSSARY OF TERMS

These and other terms used in this document are subject to, and in some cases are summaries of, the definitions of such terms set out in the Transaction Documents, as they may be amended from time to time.

"**Account Bank**" means, as at the Closing Date, Citibank, N.A., London Branch together with any additional or replacement account banks from time to time;

"**Account Bank Agreement**" means the account bank agreement dated on or about the Closing Date among the Issuer, the Cash Manager, the Account Bank, the Servicer and the Trustee;

"**Account Bank Ratings**" means all of the following ratings:

- (a) short-term, unsecured, unguaranteed and unsubordinated debt obligations rating of at least F1 by Fitch;
- (b) long-term, unsecured and unsubordinated debt or counterparty obligations ratings of at least A by Fitch; and
- (c) long-term bank deposit rating of at least A3 by Moody's,

or such other Required Rating;

"**Additional Cut-Off Date**" means the last day of the Calculation Period;

"**Additional Portfolio**" means any Receivables purchased (or to be purchased) by the Issuer from the Seller during the Revolving Period after the Closing Date;

"**Additional Portfolio Purchase Date**" means (i) each Interest Payment Date during the Revolving Period excluding the Closing Date, (ii) any other Business Day during the Revolving Period on which an Additional Portfolio is purchased by the Issuer from the Seller, or (iii) any Revised Purchase Date (as applicable);

"**Additional Portfolio Purchase Price**" means the amount, determined as at the Additional Portfolio Purchase Date, as being an amount equal to the aggregate Outstanding Principal Balance due from Obligors under the Related Contracts during the period beginning on (but excluding) the Additional Cut-Off Date and ending on (and including) the maturity date of such Related Contract plus any acceptance fees or option fees that are due but unpaid and any due but unpaid interest;

"**Administrator Incentive Recovery Fee**" means the fee (inclusive of VAT) payable to the Insolvency Official of the Seller following an Insolvency Event of the Seller in relation to the sale of the relevant Vehicles in an amount equal to (i) the reasonable costs and expenses of such insolvency official (including any Irrecoverable VAT in respect thereof) incurred in relation to the sale of such Vehicles plus (ii) a percentage of the corresponding vehicle realisation proceeds to be (x) 1 per cent. of the relevant vehicle realisation proceeds or (y) at any time thereafter, as may be agreed by the Servicer with the Insolvency Official of the Seller pursuant to the Servicing Agreement (up to a maximum amount of 1 per cent. of the relevant Vehicle realisation proceeds);

"**Adverse Claim**" means a mortgage, standard security, charge, pledge, assignation, assignation in security, attachment, lien, trust or encumbrance or security interest of any nature, or other right or claim in, of or on any Person's assets or properties in favour of any other Person (including, but not limited to, any retention of the claims by any Person);

"**Affiliate**" in relation to any corporate entity, means a holding company or subsidiary of such corporate entity or a subsidiary of the holding company of such corporate entity; and the terms "holding company" and "subsidiary" shall have the meaning given to them by the Companies Act 2006.

"**Agency Agreement**" means the agency agreement dated on or about the Closing Date among, inter alios, the Issuer, the Paying Agents, the Agent Bank and the Trustee;

"**Agent Bank**" means the person appointed as agent bank from time to time under the Agency Agreement who, as at the Closing Date, is Citibank, N.A., London Branch;

"Amount Financed" means with respect to a Purchased Receivable, the aggregate amount advanced in respect of such Receivable toward the purchase price of the Vehicle, less, in respect of such Purchased Receivable, payments received from the relevant Obligor prior to the relevant Cut-Off Date allocable to Principal Element;

"Annual Percentage Rate" or **"APR"** means, with respect to a Receivable, the annual rate of finance charges stated in such Receivable;

"Appointee" means any attorney, manager, agent, delegate, nominee, custodian or other person appointed by the Trustee under the Trust Deed or the Deed of Charge;

"Arrangers" means (i) HSBC Bank plc and (ii) Lloyds Bank plc and **"Arranger"** means any of them;

"Authorised Investments" means:

- (a) Sterling gilt-edged securities;
- (b) investments in money market funds that maintain (A) in the case of Fitch, a rating of at least AAmmf or the highest money market fund ratings from at least two other global rating agencies (including the rating of Moody's required pursuant to (B) below) and (B) in the case of Moody's, a rating of at least Aaa-mf, provided that such investments do not constitute securitisation positions; and
- (c) Sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper), provided that in all cases such investments will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and such investments (i) have a maturity date on or before the immediately following Interest Payment Date, (ii) may be broken or demanded by the Issuer (with no reduction in the value of such investment and at no cost to the Issuer) on or before the next following Interest Payment Date (iii) do not include any contractual provisions that would permit a redemption of such authorised investments in an amount less than the amount paid for such investments by the Issuer and (iv) (other than in the case of paragraph (b) above) are rated at least: (x) (A) F1 by Fitch (if such investments have a remaining maturity of less than 30 days); or (B) F1+ by Fitch (if such investments have a remaining maturity of equal to or greater than 30 days); and (y) P-1 by Moody's and AA- by Fitch and A3 (long-term deposit rating) by Moody's if the investments have a long-term rating);

"Available Principal Receipts" means an amount equal to the sum of:

- (a) all Principal Receipts received by the Issuer during the immediately preceding Calculation Period;
- (b) the amounts, if any, to be credited to the Principal Deficiency Ledger pursuant to items (g) and (i) of the Pre-Acceleration Revenue Priority of Payments on the relevant Interest Payment Date;
- (c) the amount standing to the credit of the Liquidity Facility Reserve Ledger, if any, to be applied as Available Principal Receipts (pursuant to the Pre-Acceleration Revenue Priority of Payments) to redeem in full the Class A Notes on the Final Class A Interest Payment Date;
- (d) where the Seller repurchases the Final Receivables in accordance with the terms of the Receivables Sale and Purchase Agreement in respect of an exercise by the Issuer of the Clean Up Call, such amount of the Final Repurchase Price received by the Issuer on such Interest Payment Date representing the Outstanding Principal Balance of the Final Receivables as at such Interest Payment Date;
- (e) an amount equal to any Principal Recoveries in respect of the immediately preceding Calculation Period; and
- (f) any amount standing to the credit of the Replenishment Ledger;

"**Available Revenue Receipts**" for each Interest Payment Date will be calculated by the Cash Manager on or before the immediately preceding Calculation Date and will be an amount equal to the sum of:

- (a) all Revenue Receipts received by the Issuer during the immediately preceding Calculation Period;
- (b) interest received during the immediately preceding Calculation Period on the Issuer Bank Accounts (other than any Swap Collateral Account) and any income received during the immediately preceding Calculation Period relating to any Authorised Investments purchased from amounts standing to the credit of the Issuer Bank Accounts (other than any Swap Collateral Account);
- (c) all amounts then standing to the credit of the Liquidity Reserve Ledger;
- (d) amounts to be received by the Issuer under the Swap Agreement (other than (i) any early termination amount received by the Issuer under the Swap Agreement to the extent it is to be applied in acquiring a replacement swap transaction, (ii) Excess Swap Collateral or Swap Collateral, except to the extent that the value of Swap Collateral has been applied, pursuant to the provisions of the Swap Agreement, to reduce the amount that would otherwise be payable by the Swap Counterparty to the Issuer on early termination of the swap transaction under the Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the Swap Counterparty, such Swap Collateral is not to be applied in acquiring a replacement swap transaction, (iii) any Replacement Swap Premium, but only to the extent applied directly to any termination payment due and payable by the Issuer to the Swap Counterparty and (iv) amounts in respect of Swap Tax Credits on such Interest Payment Date;
- (e) notwithstanding item (d) above, (i) any early termination amount received from the Swap Counterparty in excess of the amount required and applied by the Issuer to purchase one or more replacement Swap Agreements, and (ii) any Replacement Swap Premium received from a replacement Swap Counterparty in excess of the amount required and applied to pay any outgoing Swap Counterparty;
- (f) the aggregate of all Available Principal Receipts (if any) which are (i) applied to make up any Revenue Deficiency on the relevant Interest Payment Date (only to the extent required after calculating any Revenue Deficiency) and (ii) any Surplus Available Principal Receipts;
- (g) any Start-up Costs Proceeds advanced under the Subordinated Loan to the extent that the Cash Manager determines that such amounts are not required to be applied to make payments in respect of any initial costs of the Issuer;
- (h) where the Seller repurchases the Final Receivables in accordance with the terms of the Receivables Sale and Purchase Agreement in respect of an exercise by the Issuer of the Clean Up Call, such amount of the Final Repurchase Price received by the Issuer on such Interest Payment Date representing amounts other than the Outstanding Principal Balance of the Final Receivables as at such Interest Payment Date; and
- (i) any Income Recoveries received in respect of the previous Calculation Period.

but, for the avoidance of doubt, excluding any Issuer Profit Amount retained by the Issuer on any prior Interest Payment Date and any amounts which have been applied as Permitted Withdrawals by the Issuer during the immediately preceding Calculation Period;

"**Average Delinquency Ratio**" means, as at any Interest Payment Date, the simple average of the Delinquency Ratios as at such Interest Payment Date and the immediately preceding two (2) Interest Payment Dates, provided that if fewer than two (2) Interest Payment Dates have occurred prior to such Interest Payment Date, the Average Delinquency Ratio on such Interest Payment Date shall be the simple average of the Delinquency Ratios as at such Interest Payment Date and the previous Interest Payment Date (if any);

"**Basic Terms Modification**" means each of the following:

- (a) a modification of the date of maturity of any Notes or any other term which would have the effect of postponing any day for payment of interest thereon; or

- (b) reducing or cancelling the amount of principal or the rate of interest payable in respect of such Notes; or
- (c) altering the currency of payment of such Notes; or
- (d) altering the quorum or majority required in relation to passing a Basic Terms Modification;

"Book-Entry Interests" means the beneficial interests in the Global Notes;

"Business Day" means a day which is both a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"Calculation Date" means, the date falling 3 Business Days prior to each Interest Payment Date;

"Calculation Period" means the period from (and including) the first day of each calendar month to (but excluding) the first day of the following month;

"Capital Requirements Regulation" means Regulation (EU) No 575/2013;

"Cash Management Agreement" means the cash management agreement dated on or about the Closing Date among the Issuer, the Cash Manager, the Servicer, the Account Bank and the Trustee;

"Cash Manager" means the person appointed as cash manager from time to time under the Cash Management Agreement, which on the Closing Date is Citibank, N.A., London Branch;

"Cash Manager Termination Event" means any of:

- (a) a default is made by the Cash Manager in the payment, on the due date, of any payment due and payable by it under the Cash Management Agreement and such default (where capable of remedy) 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 the Trustee, as the case may be, requiring the same to be remedied; or
- (b) a default is made by the Cash Manager in the performance or observance of any of its other covenants and obligations under the Cash Management Agreement, which in the opinion of the Trustee is materially prejudicial to the interests of the Secured Creditors and such default continues unremedied for a period of 30 Business Days after the earlier of the Cash Manager becoming aware of such default (where capable of remedy) and receipt by the Cash Manager of written notice from the Issuer or the Trustee, as applicable, requiring the same to be remedied (where capable of remedy); or
- (c) it is or will become unlawful for the Cash Manager to perform or comply with any of its obligations under the Cash Management Agreement; or
- (d) an Insolvency Event occurs in relation to the Cash Manager;

"CBL" means Close Brothers Limited;

"CBL Trigger Event" means CBL ceases to have at least the following ratings:

- (a) short-term, unsecured, unguaranteed and unsubordinated debt obligations rating of at least F1 by Fitch;
- (b) long-term, unsecured and unsubordinated debt or counterparty obligations ratings of at least A by Fitch; and
- (c) long-term, unsecured and unsubordinated debt or counterparty obligations ratings of at least A2 by Moody's;

"CCA Compensation Amount" means the amount, calculated by the Servicer in accordance with the Servicing Agreement to compensate the Issuer for any loss caused as a result of a breach of the Receivables Warranties arising as a result of any Purchased Receivables or Related Contract (or part

thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA;

"**CCA Compensation Payment**" means the payment made by the Seller to the Issuer to compensate the Issuer for any loss caused as a result of any Purchased Receivable or the Related Contract (or part thereof) being determined illegal, invalid, non-binding or unenforceable under the CCA or the FSMA or subject to a right to cancel or a right to withdraw under the CCA as an amount equal to the CCA Compensation Amount;

"**CCA**" or "**Consumer Credit Act**" means the Consumer Credit Act 1974, as amended;

"**Charged Documents**" means the Transaction Documents to which the Issuer is a party and all other contracts, documents, agreements and deeds to which it is, or may become, a party (other than the Deed of Charge, the Trust Deed, each Scottish Declaration of Trust, each Scottish Supplemental Charge and the Scottish Vehicle Sales Proceeds Floating Charge);

"**Charged Property**" means all assets and property of the Issuer which is subject to the security created by the Issuer in favour of the Trustee for it and the other Secured Creditors pursuant to the Deed of Charge;

"**Class A Notes Interest Amount**" means the amount of interest payable in respect of the Class A Notes;

"**Class A Notes Principal Amount**" means the Principal Amount Outstanding in respect of all Class A Notes on any date;

"**Class A Notes**" means the £368,100,000 Class A Asset Backed Floating Rate Notes due 2023;

"**Class A Principal Deficiency Sub-ledger**" means a sub-ledger on the Principal Deficiency Ledger in respect of the Class A Notes;

"**Class A Temporary Global Note**" has the meaning given to such term in the Conditions;

"**Class**" means the Class A Notes or the Subordinated Notes or any combination of them;

"**Clean Up Call**" means the optional call granted pursuant to Condition 6.2(b);

"**Clearing System**" means Euroclear and Clearstream, Luxembourg;

"**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme;

"**Closing Date**" means 9 June 2016 or such later date as may be agreed between the Issuer, the Seller and the Joint Lead Managers;

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended;

"**Collection Account**" means the accounts held in the name of the Servicer into which amounts received in respect of the Purchased Receivables will be paid;

"**Collection Account Bank**" means, as at the Closing Date, The Royal Bank of Scotland plc acting through its office at 250 Bishopsgate London EC2M 4AA together with any additional or replacement collection account bank appointed from time to time;

"**Collection Account Declaration of Trust**" means the collections account declaration of trust dated on or about the Closing Date between, among others, the Seller and the Issuer, whereby the Seller declares a trust over all amounts standing to the credit of the Collection Account;

"**Collections**" means, in respect of each Purchased Receivable, all amounts of cash received by the Servicer in respect of Purchased Receivables deriving from such Related Contract or Related Rights from the Obligor or a third party on and from the relevant Cut-Off Date and, for the avoidance of doubt, any amounts representing the Vehicle Sales Proceeds (less an amount equal to any Excluded VAT Receivables Amount);

"Common Safekeeper" means, in relation to the Class A Notes, the common safekeeper, as elected by the Principal Paying Agent pursuant to clause 2.6 of the Agency Agreement;

"Concentration Limit Tests" means, in respect of a Purchased Receivable, each of the following (which, for the avoidance of doubt, may be determined without double-counting):

- (a) (in relation to a New LCV Receivable or a Used LCV Receivable) its Outstanding Principal Balance when aggregated with the Outstanding Principal Balance of all other Purchased Receivables arising under Contracts pursuant to which amounts are payable in respect of New LCV Receivables or Used LCV Receivables does not exceed the LCV Receivables Concentration Limit;
- (b) (in relation to a New MC Receivable or a Used MC Receivable) its Outstanding Principal Balance when aggregated with the Outstanding Principal Balance of all other Purchased Receivables arising under Contracts pursuant to which amounts are payable in respect of New MC Receivables or Used MC Receivables does not exceed the MC Receivables Concentration Limit;
- (c) the acquisition of such Purchased Receivable will not cause the Outstanding Principal Balance of the Purchased Receivables resulting from Contracts entered into with the largest corporate Obligor to be greater than the lesser of (i) 0.25 per cent. of the aggregate Outstanding Principal Balance of the Purchased Receivables in the Portfolio, and (ii) £2,000,000;
- (d) the acquisition of such Purchased Receivable will not cause the Outstanding Principal Balance of the Purchased Receivables resulting from Contracts entered into with the 10 largest corporate Obligors to be greater than the lesser of (i) 0.75 per cent. of the aggregate Outstanding Principal Balance of the Purchased Receivables in the Portfolio, and (ii) £7,500,000;
- (e) the acquisition of such Purchased Receivable will not cause the Outstanding Principal Balance of the Purchased Receivables resulting from Contracts entered into with the largest individual Obligor to be greater than the lesser of (i) 0.25 per cent. of the aggregate Outstanding Principal Balance of the Purchased Receivables in the Portfolio, and (ii) £500,000;
- (f) the acquisition of such Purchased Receivable will not cause the Outstanding Principal Balance of the Purchased Receivables resulting from Contracts entered into with the 10 largest individual Obligors to be greater than 0.60 per cent. of the aggregate Outstanding Principal Balance of the Purchased Receivables in the Portfolio;
- (g) (in relation to a PCP Receivable) its Outstanding Principal Balance when aggregated with the Outstanding Principal Balance of all other Purchased Receivables which are PCP Receivables does not exceed the PCP Receivables Concentration Limit;
- (h) the weighted average of its Contract Yield and the Contract Yields of all other Purchased Receivables is not less than 8.5 per cent.;
- (i) (in relation to a PCP Receivable) its PCP Residual Value when aggregated with the PCP Residual Value in respect of all PCP Contracts in the Portfolio does not exceed 15 per cent. of the aggregate Outstanding Principal Balance of the Purchased Receivables in the Portfolio.

"Conditional Sale Contract" means an agreement between the Seller and an Obligor for the sale of a vehicle under which the purchase price or part of it is payable by instalments, and the title in the vehicle is to remain in the Seller (notwithstanding that the Obligor is to be in possession of the vehicle) until such conditions as to the payment of instalments or otherwise as may be specified in the agreement are fulfilled;

"Conditions" means the terms and conditions of the Notes set out in the Trust Deed and as may be modified in accordance with the Trust Deed and any reference to a particular numbered Condition shall be construed accordingly and references in the Conditions to paragraphs shall be construed as paragraphs of such Conditions;

"Contract" means any Hire Purchase Contract or a Conditional Sale Contract from which any Receivable derives;

"**Contract Yield**" means, with respect to a Receivable, the current rate of finance charges remaining in respect of such Receivable;

"**Corporate Services Agreement**" means the agreement dated on or about the Closing Date among, *inter alios*, the Issuer, Holdings, the Trustee, the Share Trustee and the Corporate Services Provider;

"**Corporate Services Provider**" means, as at the Closing Date, Structured Finance Management Limited whose registered office is at 35 Great St. Helen's, London EC3A 6AP, in its capacity as such under the Corporate Services Agreement;

"**CRA Regulation**" means Regulation (EU) No. 1060/2009 (as amended);

"**Credit and Collection Procedures**" means the origination, credit and collection procedures and underwriting criteria employed by the Servicer from time to time in relation to the provision of Services;

"**Cumulative Loss Test Date**" means each of the Interest Payment Dates falling prior to the Revolving Period Termination Date;

"**Cumulative Loss Trigger**" means 3 per cent.;

"**Cumulative Loss Ratio**" means as at any Interest Payment Date, the ratio, expressed as a percentage, calculated by dividing:

- (a) the sum of (i) the aggregate of the Outstanding Principal Balances (less any Vehicle Sale Proceeds or other recoveries received by the Seller) of all Purchased Receivables which were Defaulted Receivables or Voluntarily Terminated Receivables on the immediately preceding Calculation Date, and (ii) the aggregate of the Outstanding Principal Balances (less any Vehicle Sale Proceeds or other recoveries received by the Seller) of all Receivables which have been repurchased by the Seller pursuant to Clause 7 (*Remedies and Repurchase*) of the Receivables Sale and Purchase Agreement at any time prior to the immediately preceding Calculation Date and which were Defaulted Receivables or Voluntarily Terminated Receivables on the date of such repurchase, in each case as at the close of business on the Calculation Date immediately preceding such Interest Payment Date; by
- (b) the sum of (i) the aggregate Outstanding Principal Balance of the Portfolio as at the Closing Date and (ii) the aggregate of the Outstanding Principal Balances (as at the Calculation Date immediately preceding the date of sale to the Issuer) of all Receivables sold to the Issuer on or after the Closing Date pursuant to Clause 2.2 (*Sale of Additional Portfolios*) of the Receivables Sale and Purchase Agreement;

"**Cut-Off Date**" means the Initial Cut-Off Date or an Additional Cut-Off Date;

"**Dealer**" means a sole trader, partnership or company from whom the Seller purchases a motor vehicle to form the subject of a Contract;

"**Deed of Charge**" means the deed of charge dated the Closing Date between the Issuer, the Trustee and certain of the Secured Creditors;

"**Defaulted Receivable**" means, at any time, any Purchased Receivable which is accounted for as defaulted by the Servicer in accordance with the Credit and Collection Procedures;

"**Deferred Purchase Price**" means the consideration payable to the Seller in respect of the Receivables sold to the Issuer, which is due and payable under the terms of the Receivables Sale and Purchase Agreement in accordance with the relevant Priority of Payments in an amount equal to (prior to the service of a Note Acceleration Notice) Available Revenue Receipts to be applied on each Interest Payment Date less all amounts due in respect of items (a) to (n) of the Pre-Acceleration Revenue Priority of Payments and (following service of a Note Acceleration Notice) all amounts available to the Issuer to be applied in accordance with the Post-Acceleration Priority of Payments less all amounts due in respect of items (a) to (h) of the Post-Acceleration Priority of Payments, plus in each case the Permitted Withdrawals;

"**Definitive Notes**" means any Class A Notes issued in definitive bearer form and serially numbered pursuant to Condition 1.3 and any Subordinated Note;

"**Delinquency Ratio**" means, as at any Interest Payment Date, the ratio, expressed as a percentage, calculated by dividing:

- (a) the aggregate of the Outstanding Principal Balances of all Purchased Receivables which were Delinquent Receivables; by
- (b) the aggregate Outstanding Principal Balance of the Portfolio,

in each case as at the close of business on the Calculation Date immediately preceding such Interest Payment Date;

"**Delinquent Receivable**" means any Receivable, which is not a Defaulted Receivable or a Voluntary Terminated Receivable, in which amounts in aggregate equal to at least one and a half Monthly Payments have not been paid on their due dates and which remain unpaid on the date of the most recent scheduled monthly payment instalment;

"**DMR**" means the Financial Services (Distance Marketing) Regulations 2004, as amended;

"**EEA**" means the European Economic Area;

"**EMIR**" means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (as amended, modified and/or restated from time to time) and/or any supplementing regulations, provisions or regulatory or implementing technical standards (each as amended, modified and/or restated from time to time) being effected under or in connection with Regulation (EU) No 648/2012;

"**Euroclear**" means Euroclear Bank S.A./N.V.;

"**Event of Default**" has the meaning given to it in Condition 9.1;

"**Excess Recoveries Amount**" means an amount equal to any amounts received by the Issuer which is in excess of the aggregate of amounts due by an Obligor in respect of a Purchased Receivable (including related fees and costs associated with any Recoveries) either as a result of any indemnity amounts received from Dealers, insurers or other third parties or following a Purchased Receivable becoming a Defaulted Receivable, a Returned PCP Receivable or a Voluntarily Terminated Receivable (including, but not limited to, any Vehicle Sales Proceeds);

"**Excess Swap Collateral**" means an amount equal to the value of the Swap Collateral (or the applicable part thereof) which is in excess of the Swap Counterparty's liability (prior to any netting in respect of the Swap Collateral) under the Swap Agreement as at the date of termination of such Swap Agreement or which it is otherwise entitled to have returned to it under the terms of such Swap Agreement;

"**Excluded Amounts**" means:

- (a) default interest and fees for, and expenses, charges and costs, if any, arising as a consequence of late payment and any subsequent enforcement actions;
- (b) administrative fees (including, but not limited to, plate change fees);
- (c) excess mileage charges; and
- (d) charges in respect of damages for any Voluntarily Terminated Receivable;

"**Excluded VAT Receivables Amount**" means such part of the proceeds of the sale of a Vehicle as represents VAT, save to the extent a reduction in the amount of VAT for which the Seller is required to account to HMRC in respect of such Vehicle arises in connection with the repossession and sale of such vehicle whether pursuant to Regulation 38 of the Value Added Tax Regulations 1995 or otherwise;

"**Extraordinary Resolution**" means (a) a resolution passed by the Noteholders at a Meeting duly convened and held in accordance with the Trust Deed by a majority consisting not less than three-fourths

of the eligible persons voting thereat upon a show of hands or, if a poll is duly demanded, by a majority consisting not less than three-fourths of the votes cast on such poll or (b) a resolution in writing signed by or on behalf of the Noteholders of not less than three-fourths in aggregate Principal Amount Outstanding of the Notes 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 Noteholders;

"**FATCA**" means:

- (a) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States of America and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; and
- (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the United States Internal Revenue Service, the government of the United States of America or any governmental or taxation authority in any other jurisdiction;

"**FATCA Withholding**" means any withholding or deduction required pursuant to an agreement described in section 1471(b) of the Code, or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto;

"**Final Class A Interest Payment Date**" means the Interest Payment Date on which, following the application of the Pre-Acceleration Revenue Priority of Payments, the amount standing to the credit of the Liquidity Reserve is equal to or exceeds the Liquidity Reserve Required Amount on such Interest Payment Date and is greater than or equal to the aggregate of the Principal Amount Outstanding of the Class A Notes on such Interest Payment Date;

"**Final Discharge Date**" means the date on which the Trustee notifies the Issuer and the Secured Creditors that it is satisfied that all the Secured Liabilities have been paid or discharged in full;

"**Final Maturity Date**" means the Interest Payment Date falling in July 2023;

"**Final Receivables**" means on any Interest Payment Date, all Purchased Receivables then owned by the Issuer;

"**Final Redemption Date**" means the Final Maturity Date or, if earlier, the date on which the Principal Amount Outstanding under the Notes has been repaid in full by the Issuer;

"**Final Repurchase Price**" means an amount equal to the higher of (i) the sum of (A) the Outstanding Principal Balance of such Final Receivables at the end of the immediately preceding Calculation Period and (B) all other amounts accrued due and payable under the Contracts from which the Final Receivables derive on or prior to the end of the immediately preceding Calculation Period which have not been paid and (ii) all amounts required to be paid on such Interest Payment Date in accordance with the relevant Priority of Payments (taking into account the redemption of the Notes in full) other than amounts due to the Seller in respect of Deferred Purchase Price less any Available Revenue Receipts and Available Principal Receipts to be applied on such Interest Payment Date;

"**Fitch**" means Fitch Ratings Ltd, or any successor to its ratings business;

"**FSMA**" means the Financial Services and Markets Act 2000, as amended;

"**Global Notes**" has the meaning given to that term in Condition 1.1;

"**Guaranteed Future Value**" means, in respect of a PCP Contract, the amount specified in such PCP Contract as being the future residual value of the Vehicle that is the subject of such PCP Contract;

"**Hire Purchase Contract**" means an agreement between the Seller and an Obligor, other than a Conditional Sale Contract, under which:

- (a) a vehicle is bailed or (in Scotland) hired in return for periodical payments by the Obligor; and

- (b) the title in the vehicle will pass to the Obligor if the terms of the agreement are complied with and one or more of the following occurs: (i) the exercise of an option to purchase by the Obligor, (ii) the doing of any other specified act by any party to the agreement, or (iii) the happening of any other specified event;

"**HMRC**" means Her Majesty's Revenue & Customs;

"**Holdings**" means Orbita Holdings Limited, a limited liability company incorporated under the laws of England and Wales with registered number 8489151 and whose registered office is at 35 Great St. Helen's, London EC3A 6AP;

"**Income Element**" means, in relation to each Purchased Receivable, all amounts to be received from or on behalf of the Obligor in respect of such Purchased Receivable other than any amounts received in respect of any Principal Element of that Purchased Receivable and including, for the avoidance of doubt, all fees (including, but not limited to, acceptance fees and option fees but excluding any fees that are Excluded Amounts) and the interest charge in relation to the borrowings received in respect of the Purchased Receivables;

"**Income Recoveries**" means, on a Calculation Date, any amount received (including, for the avoidance of doubt, any Vehicle Sale Proceeds) and allocable to the Income Element of any Purchased Receivable pursuant to the relevant computer system in the immediately preceding Calculation Period in relation to a Defaulted Receivable, a Returned PCP Receivable or a Voluntarily Terminated Receivable that is a Purchased Receivable;

"**Initial Cut-Off Date**" means 29 February 2016;

"**Initial Optional Repurchase Payment**" means in respect of a Defaulted Receivable, Voluntarily Terminated Receivable or Returned PCP Receivable, an amount, calculated by the Servicer, equal to (i) the Outstanding Principal Balance of the applicable Defaulted Receivable, Voluntarily Terminated Receivable or Returned PCP Receivable as at the Closing Date (in respect of the Initial Portfolio) or the relevant Additional Cut-Off Date (in respect of any Additional Portfolio), less any amounts received by the Issuer in respect of any Principal Element relating to such Purchased Receivable plus any accrued income in respect thereof as at the date of the repurchase; multiplied by (ii) 12 per cent.;

"**Initial Portfolio**" means the portfolio consisting of Receivables purchased (or to be purchased) by the Issuer from the Seller on the Closing Date;

"**Initial Principal Amount**" means the Principal Amount Outstanding of a Note at the Closing Date;

"**Initial Purchase Price**" means the amount, determined as at the Closing Date, as being an amount equal to the aggregate Outstanding Principal Balance due from Obligors under the Related Contracts during the period beginning on (but excluding) the Closing Date and ending on (and including) the maturity date of such Related Contract plus any acceptance fees or option fees that are due but unpaid and any due but unpaid interest;

"**Insolvency Event**" means in respect of a relevant entity (each a "**Relevant Entity**"):

- (a) an order is made or an effective resolution passed for the winding up of the Relevant Entity, except a winding up for the purposes of or pursuant to an amalgamation or reconstruction, the terms of which have previously been approved by the Trustee; or
- (b) the Relevant Entity, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (a) above, ceases or through an authorised action of its board of directors, threatens to cease to carry on all or substantially all of its business or admits its inability to pay debts as they fall due or is unable to pay its debts within the meaning of Section 123(1) of the Insolvency Act (other than, except in the case of the Issuer, subsection 123(1)(a)) or 123(2) of the Insolvency Act or, where applicable, Section 222 to 224 of the Insolvency Act; or
- (c) proceedings, corporate action or other steps shall be initiated against the Relevant Entity under any applicable liquidation, insolvency, sequestration, diligence, bankruptcy, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order, the filing of documents with the court for the appointment of an

administrator, the service of a notice of intention to appoint an administrator or the taking of any steps to appoint an administrator) and (except in the case of presentation of a petition for an administration order, the filing of documents with the court for the appointment of an administrator, the service of a notice of intention to appoint an administrator or the taking of any steps to appoint an administrator) such proceedings are not, in the reasonable opinion of the Trustee, being disputed in good faith with a reasonable prospect of success or an administration order shall be granted or the appointment of an administrator takes effect or an administrative receiver or other receiver, liquidator, trustee in sequestration or other similar official shall be appointed in relation to the Relevant Entity or in relation to the whole or any substantial part of the undertaking or assets of the Relevant Entity, or an encumbrancer (other than the Issuer or the Trustee) shall take possession of the whole or any substantial part of the undertaking or assets of the Relevant Entity, or a distress, execution or diligence or other process shall be levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Relevant Entity and such possession or process (as the case may be) shall not be discharged or otherwise ceases to apply within thirty days of its commencement, or the Relevant Entity (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, bankruptcy, composition, reorganisation or other similar laws or makes a conveyance or assignment or assignation for the benefit of its creditors generally or takes steps with a view to obtaining a moratorium in respect of any indebtedness; or

- (d) any event occurs which, under English law or any applicable law, has an analogous effect to any of the events referred to in paragraphs (a), (b) or (c) above;

"Insolvency Official" means, in respect of any company, a liquidator, provisional liquidator, administrator (whether appointed by the court or otherwise), bank administrator, bank liquidator, administrative receiver, receiver or manager, nominee, supervisor, trustee in bankruptcy, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors or any equivalent or analogous officer under the law of any jurisdiction;

"Insolvency Proceedings" means the winding-up, dissolution, sequestration, company voluntary arrangement or administration of a company or corporation and shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or of any jurisdiction in which such company or corporation carries on business, including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief from creditors or the appointment of an Insolvency Official;

"Interest Determination Date" has the meaning given to it in Condition 4.3(c)(ii);

"Interest Payment Date" means the 14th day of each calendar month, except if such day is not a Business Day, in which case it shall be the next succeeding Business Day unless such day falls in the next month, in which case it shall be the preceding Business Day. The first Interest Payment Date shall fall on 14 July 2016 (subject to adjustment in accordance with the Modified Following Business Day Convention);

"Interest Period" means each period from (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date provided that the first Interest Period shall be the period from (and including) the Closing Date and ending on (but excluding) the Interest Payment Date falling in 14 July 2016;

"Interest Rate Swap Ledger" means the ledger of the same name maintained by the Cash Manager in accordance with the Cash Management Agreement;

"Irish Listing Agent" means Arthur Cox Listing Services Limited;

"Irish Stock Exchange" means the Irish Stock Exchange;

"Irrecoverable VAT" means any amount in respect of VAT incurred by a party to a Transaction Document (for the purposes of this definition, a **"Relevant Party"**) to the extent that the Relevant Party does not or will not receive and retain a credit or repayment of such VAT as input tax (as that expression

is defined in Section 24(1) of VATA) for the prescribed accounting period (as that expression is used in Section 25(1) of VATA) to which such input tax relates;

"Issuer" means Orbita Funding 2016-1 plc (company number 8494691), whose registered office is at 35 Great St. Helen's, London EC3A 6AP, as issuer of the Notes;

"Issuer Bank Accounts" means the bank accounts which the Issuer agrees to maintain, pursuant to the terms of the Account Bank Agreement, including the Transaction Account, any Swap Collateral Account, any Additional Account and any other bank account of the Issuer or in respect of which the Issuer at any time has an interest or, where the context requires, any of them;

"Issuer Profit Amount" means an amount equal to £3,000 on each Interest Payment Date up to and including the Interest Payment Date in January 2017 and £100 on each Interest Payment Date thereafter;

"Issuer Retained Profit Ledger" means the ledger of the same name maintained by the Cash Manager in accordance with the Cash Management Agreement;

"Joint Lead Managers" means (i) HSBC Bank plc and (ii) Lloyds Bank plc, and **"Joint Lead Manager"** means any of them;

"Last Receivable Maturity Date" means 14 July 2022;

"LCV Receivables Concentration Limit" means, in relation to any Receivable arising under a Contract pursuant to which amounts are payable in respect of New LCV Receivables or Used LCV Receivables, an amount equal to the product of (a) 22 per cent. and (b) the aggregate Outstanding Principal Balance of all Purchased Receivables;

"Ledger Accounts" means the Revenue Deficiency Ledger, the Principal Deficiency Ledger (and sub-ledgers), the Liquidity Reserve Ledger, the Interest Rate Swap Ledger, the Replenishment Ledger and the Issuer Retained Profit Ledger;

"Liquidity Reserve" means, on any date, the amount standing to the credit of the Liquidity Reserve Ledger in the Transaction Account (before making the calculations required to be made on such Interest Payment Date).

"Liquidity Reserve Ledger" means the ledger of the same name maintained by the Cash Manager in accordance with the Cash Management Agreement;

"Liquidity Reserve Proceeds" means the portion of the loan advanced by the Subordinated Loan Provider to the Issuer under the Subordinated Loan Agreement in an amount equal to 1.5 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes as at the Closing Date to establish the Liquidity Reserve;

"Liquidity Reserve Required Amount" means:

- (a) up to and including the Final Class A Interest Payment Date an amount equal to the higher of: (i) 1.5 per cent. of the aggregate of the Principal Amount Outstanding of the Class A Notes as at the Calculation Date immediately preceding the relevant Interest Payment Date; and (ii) 0.5 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes as at the Closing Date; and
- (b) thereafter zero;

"Loan to Value Ratio" means, in respect of any Receivable, the proportion (expressed as a percentage) which the Outstanding Principal Balance at the date of origination of the relevant Contract bore to the purchase price (including VAT and all accessories) of the related financed vehicle;

"Loss" or **"Liability"** means in respect of any person, any loss, liability, damages, cost, expense, claim, action, suit or judgment which such person may incur or which may be made against such person, including (without limitation):

- (a) any consequential loss or loss of profit;
- (b) the fees and expenses of any professional adviser to such person;

- (c) the cost of funds of such person;
- (d) the costs of investigation and defence; and
- (e) any Irrecoverable VAT payable in respect of any such amount;

"Master Definitions Schedule" means the master definitions schedule dated the Closing Date between, among others, the Issuer, the Seller, the Servicer, the Subordinated Loan Provider, the Trustee, the Paying Agents, the Agent Bank, the Account Bank, the Cash Manager, the Corporate Services Provider and the Swap Counterparty;

"MC Receivables Concentration Limit" means, in relation to any Receivable arising under a Contract pursuant to which amounts are payable in respect of New MC Receivables or Used MC Receivables, an amount equal to the product of (a) 7.5 per cent. and (b) the aggregate Outstanding Principal Balance of all Purchased Receivables;

"Meeting" means a meeting of the Noteholders or of any one or more Classes of Noteholders and, except where the context otherwise requires, includes a meeting resumed following an adjournment;

"Member State" means any of the member states of the European Union;

"Modified Following Business Day Convention" means the business day convention under which, where a relevant date falls on a day which is not a Business Day, that date will be adjusted so that it falls on the first following day that is a Business Day, unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day;

"Monthly Investor Report" means the monthly servicing and cash management report prepared by the Cash Manager in accordance with the Cash Management Agreement;

"Monthly Payment" means each monthly payment due from an Obligor under the Contract to which such Obligor is a party;

"Moody's" means Moody's Investors Service Limited or any successor to its ratings business;

"Most Senior Class of Notes" means, at any time:

- (a) the Class A Notes; or
- (b) if no Class A Notes are then outstanding, the Subordinated Notes (if at that time any Subordinated Notes are then outstanding);

"New LCV Receivables" means any Purchased Receivables which are identifiable in the Seller's records as relating to a new light commercial vehicle in a manner which is consistent with the Credit and Collection Procedures;

"New MC Receivables" means any Purchased Receivables which are identifiable in the Seller's records as relating to a new motor cycle in a manner which is consistent with the Credit and Collection Procedures;

"Non-Compliant Receivable" means each Purchased Receivable in respect of which any Receivables Warranty proves to have been incorrect on the date on which the relevant Receivables Warranty is given and remains incorrect, or has never existed;

"Non-Compliant Receivables Repurchase Price" means in respect of a Non-Compliant Receivable, an amount, calculated by the Servicer, equal to the Outstanding Principal Balance of the applicable Non-Compliant Receivable as at the Closing Date (in respect of the Initial Portfolio) or the relevant Additional Cut-Off Date (in respect of any Additional Portfolio), less any amounts received by the Issuer in respect of any Principal Element relating to such Purchased Receivable plus any accrued income in respect thereof as at the date of the repurchase;

"Non-Permitted Variation" means any change to a Contract that relates to a Purchased Receivable which has the effect of:

- (a) reducing the Amount Financed;
- (b) reducing the Annual Percentage Rate;
- (c) reducing the total number of Monthly Payments (other than any rescheduling to Monthly Payments which the Servicer is obligated to make pursuant to the CCA); or
- (d) extending the term of the Purchased Receivable such that the last Monthly Payment Date falls after the Last Receivable Maturity Date,

but in the case of paragraphs (a), (b) and (c) above, shall not, for the avoidance of doubt, include any action taken with respect to the Servicer's arrears management process in accordance with its Credit and Collection Procedures;

"Northern Irish Receivables" means those Receivables contained in the Portfolio where the address of the Obligor as set out in the Contract at the time of origination is in Northern Ireland;

"Note Acceleration Notice" has the meaning given to it in Condition 9.1;

"Noteholders" means (i) in relation to any Class A Notes represented by a Global Note, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Class A Notes (other than Euroclear and/or Clearstream, Luxembourg), in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the principal amount of such Class A Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error (other than for the purpose of payments in respect thereof, the right to which shall be vested as against the Issuer and any Paying Agent, solely in the bearer of a Global Note in accordance with and subject to its terms and for which purpose Noteholder means the bearer of a Global Note), (ii) in relation to the Subordinated Notes, the holders of the Subordinated Notes named in the Register maintained by the Registrar and (iii) in relation to any Definitive Notes, the bearer of those Definitive Notes, and related expressions shall (where appropriate) be construed accordingly;

"Notes" means the Class A Notes and the Subordinated Notes or, where the context requires, any of them and includes the Definitive Notes and the Global Notes;

"Obligor" means a Person obliged, on entering into a Contract, to make payments to the Seller pursuant to that Contract;

"Optional Repurchase Payment" means, in respect of a Defaulted Receivable, Voluntarily Terminated Receivable or Returned PCP Receivable, an amount equal to (i) the Initial Optional Repurchase Payment plus (ii) any VAT Adjustment Amount received by the Seller in respect of such Defaulted Receivable, Voluntarily Terminated Receivable or Returned PCP Receivable on or following the date of repurchase of such Receivable by the Seller from the Issuer;

"Option Date" means, in relation to any PCP Receivable, the date upon which the Obligor has the right to make a balloon payment under a PCP Contract or (in relation to any Returned PCP Receivable) the date upon which the Obligor exercises its option to return the vehicle to the Seller;

"Ordinary Resolution" means a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by more than 50% of the eligible persons voting thereat on a show of hands or, if a poll is duly demanded, by a simple majority of the votes cast on such poll;

"outstanding" means in relation to the Notes all the Notes issued other than:

- (a) those Notes which have been redeemed in full 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 moneys (including all interest payable thereon) have been duly paid to the 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 against presentation of the relevant Notes;

- (c) those Notes which have been purchased and cancelled in accordance with the Conditions;
- (d) those Notes which have become void under Condition 8 (Prescription);
- (e) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 13 (Replacement of Global 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 Notes) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 13 (Replacement of Global 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, an Extraordinary Resolution in writing or an Ordinary Resolution in writing 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 Conditions 9 (Events of Default) and 10 (Enforcement);
- (iii) any right, discretion, power or authority (whether contained in the Conditions, any other Transaction Document or vested by operation of law) which the 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 Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders or any Class or Classes thereof,

those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Seller and/or any Affiliate of either of them, 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 any of the Seller or any Affiliate thereof (the "**Relevant Persons**") where all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons and (i) no other Classes exist that rank junior or *pari passu* to such Class or (ii) if any such other Class or Classes of Notes exist, no investor other than the Seller and/or any of its Affiliates is the beneficial owner of the Notes of such Class or Classes, in which case such Class of Notes (the "**Relevant Class of Notes**") shall be deemed to remain outstanding;

"**Outstanding Principal Balance**" means, on any date and with respect to each Purchased Receivable, the Principal Element outstanding under the Related Contract as shown on the relevant computer system (on the assumption that the Servicer has complied with its obligations under the Servicing Agreement);

"**Paying Agents**" means the Principal Paying Agent together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Agency Agreement, and Paying Agent means any one of them;

"**PCP Contract**" means a Hire Purchase Contract which provides for a balloon payment calculated by reference to guaranteed future value and under which an Obligor may on the Option Date (a) make a final balloon payment and take title of the Vehicle or (b) return the Vehicle financed under such PCP Contract to the Seller in lieu of making such final balloon payment;

"**PCP Receivable**" means any Receivable arising under a PCP Contract;

"PCP Receivables Concentration Limit" means, in relation to any PCP Receivable, an amount equal to 20 per cent. of the aggregate Outstanding Principal Balance of all Purchased Receivables;

"PCP Residual Value" means, with respect to any PCP Contract, the Receivable representing the final payment under such PCP Agreement (which is based on residual value ascribed by the Seller to the Vehicle financed pursuant to such PCP Agreement in accordance with the Credit and Collection Procedures);

"Perfection Event" means each of the following events:

- (a) it becoming necessary by law to perfect the Issuer's legal title to the Purchased Receivables, (or procure the perfection of the Issuer's legal title to the Purchased Receivables) in accordance with the terms of the Receivables Sale and Purchase Agreement; or
- (b) unless otherwise agreed in writing by the Trustee, a Servicer Termination Event occurs; or
- (c) the Seller calling for perfection or transfer of legal title by serving notice in writing to that effect on the Issuer and the Trustee; or
- (d) the occurrence of an Insolvency Event in respect of the Seller;

"Permanent Global Note" means the permanent global notes obtained by exchanging interests in a Temporary Global Note on and after the date which is 40 days after the Closing Date, upon certification of non-U.S. beneficial ownership by the relevant Noteholder;

"Permitted Variations" means any Variation which is made in accordance with the terms of the relevant Contract and the applicable Credit and Collection Procedures and which is not a Non-Permitted Variation;

"Permitted Withdrawal" means an amount equal to the aggregate of the following withdrawals made by the Cash Manager (as directed by the Seller) on any Business Day:

- (a) Excess Recoveries Amount; and
- (b) Excluded VAT Receivables Amount,

in the case of (b), to the extent not previously deducted from Collections and provided that, any such withdrawals shall (i) in any Calculation Period only be made up to a maximum amount equal to the Revenue Receipts received in such Calculation Period, (ii) be deemed to be made prior to administration of the applicable Priority of Payments and (iii) for the avoidance of doubt, shall not be included as Available Revenue Receipts;

"Person" means an individual, partnership, company, corporation, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof;

"Portfolio" means the Initial Portfolio and each Additional Portfolio;

"Portfolio Schedule" means a schedule substantially in the form set out in Schedule 2 to the Receivables Sale and Purchase Agreement;

"Post-Acceleration Priority of Payments" means the priority of payments for the application of amounts received or recovered by the Trustee (or a receiver appointed on its behalf) following the service of a Note Acceleration Notice as set out in the Deed of Charge;

"Potential Event of Default" means any event which will become (with the passage of time, the giving of notice, the making of any determination or any combination thereof) an Event of Default;

"Pre-Acceleration Principal Priority of Payments" means the priority of payments for the application of Available Principal Receipts prior to service of a Note Acceleration Notice as set out in the Cash Management Agreement;

"Pre-Acceleration Revenue Priority of Payments" means the priority of payments for the application of Available Revenue Receipts prior to service of a Note Acceleration Notice as set out in the Cash Management Agreement;

"Principal Amount Outstanding" has the meaning given to it in Condition 6.4;

"Principal Deficiency Ledger" means the ledger of such name maintained by the Cash Manager in accordance with the Cash Management Agreement comprising two sub-ledgers, the Class A Principal Deficiency Sub-ledger and the Subordinated Notes Principal Deficiency Sub-Ledger;

"Principal Element" means, in relation to each Receivable, the principal amount of that Receivable as shown on the relevant computer system as representing the principal component of the Receivable (on the assumption that the Servicer has complied with its obligations under the Servicing Agreement);

"Principal Paying Agent" means, as at the Closing Date, Citibank, N.A., London Branch;

"Principal Receipts" means all amounts comprised of:

- (a) any amounts received in respect of any Principal Element of Purchased Receivables (other than Purchased Receivables that have become Defaulted Receivables, Returned PCP Receivables or Voluntarily Terminated Receivables and in respect of the repurchase price paid in respect of the repurchase of Non-Compliant Receivables in accordance with the Receivables Sale and Purchase Agreement); and
- (b) any other amounts received by the Issuer in respect of the Purchased Receivables which relate to the Principal Element of such Purchased Receivables (including, but not limited to, any amount received by the Issuer in respect of any Principal Element in respect of the Non-Compliant Receivables Repurchase Price, Optional Repurchase Payment the CCA Compensation Payment and the Receivables Indemnity Amount);

"Principal Recoveries" means, on a Calculation Date, any amount received (including, for the avoidance of doubt, any Vehicle Sale Proceeds) and allocable to the Principal Element of any Purchased Receivable pursuant to the relevant computer system in the immediately preceding Calculation Period in relation to a Defaulted Receivable, a Returned PCP Receivable or a Voluntarily Terminated Receivable that is a Purchased Receivable;

"Priority of Payments" means the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments and the Post-Acceleration Priority of Payments, or any of them;

"Prospectus Directive" means Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a Relevant Member State);

"Provisional Portfolio" means the portfolio of Receivables as at 29 February 2016;

"Purchase Date" means the Closing Date or an Additional Portfolio Purchase Date;

"Purchased Receivable" means each Receivable purchased by the Issuer pursuant to the Receivables Sale and Purchase Agreement (and in respect of any Scottish Receivables, held in trust pursuant to the relevant Scottish Declaration of Trust) which has neither been paid in full by or on behalf of the Obligor nor repurchased by the Seller pursuant to the Receivables Sale and Purchase Agreement;

"RAO" means The Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, as amended;

"Rating Agencies" means Fitch and Moody's or here the context requires either of them or any of their successors. If at any time Fitch or Moody's is replaced as a Rating Agency then references to its rating categories in the Transaction Documents shall be deemed instead to be references to the equivalent rating categories of the entity which replaces it as a Rating Agency;

"Rating Agency Confirmation" means, a confirmation in writing by the relevant Rating Agencies that the then current ratings of the Senior Notes will not be downgraded, qualified or withdrawn as a result of

the relevant event or matter provided that if: (a) a confirmation or affirmation of rating or other response by a Rating Agency is a condition to any action or step under any Transaction Document; and (b) a written request for such confirmation affirmation or response is delivered to that Rating Agency by any of the Issuer, the Cash Manager, the Servicer, a Swap Counterparty (in respect of a Rating Agency Confirmation requested pursuant to the provisions of a Swap Agreement only) and/or the Trustee, as applicable (each a "**Requesting Party**") and one or more of the Rating Agencies (each a "**Non-Responsive Rating Agency**") indicates that it does not consider such confirmation, affirmation or response necessary in the circumstances, the Requesting Party (and for the purposes of Condition 11.9 and Clause 20.2 of the Trust Deed, the Trustee) shall be entitled to disregard the requirement for a confirmation or affirmation of rating or other response by each Non-Responsive Rating Agency which provides such indication and proceed on the basis of the confirmations or affirmations of rating or other responses received by each other Rating Agency or, if all the Rating Agencies indicate that they do not consider such confirmation, affirmation or response necessary in the circumstances, on the basis that such confirmation or affirmation of rating or other response by a Rating Agency is not required in the particular circumstances of the request. If a Rating Agency does not respond to a written request for a confirmation or affirmation of rating such non response shall not be interpreted to mean that such Rating Agency has given any deemed confirmation or affirmation of rating or other response in respect of such action or step or any deemed indication that it does not consider such confirmation, affirmation or response necessary in the circumstances, provided that in the event of a non-response from all Rating Agencies, the Requesting Party (and for the purposes of Condition 11.9 and Clause 20.2 of the Trust Deed, the Trustee) will be entitled to proceed on the basis that such confirmation or affirmation of rating or other response by a Rating Agency is not required in the particular circumstances of the request. However, nothing herein shall in any way affect the right of a Rating Agency to downgrade or withdraw its then current ratings of the Senior Notes in a manner as it sees fit;

"Receivable" means all of the claims and rights or purported rights (whether actual or contingent) of the Seller against any Obligor under or in connection with Contracts originated by the Seller (including scheduled payments (including any amounts in respect of VAT) and any other liabilities of the Obligors under such Contracts but excluding all Excluded Amounts);

"Receivables Call Option" means the call option granted by the Issuer to the Seller pursuant to the Receivables Sale and Purchase Agreement, under which the Seller following the earlier of (a) the sale of the relevant Vehicle in accordance with the terms of the Receivables Sale and Purchase Agreement and allocation of the sale proceeds of such relevant Vehicle to the outstanding loan amount, and (b) a Defaulted Receivable, Returned PCP Receivable or Voluntarily Terminated Receivable being written off as uncollectable by the Servicer in accordance with the Seller's Credit and Collection Procedures but prior to the occurrence of an Insolvency Event in respect of the Seller, has the right to repurchase from the Issuer any Defaulted Receivables, Returned PCP Receivables or Voluntarily Terminated Receivables;

"Receivables Indemnity Amount" means, where a Purchased Receivable has never existed, or has ceased to exist, such that it is not outstanding on the date on which it is otherwise due to be repurchased pursuant to the Receivables Sale and Purchase Agreement, an amount equal to (i) the Outstanding Principal Balance of such Purchased Receivable had the Purchased Receivable existed and complied with each of the Receivables Warranties as at the relevant Cut-Off Date or the Closing Date (as applicable) and (ii) any deemed interest accrued on the relevant Purchased Receivable at a rate equal to the weighted average Contract Yield of the Portfolio as determined by the Servicer at the end of the immediately preceding Calculation Period less any amounts received by the Issuer in respect of any Principal Element relating to such Purchased Receivable;

"Receivables Sale and Purchase Agreement" means the receivables sale and purchase agreement dated the Closing Date between the Seller, the Issuer and the Trustee;

"Receivables Warranties" means the representations and warranties made by the Seller in respect of the Purchased Receivables as set out in clause 6.2 of the Receivables Sale and Purchase Agreement;

"Receiver" means any person (being a licensed insolvency practitioner) who is appointed by the Trustee to be a receiver or an administrative receiver (as the case may be) of the Charged Property to act jointly, independently, or jointly and severally, as the Trustee shall determine;

"Records" means, with respect to any Purchased Receivable, all Contracts and other documents, books, records and other information (including, without limitation, computer programmes, tapes, disks, punch

cards, data processing software and related property and rights) relating to such Receivable, any Related Rights (other than the Records) therefor, the related Obligor and the relevant Dealer which are necessary to service or enforce such Receivable and Related Rights;

"Recoveries" means Income Recoveries and Principal Recoveries;

"Register" means the register maintained by the Registrar with respect to the Subordinated Notes;

"Registrar" means Citibank, N.A., London Branch;

"Regulation S" means Regulation S of the Securities Act;

"Related Contract" means, in relation to each Receivable, the Contract from which such Receivable derives;

"Related Rights" means, with respect to any Receivable, all of the Seller's right, title and interest in, to and under:

- (a) the Contract and other Records relating to such Receivable;
- (b) all security interests or liens and property subject thereto from time to time, if any, purporting to secure payment of such Receivable, whether pursuant to the Contract relating to such Receivable or otherwise, together with all security agreements describing any collateral securing such Receivable; and
- (c) (to the extent such are capable of assignment or assignation or being held on trust) all guarantees, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable (other than title to the related Vehicle), and the proceeds thereof, whether pursuant to the Contract relating to such Receivable or otherwise, including (without limitation) all rights which the Seller may have against the relevant Dealer; and
- (d) the right to receive the Vehicle Sale Proceeds;

"Related Third Party Creditors" means any creditor of the Issuer (not being a Secured Creditor) in respect of costs, fees, expenses or other amounts (including taxes) incurred by the Issuer to such creditor or required by law to be paid to such creditor in each case;

"Relevant Date" has the meaning given in Condition 8;

"Relevant Member State" means each Member State of the European Economic Area which has implemented the Prospectus Directive;

"Replacement Cash Manager" means the replacement cash manager appointed pursuant to the terms of the Cash Management Agreement;

"Replacement Swap Premium" means an amount received by the Issuer from a replacement Swap Counterparty upon entry by the Issuer into an agreement with such replacement Swap Counterparty to replace the outgoing Swap Counterparty, which shall be applied by the Issuer in accordance with the Cash Management Agreement and the Deed of Charge;

"Replenishment Ledger" means the ledger of the same name maintained by the Cash Manager in accordance with the Cash Management Agreement;

"Required Ratings" means such ratings as are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Class A Notes;

"Returned PCP Receivable" means any PCP Receivable in respect of which the vehicle has been handed back to the Seller on the Option Date;

"Revenue Deficiency" means the amount of any insufficiency in the amount of Available Revenue Receipts (ignoring any Available Principal Receipts referred to in item (f) of the definition of Available Revenue Receipts) available to pay items (a) to (e) of the Pre-Acceleration Revenue Priority of Payments;

"Revenue Deficiency Ledger" means the ledger of the same name maintained by the Cash Manager in accordance with the Cash Management Agreement;

"Revenue Receipts" means all amounts comprising of:

- (a) the Income Element of the Purchased Receivables (other than Purchased Receivables that have become Defaulted Receivables, Returned PCP Receivables or Voluntarily Terminated Receivables and in respect of the repurchase price paid in respect of the repurchase of Non-Compliant Receivables in accordance with the Receivables Sale and Purchase Agreement);
- (b) any amount received by the Issuer in respect of any CCA Compensation Payments, Receivables Indemnity Amounts, Optional Repurchase Payment and Non-Compliant Receivables Repurchase Price, in each case to the extent that the same represents a payment in respect of the Income Element of the Purchased Receivables; and
- (c) any other amounts received by the Issuer in respect of the Purchased Receivables which is not in respect of the Principal Element of such Purchased Receivables;

but less any amounts which are Permitted Withdrawals;

"Revised Purchase Date" means the revised date indicated on a revised Transfer Notice on which the Seller wishes to sell and assign to the Issuer an Additional Portfolio in accordance with Clause 2 of the Receivables Sale and Purchase Agreement;

"Revolving Period" means the period commencing on (and includes) the Closing Date and ending on (but excludes or, in the case of (a), includes) the earliest of (a) the Interest Payment Date falling in June 2017, (b) the date on which a Revolving Period Termination Event occurs and (c) the date on which all the Notes are redeemed following the repurchase of all Receivables by the Seller in accordance with Clause 7.4 of the Receivables Sale and Purchase Agreement;

"Revolving Period Termination Event" means the occurrence of any of the following:

- (a) the occurrence of an Insolvency Event in respect of the Seller;
- (b) a Servicer Termination Event;
- (c) the Seller fails duly to perform or comply with any of its material obligations under any Transaction Document to which it is a party and if such failure is capable of being remedied, such failure, is not remedied within twenty Business Days after the earlier of notice thereof has been given by the Issuer or the Trustee to the Seller becoming aware of such failure;
- (d) the occurrence of an Event of Default or Termination Event under the Swap Agreement (in each case as defined in the Swap Agreement);
- (e) the delivery of a Note Acceleration Notice by the Trustee after the occurrence of an Event of Default;
- (f) a breach of any of the following portfolio triggers shall have occurred:
 - (i) the Average Delinquency Ratio exceeds 0.9 per cent. on any Interest Payment Date; or
 - (ii) the Cumulative Loss Ratio exceeds the Cumulative Loss Trigger on any Cumulative Loss Test Date;
- (g) on any Interest Payment Date, the Liquidity Reserve is not funded up to the Liquidity Reserve Required Amount; and

- (h) on any two consecutive Interest Payment Dates, the balance of the Replenishment Ledger as at the Calculation Date immediately preceding the relevant Interest Payment Date is greater than 10 per cent. of the aggregate Outstanding Principal Balance as at the Closing Date;

"Scottish Declaration of Trust" means each declaration of trust (forming part of a Transfer Notice) in relation to Scottish Receivables and their Related Rights constituted pursuant to a Transfer Notice delivered pursuant to the Receivables Sale and Purchase Agreement by means of which the sale of such Scottish Receivables and their Related Rights by the Seller to the Issuer and the transfer of the beneficial interest therein to the Issuer are given effect;

"Scottish Receivables" means those Receivables contained in the Portfolio governed by or otherwise subject to Scots law;

"Scottish Supplemental Charge" means each assignation in security granted by the Issuer in favour of the Trustee in respect of the Issuer's interest in a Scottish Declaration of Trust and/or the Scottish Vehicle Sales Proceeds Floating Charge entered into pursuant to the Deed of Charge and in substantially the form set out at Schedule 2 thereto;

"Scottish Vehicle Sales Proceeds" means Vehicle Sales Proceeds in respect of Purchased Receivables in so far as they relate to Scottish Vehicles;

"Scottish Vehicle Sales Proceeds Floating Charge" means the Scots law governed floating charge granted by the Seller in favour of the Issuer in respect of the Scottish Vehicle Sales Proceeds pursuant to clause 2.14 of the Receivables Sale and Purchase Agreement;

"Scottish Vehicles" means Vehicles situated in Scotland or otherwise subject to Scots law;

"Secured Creditors" means the Seller, the Trustee, any Appointee, the Servicer, the Cash Manager, the Account Bank, the Subordinated Loan Provider, the Agents, the Swap Counterparty, the Corporate Services Provider, the Noteholders and any Receiver and any other party which becomes a Secured Creditor pursuant to the Deed of Charge;

"Secured Liabilities" means any and all monies, obligations and liabilities and all other amounts due, owing, payable or owed by the Issuer to the Secured Creditors under the Notes and/or the Transaction Documents, and references to Secured Liabilities includes references to any of them;

"Securities Act" means the United States Securities Act of 1933;

"Securitisation" means the securitisation transaction entered into on or about the Closing Date under the Transaction Documents in connection with the issue of the Notes by the Issuer;

"Security" means the security constituted by and pursuant to the Deed of Charge;

"Security Powers of Attorney" means the security powers of attorney dated the Closing Date granted by the Issuer in favour of the Trustee in, or substantially in, the form set out in the Deed of Charge;

"Seller" means Close Brothers Limited in its capacity as seller of the Purchased Receivables to the Issuer under the Receivables Sale and Purchase Agreement;

"Seller's Group" means the Seller, together with:

- (a) its holding company;
- (b) its subsidiaries; and
- (c) any other affiliated company as set out in the published accounts of any such company,

but excluding any entities that are in the business of investing in securities and whose investment decisions are taken independently of, and at arm's length from, the Seller;

"Senior Notes" means the Class A Notes;

"**Servicer**" means the person appointed by the Issuer under the Servicing Agreement to service the Purchased Receivables being, at the Closing Date, Close Brothers Limited;

"**Servicer Standard of Care**" means the standard of care set out in the Servicing Agreement to which the Servicer will perform its obligations and the exercise of its discretions under the Servicing Agreement and its exercise of the rights of the Issuer in respect of contracts and arrangements giving rise to payment obligations in respect of the Purchased Receivables;

"**Servicer Termination Event**" means:

- (a) the Servicer fails to pay any amount due under the Servicing Agreement on the due date or on demand, if so payable, or to direct any movement of collections as required under the Servicing Agreement and the other Transaction Documents, and such failure has continued unremedied for a period of seven Business Days after written notice or discovery of such failure by an officer of the Servicer; or
- (b) the Servicer (i) fails to observe or perform in any material respect any of its covenants and obligations under or pursuant to the Servicing Agreement or any other Transaction Document to which it is a party and such failure results in a material adverse effect on the Issuer's ability to make payments in respect of the Notes and continues unremedied for a period of 60 days after the earlier of an officer of the Servicer becoming aware of such default and written notice of such failure being received by the Servicer or (ii) fails to maintain its authorisations and permissions required under the FSMA or any other regulatory licence or approval required under the terms of the Servicing Agreement and such failure continues unremedied for a period of 60 days after the earlier of an officer of the Servicer becoming aware of such default and written notice of such failure being received by the Servicer; or
- (c) the occurrence of an Insolvency Event in relation to the Servicer;

"**Services**" means the services to be provided by the Servicer under the Servicing Agreement;

"**Servicing Agreement**" means the servicing agreement expected to be dated on or around the Closing Date relating to the Purchased Receivables between the Issuer and the Servicer;

"**Share Trustee**" means, as at the Closing Date, SFM Corporate Services Limited, acting through its registered office at 35 Great St. Helen's, London EC3A 6AP;

"**Specified Office**" means, with respect to the Agents, the offices listed at the end of the Conditions or such other offices as may from time to time be duly notified pursuant to Condition 14 (Notice to Noteholders);

"**Standard Documentation**" or "**Standard Documents**" means the forms of the standard documents used by the Seller in originating Contracts to be appended to the Receivables Sale and Purchase Agreement (including any data tape or computer disk containing such agreements) and any revised or substitute form;

"**Start-up Costs Proceeds**" means the portion of the loan advanced by the Subordinated Loan Provider to the Issuer under the Subordinated Loan Agreement in the amount not to exceed £15,758.54 to assist in funding certain up-front costs and expenses incurred by the Issuer in connection with the entry into the transactions set out in the Transaction Documents;

"**Sterling**" or "**£**" means the lawful currency of the United Kingdom;

"**Subordinated Loan Agreement**" means the loan agreement dated the Closing Date between the Issuer and the Subordinated Loan Provider;

"**Subordinated Loan Provider**" means, as at the Closing Date, Close Brothers Limited;

"**Subordinated Loan**" means the loan provided to the Issuer by the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement;

"**Subordinated Noteholders**" means the persons who are for the time being the holders of the Subordinated Notes;

"Subordinated Notes" means the £67,600,000 Subordinated Asset Backed Fixed Rate Notes due 2023 issued in definitive registered form;

"Subordinated Notes Interest Amount" means the amount of interest payable in respect of the Subordinated Notes;

"Subordinated Notes Principal Amount" means the Principal Amount Outstanding in respect of all Subordinated Notes on any date;

"Subordinated Notes Principal Deficiency Sub-ledger" means a sub-ledger on the Principal Deficiency Ledger in respect of the Subordinated Notes;

"Subordinated Swap Amounts" means any termination amount payable by the Issuer to a Swap Counterparty under a Swap Agreement as a result of either (i) an Event of Default (as defined in the Swap Agreement) where such Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement), or (ii) an Additional Termination Event (as defined in the Swap Agreement) (which occurs as a result of the failure of such Swap Counterparty to comply with the requirements of a rating downgrade provision set out under such Swap Agreement);

"Subsidiary" means any company which is for the time being a subsidiary (within the meaning of Section 1159 of the Companies Act 2006) or a subsidiary undertaking (within the meaning of Section 1162 of the Companies Act 2006);

"Surplus Available Principal Receipts" means Available Principal Receipts to be applied as Available Revenue Receipts in accordance with item (f) of the Pre-Acceleration Principal Priority of Payments;

"Swap Agreement" means an International Swaps and Derivatives Association Inc 1992 Master Agreement, the schedule thereto, any credit support annexes or other credit support documents related thereto and each swap transaction confirmation thereunder, entered into between the Issuer and the Swap Counterparty on or prior to the Closing Date and the swap transactions effected thereunder (or such replacement swap agreement as the Issuer may enter into in accordance with the Transaction Documents);

"Swap Collateral" means an amount equal to the value of the collateral (or the applicable part of any collateral) (including, without limitation, cash and/or securities) provided by the Swap Counterparty to the Issuer in respect of the Swap Counterparty's obligations to transfer collateral to the Issuer under the Swap Agreement, which, for the avoidance of doubt, shall include any amount of interest credited to any relevant Swap Collateral Account and any income or distributions received in respect of such collateral and any equivalent or replacement of such collateral into which such collateral is transformed;

"Swap Collateral Account" means each account or accounts opened by the Issuer and maintained with the Account Bank, or another institution with the Account Bank Ratings, in accordance with the provisions of the Account Bank Agreement, the Cash Management Agreement, the Deed of Charge and the Swap Agreement, into which Swap Collateral will be posted by the Swap Counterparty pursuant to the Swap Agreement which, for the avoidance of doubt, shall include, if applicable, any custody account in respect of any Swap Collateral in the form of securities posted as collateral under the Swap Agreement;

"Swap Collateral Custody Agreement" means any agreement entered into by the Issuer pursuant to which the Issuer appoints a custodian to hold any Swap Collateral posted under the Swap Agreement to the extent such Swap Collateral is in the form of securities credited to the Swap Collateral Account;

"Swap Counterparty" means, as at the Closing Date, HSBC Bank plc, acting through its offices at 8 Canada Square, London E14 5HQ (or such other replacement parties as may be appointed by the Issuer in accordance with the Transaction Documents);

"Swap Tax Credits" means any credit, allowance, set-off or repayment, which is received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the Swap Counterparty to the Issuer, the amounts of which shall be applied by the Issuer in accordance with the Cash Management Agreement;

"Swap Termination Payment" means any payment due to a Swap Counterparty upon the early termination of a swap transaction under a Swap Agreement to which such Swap Counterparty is a party;

"**Temporary Global Note**" shall have the meaning given to such term in the Conditions;

"**Transaction Account**" means the Sterling account in the name of the Issuer with the Account Bank and designated as such;

"**Transaction Documents**" means the Trust Deed, the Notes (when issued), the Agency Agreement, the Servicing Agreement, the Cash Management Agreement, the Account Bank Agreement, the Deed of Charge, the Security Powers of Attorney, the Master Definitions Schedule, the Receivables Sale and Purchase Agreement, the Collection Account Declaration of Trust, each Scottish Declaration of Trust, each Scottish Supplemental Charge, the Scottish Vehicle Sales Proceeds Floating Charge, the Subordinated Loan Agreement, the Corporate Services Agreement, the Swap Agreement, any Swap Collateral Custody Agreement and any other document entered into by one or more Transaction Parties which is designated as a Transaction Document with the consent of the Trustee, the Issuer and the Seller;

"**Transaction Party**" means each of the Issuer, Holdings, the Seller, the Trustee, the Agents, the Servicer, the Cash Manager, the Subordinated Loan Provider, the Account Bank, the Corporate Services Provider, the Swap Counterparty and any other party to the Transaction Documents;

"**Transfer Notice**" means a transfer notice from the Seller to the Issuer, the Trustee and the Cash Manager, substantially in the form as set out in Schedule 1 to the Receivables Sale and Purchase Agreement;

"**Trust Deed**" means the trust deed creating the Notes dated the Closing Date between the Issuer and the Trustee;

"**Trustee**" means, as at the Closing Date, Citicorp Trustee Company Limited and any additional or replacement trustee appointed from time to time;

"**Unregulated Contracts**" means the Hire Purchase Contracts (other than PCP Contracts);

"**Used LCV Receivables**" means any Purchased Receivables which are identifiable in the Seller's records as relating to a used light commercial vehicle in a manner which is consistent with the Credit and Collection Procedures;

"**Used MC Receivables**" means any Purchased Receivables which are identifiable in the Seller's records as relating to a used motor cycle in a manner which is consistent with the Credit and Collection Procedures;

"**UTCCR**" means the Unfair Terms in Consumer Contracts Regulations 1999, as amended;

"**Variation**" means any amendment or variation to the terms of a Related Contract after the relevant Cut-Off Date;

"**VAT**" means value added tax as provided for in the Value Added Tax Act 1994 and legislation (delegated or otherwise supplemental thereto) and any similar tax replacing or introduced in addition to the same;

"**VAT Adjustment Amount**" means an amount equal to (i) the reduction in the amount of VAT for which the Seller is required to account to HMRC pursuant to Regulation 38 of the Value Added Tax Regulations 1995 save to the extent that the Seller is required to account to HMRC for VAT on the sale of the relevant Vehicle which gives rise to such reduction and (ii) the amount of VAT reclaimed by the Seller by way of bad debt relief under section 36 VATA, in each case, in respect of a Vehicle relating to a Defaulted Receivable, Voluntarily Terminated Receivable or Returned PCP Receivable;

"**VAT Group**" means a group for the purposes of the VAT Grouping Legislation;

"**VAT Grouping Legislation**" means: (a) sections 43 to 43D (inclusive) of VATA and (b) the Value Added Tax (Groups: eligibility) Order 2004 (SI 2004/1931);

"**Vehicle**" means, in relation to any Receivable, the motor vehicle or motorcycle which is (or the motor vehicles or motorcycles which are) the subject of the related Contract;

"Vehicle Sale Proceeds" means the proceeds (including amounts in respect of VAT) derived from (including by way of sale or otherwise) any Vehicle returned to or recovered by or on behalf of the Seller;

"Voluntarily Terminated Receivable" means any Purchased Receivable in relation to which a Obligor serves a notice to the Seller pursuant to Section 99 of the CCA; and

"Written Resolution" means a resolution in writing signed by or on behalf of Noteholders of not less than 75% in aggregate Principal Amount Outstanding of the Notes which resolution may be contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

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