

IMPORTANT NOTICE

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

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER. 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 U.S. SECURITIES ACT OF 1933, AS AMENDED (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 REGULATIONS UNDER THE SECURITIES ACT) OR ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND THE ELECTRONIC MAIL ADDRESS THAT YOU HAVE GIVEN TO US AND TO WHICH THIS EMAIL HAS BEEN DELIVERED IS NOT LOCATED IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS) OR THE DISTRICT OF COLUMBIA AND (D) IF YOU ARE A PERSON IN THE UNITED KINGDOM, THEN YOU ARE A PERSON WHO (I) HAS PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS OR (II) IS A HIGH NET WORTH ENTITY FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT (FINANCIAL PROMOTION) ORDER 2005.

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ROCHESTER FINANCING NO. 2 PLC

(Incorporated in England and Wales with limited liability, registered number 9928782)

| Class of Notes | Initial Principal Amount | Issue Price | Interest Rate | Ratings (S&P/DBRS) | Final Maturity Date |
|-----------------------|--------------------------|-------------|---|-----------------------|--|
| Class A Notes | £259,000,000 | 99.1% | 1.30% margin above Three Month LIBOR and from the Step-Up Date 1.90% margin above Three Month LIBOR | AAA(sf) / AAAsf | The Interest Payment Date falling in June 2045 |
| Class B Notes | £33,300,000 | 96.4% | 1.75% margin above Three Month LIBOR and from the Step-Up Date 2.75% margin above Three Month LIBOR | AA(sf) / AAsf | The Interest Payment Date falling in June 2045 |
| Class C Notes | £19,000,000 | 96.0% | 2.25% margin above Three Month LIBOR and from the Step-Up Date 3.25% margin above Three Month LIBOR | A+(sf) / Asf | The Interest Payment Date falling in June 2045 |
| Class D Notes | £16,200,000 | 95.2% | 2.75% margin above Three Month LIBOR and from the Step-Up Date 3.75% margin above Three Month LIBOR | A(sf) / BBBsf | The Interest Payment Date falling in June 2045 |
| Class E Notes | £13,300,000 | 95.0% | 3.25% margin above Three Month LIBOR and from the Step-Up Date 4.75% margin above Three Month LIBOR | BBB+(sf) / BB(high)sf | The Interest Payment Date falling in June 2045 |
| Class F Notes | £8,600,000 | 94.6% | 3.50% margin above Three Month LIBOR and from the Step-Up Date 5.00% margin above Three Month LIBOR | BBB(sf) / BB(low)sf | The Interest Payment Date falling in June 2045 |
| Class G Notes | £16,200,000 | 89.4% | 2.50% margin above Three Month LIBOR and from the Step-Up Date 5.00% margin above Three Month LIBOR | Not Rated | The Interest Payment Date falling in June 2045 |
| Class of Certificates | Notional Amount | Issue Price | Interest Rate | Ratings (S&P/DBRS) | Final Maturity Date |
| Class P Certificates | N/A | N/A | N/A | Not Rated | N/A |
| Class R Certificates | N/A | N/A | N/A | Not Rated | N/A |

The Step-Up Date is the Interest Payment Date occurring in March 2021. From the Step-Up Date, the Majority Holder of the Certificates has the right to exercise a purchase option in relation to the Portfolio which would lead to an early redemption of the Notes. In addition, following the occurrence of a Risk Retention Regulatory Change Event, the Retention Holder has the right to exercise the Retention Holder Option, which would lead to an early redemption of the Notes. See Condition 7.5 (*Mandatory Redemption in full following a Majority Holder Option Sale or a Retention Holder Option Sale*).

Issue Date Rochester Financing No. 2 PLC (the **Issuer**) will issue the Notes and the Certificates in the classes set out above on or about 26 February 2016 (the **Closing Date**).

Stand alone/programme issuance Stand alone issuance.

Underlying Assets

The Issuer will make payments on the Notes and Certificates from, *inter alia*, payments of principal and revenue received from a portfolio comprising mortgage loans sold by Rochester Mortgages Limited (the **Seller**) and originated by DB UK Bank Limited under its trading name of DB Mortgages (**DB UK**), Money Partners Limited (**Money Partners**) and Edeus Mortgage Creators Limited (**Edeus**) (each, an **Original Lending Entity** and together the **Original Lending Entities**) and secured over residential properties located in England, Wales, Northern Ireland and Scotland (the **Portfolio**) which will be purchased by the Issuer on the Closing Date.

See the sections entitled “*Transaction Overview—Portfolio and Servicing*”, “*The Loans*” and “*Characteristics of the Portfolio*” for further details.

Credit Enhancement in respect of the Notes

- Subordination of Notes:

In the case of the Class A Notes: the subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes (other than amounts applied from the Junior Liquidity Reserve Fund to pay interest on the Class E Notes), the Class F Notes (other than amounts applied from the Junior Liquidity Reserve Fund to pay interest on the Class F Notes) and the Class G Notes.

In the case of the Class B Notes: the subordination of the Class C Notes, the Class D Notes, the Class E Notes (other than amounts applied from the Junior Liquidity Reserve Fund to pay interest on the Class E Notes), the Class F Notes (other than amounts applied from the Junior Liquidity Reserve Fund to pay interest on the Class F Notes) and the Class G Notes.

In the case of the Class C Notes: the subordination of the Class D Notes, the Class E Notes (other than amounts applied from the Junior Liquidity Reserve Fund to pay interest on the Class E Notes), the Class F Notes (other than amounts applied from the Junior Liquidity Reserve Fund to pay interest on the Class F Notes) and the Class G Notes.

In the case of the Class D Notes: the subordination of the Class E Notes (other than amounts applied from the Junior Liquidity Reserve Fund to pay interest on the Class E Notes), the Class F Notes (other than amounts applied from the Junior Liquidity Reserve Fund to pay interest on the Class F Notes) and the Class G Notes.

In the case of the Class E Notes: the subordination of the Class F Notes and the Class G Notes.

In the case of the Class F Notes: the subordination of the Class G Notes.

- In the case of the Rated Notes: the availability of the General Reserve Fund.
- Excess Available Revenue Receipts.

See the sections entitled “*Transaction Overview—Credit Structure and Cashflows*”, “*Credit Structure*” and “*Cashflows*” for further details.

Liquidity Support in respect of the Notes

- In respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes only, the availability of the Liquidity Reserve Fund, as funded initially by the proceeds of the Notes on the Closing Date and subsequently pursuant to the Pre-Acceleration Revenue

Priority of Payments and the Pre-Acceleration Principal Priority of Payments, to provide (subject to certain conditions) for any Revenue Deficiency in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes in the event that Available Revenue Receipts are not sufficient.

- In respect of the Class E Notes and the Class F Notes only, the availability of the Junior Liquidity Reserve Fund, as funded by the proceeds from the Notes on the Closing Date, to provide (subject to certain conditions) for any Class E Revenue Deficiency in respect of the Class E Notes and any Class F Revenue Deficiency in respect of the Class F Notes in the event that Available Revenue Receipts are not otherwise sufficient.
- The application in certain circumstances of Available Principal Receipts to provide for any Remaining Revenue Deficiency in respect of the Rated Notes in the Available Revenue Receipts.
- Interest due and payable on the Class A Notes outstanding will not be deferred. Interest due and payable on the other classes of Notes may be deferred in accordance with the Conditions. Any payments due on the Certificates are subordinated to payments of interest on the Notes.

See the sections entitled “*Transaction Overview—Credit Structure and Cashflows*” and “*Credit Structure*” for further details.

Redemption Provisions

Information on any optional and mandatory redemption of the Notes is summarised on page 77 (*Transaction Overview—Summary of the Terms and Conditions of the Notes and the Certificates*) and set out in full in Condition 7 (*Redemption*) of the terms and conditions of the Notes (the **Conditions**).

Credit Rating Agencies

Standard & Poor’s Credit Market Services Europe Limited (**S&P**) and DBRS Ratings Ltd. (**DBRS**, each a **Rating Agency** and together the **Rating Agencies**). As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the European Union and is registered under Regulation (EU) No 1060/2009 (the **CRA Regulation**).

Credit Ratings

Ratings are expected to be assigned by DBRS and S&P to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (the **Rated Notes**) as set out above on or before the Closing Date. The Class G Notes and the Certificates will not be rated.

The ratings assigned to the Rated Notes by both S&P and DBRS address, *inter alia*, (a) the likelihood of full and timely payment to the holders of the Rated Notes, of all payments of interest on each Interest Payment Date and (b) the likelihood of ultimate payment to the holders of the Rated Notes (the **Rated Noteholders**) of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

The assignment of a rating to the Rated Notes is not a recommendation to invest in the relevant Class of Rated Notes or to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency.

Listing

This Prospectus comprises a prospectus for the purposes of Directive 2003/71/EC (as amended, which includes the amendments made by Directive 2010/73/EU) (the **Prospectus Directive**). This 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. Such approval relates to the Rated Notes and the Class G Notes (together with the Rated Notes, the **Notes**) which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**) and/or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to Irish Stock Exchange Plc (the **Irish Stock Exchange**) for the Notes to be admitted to the official list (the **Official List**) and trading on its regulated market (the **Main Securities Market**). The Irish Stock Exchange's Main Securities Market is a regulated market for the purposes of the Markets in Financial Instruments Directive. The Certificates will not be admitted to the Official List nor will they be admitted to trading on the Main Securities Market.

Obligations

The Notes and the Certificates will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity named in this Prospectus.

Retention Undertaking

On the Closing Date, OneSavings Bank Plc (**OSB**) will, as a sponsor for the purposes of the CRR, the AIFM Regulation and the Solvency II Regulation (each as defined below), retain a material net economic interest of not less than 5 per cent. in the securitisation in accordance with the text of each of Article 405 of Regulation (EU) No 575/2013 (the **Capital Requirements Regulation** or **CRR**), Article 51 of Regulation (EU) No 231/2013, referred to as the Alternative Investment Fund Manager Regulation (the **AIFM Regulation**) and Article 254 of Regulation (EU) 2015/35 (the **Solvency II Regulation**) (which, in each case, does not take into account any corresponding national measures) (the **Retention**). As at the Closing Date, the Retention will be comprised of not less than 5 per cent. of randomly selected Loans from the Cut-off Date Portfolio (by reference to the Cut-off Date Portfolio current as at 31 January 2016) (as described in "*Certain Regulatory Disclosures*" below) which would otherwise have been securitised in the transaction effected by the Issuer as required by the text of each of paragraph (c) of Article 405(1) of the CRR and paragraph (c) of Article 51(1) of the AIFM Regulation and paragraph (c) of Article 254(2) of the Solvency II Regulation. See the section entitled "*Certain Regulatory Disclosures*" for further information.

Certificates

In addition to the Notes, the Issuer will issue the Class P Certificates and the Class R Certificates (together, the **Certificates**) to (or at the direction of) the Seller on the Closing Date. The Seller will be required to direct the Issuer to issue those Certificates to Deutsche Bank AG, London Branch (on the direction of DB UK as a Previous Seller) as partial consideration for the Seller's acquisition of the Portfolio from the Previous Sellers.

The Class P Certificates constitute part of the consideration provided by the Issuer for the purchase of the Portfolio (representing the right to receive deferred consideration for the purchase of the Portfolio in the form of Class P Certificate Payments).

The Class R Certificates constitute part of the consideration provided by the Issuer for the purchase of the Portfolio (representing the right to receive deferred consideration for the purchase of the Portfolio in the form of the Residual Payments in respect of the Portfolio).

The Certificates may be sold by Deutsche Bank AG, London Branch to one or more third parties at any time on or after the Closing Date.

See the section entitled “*Terms and Conditions of the Certificates*” for further details (the **Certificates Conditions**). The Certificates will not be rated or listed.

Significant Investor

Deutsche Bank AG, London Branch will on the Closing Date purchase 100 per cent. of each of the Notes and may retain or, on the Closing Date or a later date, sell some or all of those Notes in the secondary market at variable prices (which may, in turn, affect the liquidity and price of the Notes and/or Certificates in the secondary market). In holding some or all of the Notes of a particular Class, Deutsche Bank AG, London Branch may have a majority holding and therefore be able to pass, or hold a sufficient minority to block, Noteholder resolutions.

Also, as noted above on the Closing Date, the Seller will be entitled to receive the Certificates as partial consideration for the sale of the Portfolio and will be required to direct the Issuer to issue those Certificates to Deutsche Bank AG, London Branch (on the direction of DB UK as a Previous Seller) as partial consideration for the Seller’s acquisition of the Portfolio from the Previous Sellers. Deutsche Bank AG, London Branch may retain or, on the Closing Date or a later date, sell some or all of those Certificates to one or more purchasers, but the number of purchasers is expected to be limited.

Therefore, significant concentrations of holdings of the Notes and the Certificates are likely to occur.

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

CO-ARRANGERS

Morgan Stanley

OneSavings Bank Plc

The date of this Prospectus is 26 February 2016

IMPORTANT NOTICE

THE NOTES AND THE CERTIFICATES WILL BE OBLIGATIONS OF THE ISSUER ONLY. NEITHER THE NOTES NOR THE CERTIFICATES WILL BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, NEITHER THE NOTES NOR THE CERTIFICATES WILL BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE SELLER, THE INTERIM LEGAL TITLE HOLDER, THE ORIGINAL LENDING ENTITIES, THE PREVIOUS SELLERS, THE CO-ARRANGERS, THE MASTER SERVICER, THE INTERIM SERVICER, THE SERVICER, THE CASH MANAGER, THE ACCOUNT BANK, THE CORPORATE SERVICES PROVIDER, THE BACK-UP SERVICER, THE AGENT BANK, THE REGISTRAR, THE NOTE TRUSTEE OR THE SECURITY TRUSTEE (EACH AS DEFINED HEREIN), OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY SUCH ENTITIES OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS. NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES OR THE CERTIFICATES SHALL BE ACCEPTED BY ANY OF THE SELLER, THE INTERIM LEGAL TITLE HOLDER, THE ORIGINAL LENDING ENTITIES, THE PREVIOUS SELLERS, THE CO-ARRANGERS, THE MASTER SERVICER, THE INTERIM SERVICER, THE SERVICER, THE CASH MANAGER, THE ACCOUNT BANK, THE BACK-UP SERVICER, THE AGENT BANK, THE REGISTRAR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE OR BY ANY PERSON OTHER THAN THE ISSUER.

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

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

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. NO REPRESENTATION IS MADE BY THE ISSUER, THE SELLER, THE INTERIM LEGAL TITLE HOLDER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE ORIGINAL LENDING ENTITIES, THE PREVIOUS SELLERS OR THE CO-ARRANGERS 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 CENTRAL BANK OF IRELAND, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER, THE SELLER, THE INTERIM LEGAL TITLE HOLDER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE OR THE CO-ARRANGERS 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 CO-ARRANGERS TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE NOTES AND THE CERTIFICATES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR DELIVERED 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 (**REGULATION S**)) (**U.S. PERSONS**) EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFERS, SEE “*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*”.

DEUTSCHE BANK AG, LONDON BRANCH AND EACH SUBSEQUENT PURCHASER OF THE NOTES WILL BE DEEMED BY ITS ACCEPTANCE OF SUCH NOTES TO HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS INTENDED TO RESTRICT THE RESALE OR OTHER TRANSFER OF THE NOTES AS SET FORTH THEREIN AND DESCRIBED IN THIS PROSPECTUS AND, IN CONNECTION THEREWITH, MAY BE REQUIRED TO PROVIDE CONFIRMATION OF ITS COMPLIANCE WITH SUCH RESALE AND OTHER TRANSFER RESTRICTIONS IN CERTAIN CASES. SEE “*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*”.

NONE OF THE ISSUER, THE CO-ARRANGERS, THE NOTE TRUSTEE OR THE SECURITY TRUSTEE 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.

THE ISSUER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF ITS KNOWLEDGE (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. ANY INFORMATION SOURCED FROM THIRD PARTIES CONTAINED IN THIS PROSPECTUS AS SET OUT UNDER “*SELLER*”, “*INTERIM SERVICER*”, “*SERVICER*”, “*BACK-UP SERVICER*”, “*THE ORIGINAL LENDING ENTITIES*”, “*THE CASH MANAGER, ACCOUNT BANK, PRINCIPAL PAYING AGENT, AGENT BANK AND REGISTRAR*”, “*THE NOTE TRUSTEE AND SECURITY TRUSTEE*” AND “*THE CORPORATE SERVICES PROVIDER*” HAS BEEN ACCURATELY REPRODUCED (AND IS CLEARLY SOURCED WHERE IT APPEARS IN THIS PROSPECTUS) AND, AS FAR AS THE ISSUER IS AWARE AND IS ABLE TO ASCERTAIN FROM INFORMATION PUBLISHED BY THAT THIRD PARTY, NO FACTS HAVE BEEN OMITTED WHICH WOULD RENDER THE REPRODUCED INFORMATION INACCURATE OR MISLEADING.

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

NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY U.S. BANK TRUSTEES LIMITED 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 THE ISSUER, THE SELLER, THE INTERIM LEGAL TITLE HOLDER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE ORIGINAL LENDING ENTITIES, THE PREVIOUS SELLERS, THE CO-ARRANGERS 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, THE SELLER, THE INTERIM LEGAL TITLE HOLDER, THE PREVIOUS LENDING ENTITIES OR THE PREVIOUS SELLERS 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 NOTE TRUSTEE, THE SECURITY TRUSTEE OR THE CO-ARRANGERS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. NONE OF THE CO-ARRANGERS, THE PREVIOUS SELLERS, THE PREVIOUS LENDING ENTITIES, THE NOTE TRUSTEE OR THE SECURITY TRUSTEE HAS SEPARATELY VERIFIED THE INFORMATION CONTAINED HEREIN. ACCORDINGLY, NONE OF THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE PREVIOUS SELLERS, THE PREVIOUS LENDING ENTITIES OR THE CO-ARRANGERS 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.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF, THE ISSUER, THE SELLER, THE INTERIM LEGAL TITLE HOLDER, THE NOTE TRUSTEE, THE SECURITY TRUSTEE, THE PREVIOUS SELLERS, THE PREVIOUS LENDING ENTITIES OR THE CO-ARRANGERS OR ANY OF THEM TO SUBSCRIBE FOR OR PURCHASE ANY OF THE NOTES OR CERTIFICATES IN ANY JURISDICTION WHERE SUCH ACTION WOULD BE UNLAWFUL AND NEITHER THIS PROSPECTUS, NOR ANY PART THEREOF, MAY BE USED FOR OR IN CONNECTION WITH ANY OFFER TO, OR SOLICITATION BY, ANY PERSON IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

PAYMENTS OF INTEREST AND PRINCIPAL IN RESPECT OF THE NOTES AND THE CERTIFICATES WILL BE SUBJECT TO ANY APPLICABLE WITHHOLDING TAXES WITHOUT THE ISSUER OR ANY OTHER PERSON BEING OBLIGED TO PAY ADDITIONAL AMOUNTS THEREFOR.

IN THIS PROSPECTUS ALL REFERENCES TO **POUNDS, STERLING, GBP** AND **£** ARE REFERENCES TO THE LAWFUL CURRENCY FOR THE TIME BEING OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (THE **UNITED KINGDOM** OR **UK**). REFERENCES IN THIS PROSPECTUS TO **€ EUR** AND **EURO** ARE REFERENCES TO THE SINGLE CURRENCY INTRODUCED AT THE THIRD STAGE OF EUROPEAN ECONOMIC AND MONETARY

UNION PURSUANT TO THE TREATY ESTABLISHING THE EUROPEAN COMMUNITIES AS AMENDED FROM TIME TO TIME.

In this Prospectus all references to the **Financial Conduct Authority** or **FCA** are to the United Kingdom Financial Conduct Authority and all references to the **Prudential Regulation Authority** or **PRA** are to the United Kingdom Prudential Regulation Authority which in each case before 1 April 2013 was known as the **Financial Services Authority** or **FSA**.

Forward-Looking Statements

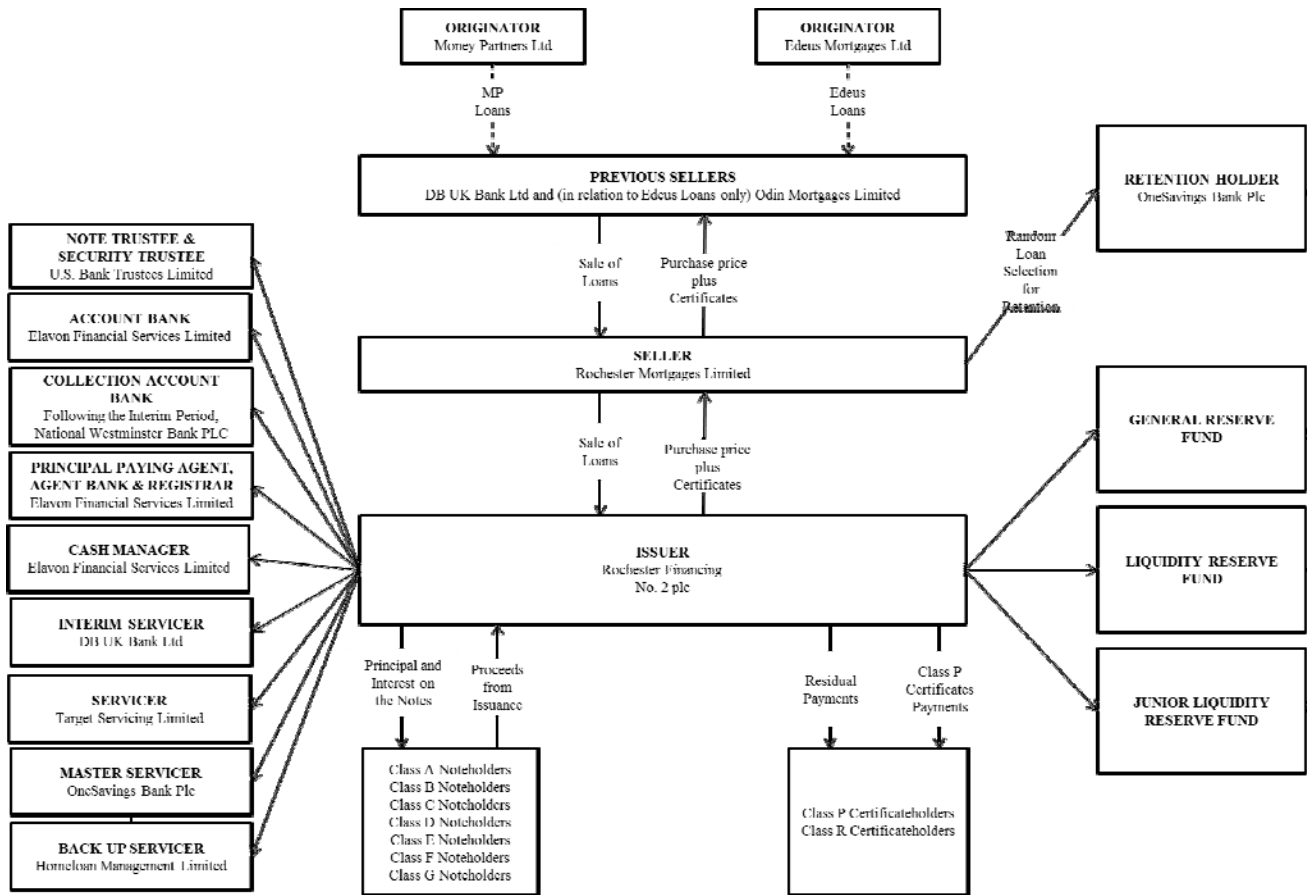
Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Loans, and reflect significant assumptions and subjective judgements by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as “may”, “will”, “could”, “believes”, “expects”, “anticipates”, “continues”, “intends”, “plans” or similar terms. Consequently, future results may differ from the Issuer’s expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. None of the Note Trustee, the Security Trustee, the Co-Arrangers, the Previous Sellers or the Previous Lending Entities has attempted to verify any such statements, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements. None of the Issuer, the Note Trustee, the Security Trustee, the Co-Arrangers, the Previous Sellers or the Previous Lending Entities assumes any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

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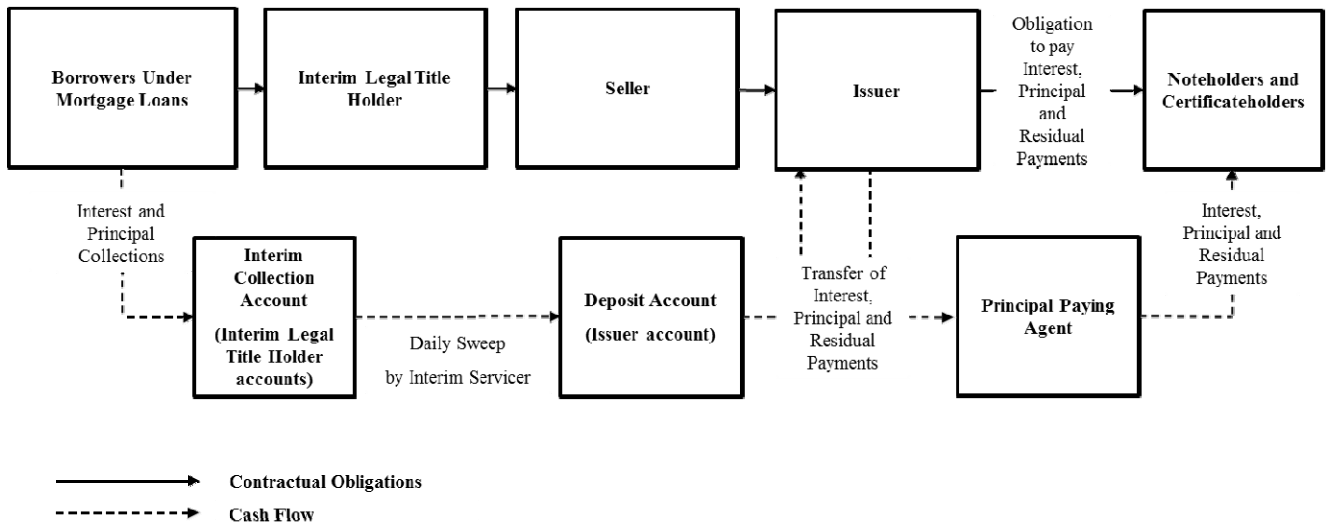
TRANSACTION OVERVIEW—STRUCTURE DIAGRAMS

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION

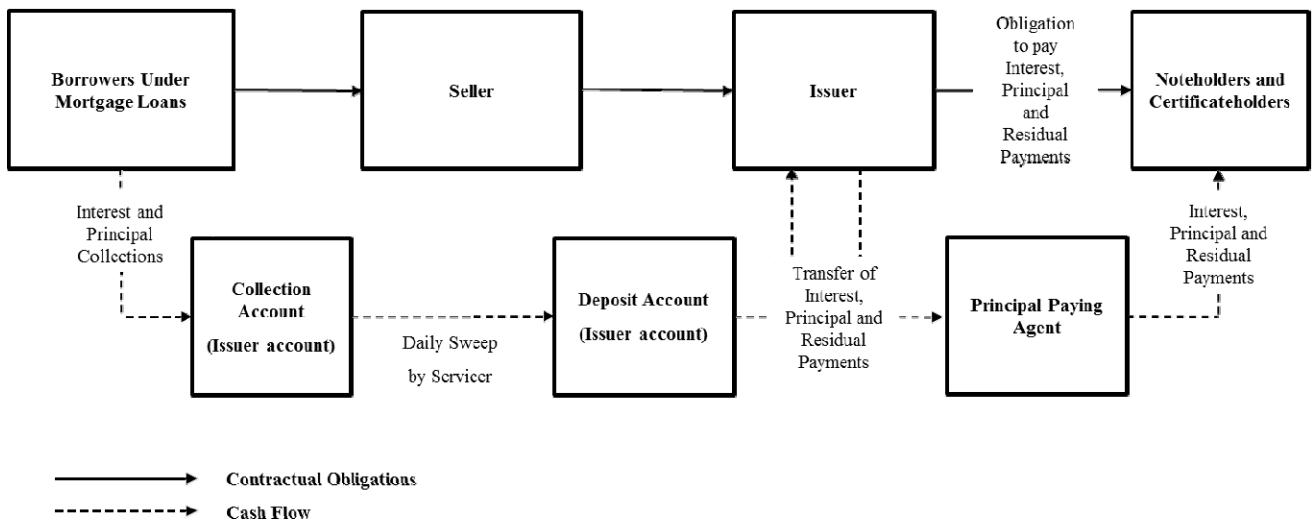


TRANSACTION OVERVIEW—DIAGRAMMATIC OVERVIEW OF ONGOING CASH FLOWS

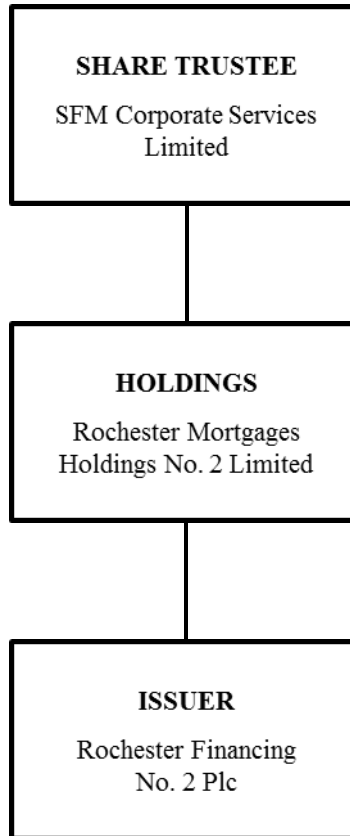
Diagrammatic Overview of Pre-Account Transfer Date On-Going Cashflows



Diagrammatic Overview of Post Account Transfer Date On-Going Cashflows



OWNERSHIP STRUCTURE DIAGRAM OF THE ISSUER



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

- The Issuer is a wholly owned subsidiary of Holdings in respect of its beneficial ownership.
- The entire issued share capital of Holdings is held on trust by the Share Trustee under the terms of a trust the benefit of which is expressed to be for discretionary purposes.
- None of the Issuer, Holdings or the Share Trustee is either owned, controlled, managed, directed or instructed, whether directly or indirectly, by the Seller or any member of the group of companies containing the Seller.

TRANSACTION OVERVIEW—TRANSACTION PARTIES

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

You should read the entire Prospectus carefully, especially the risks of investing in the Notes discussed under “Risk Factors”.

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

| Party | Name | Address | Document under which appointed/Further Information |
|-------------------------|--|---|---|
| Issuer | Rochester Financing No. 2 plc | 35 Great St. Helen’s London EC3A 6AP | See the section entitled “ <i>The Issuer</i> ” for further information. |
| Holdings | Rochester Mortgages Holdings No. 2 Limited | 35 Great St. Helen’s London EC3A 6AP | See the section entitled “ <i>Holdings</i> ” for further information. |
| Seller | Rochester Mortgages Limited | Reliance House, Sun Pier Chatham, Kent ME4 4ET | See the section entitled “ <i>The Seller</i> ” for further information. |
| Retention Holder | OneSavings Bank Plc | Reliance House, Sun Pier Chatham, Kent ME4 4ET | See the section entitled “ <i>OneSavings Bank Plc</i> ” for further information. |
| Master Servicer | OneSavings Bank Plc | Reliance House, Sun Pier Chatham, Kent ME4 4ET | Master Servicing Agreement by the Master Servicer, the Issuer, the Servicer, the Seller, the Interim Servicer, the Interim Legal Title Holder and the Security Trustee. See the sections entitled “ <i>Summary of the Key Transaction Documents—Servicing Agreement</i> ” and “ <i>OneSavings Bank Plc</i> ” for further information. |
| Interim Servicer | DB UK Bank Limited | 23 Great Winchester Street, London EC2P 2AX | Interim Servicing Agreement by the Interim Servicer, the Master Servicer, the Issuer, the Interim Legal Title Holder, the Security Trustee and DB UK. See the sections entitled “ <i>Summary of the Key Transaction Documents—Interim Servicing Agreement</i> ” |

| Party | Name | Address | Document under which appointed/Further Information |
|-------------------------|---|---|--|
| Servicer | Target Servicing Limited | Target House, Cowbridge Road East, Cardiff CF11 9AU | and “ <i>The Interim Servicer</i> ” for further information. Servicing Agreement by the Servicer, the Master Servicer, the Issuer, the Seller, the Security Trustee and DB UK. See the sections entitled “ <i>Summary of the Key Transaction Documents—Servicing Agreement</i> ” and “ <i>Target Servicing Limited</i> ” for further information. |
| Back-up Servicer | Homeloan Management Limited | The Pavilions Bridgwater Road Bristol BS13 8AE | Back-up Servicing Agreement by the Back-up Servicer, the Servicer, the Issuer, the Seller and the Security Trustee. See the sections entitled “ <i>Summary of the Key Transaction Documents—Back-up Servicing Agreement</i> ” and “ <i>Homeloan Management Limited</i> ” for further information. |
| Cash Manager | Elavon Financial Services Limited, acting through its UK branch | 125 Old Broad Street Fifth Floor London EC2N 1AR | Cash Management Agreement by the Cash Manager, the Issuer, the Seller and the Security Trustee. See the sections entitled “ <i>Summary of the Key Transaction Documents—Cash Management Agreement</i> ” and “ <i>The Cash Manager, Account Bank, Principal Paying Agent, Agent Bank and Registrar</i> ” for further information. |
| Account Bank | Elavon Financial Services Limited, acting through its UK branch | 125 Old Broad Street Fifth Floor London EC2N 1AR | Bank Account Agreement by the Account Bank, the Cash Manager, the Issuer and the Security Trustee. See the sections entitled “ <i>Summary of the Key Transaction Documents—The Bank Account Agreement</i> ” and “ <i>The Cash Manager, Account Bank, Principal Paying Agent, Agent Bank and Registrar</i> ” for further information. |

| Party | Name | Address | Document under which appointed/Further Information |
|--|---|--|---|
| Security Trustee | U.S. Bank Trustees Limited | 125 Old Broad Street Fifth Floor London EC2N 1AR | Deed of Charge by the Issuer, the Note Trustee and the Security Trustee. See the sections entitled “ <i>Terms and Conditions of the Notes</i> ” and “ <i>The Note Trustee and Security Trustee</i> ” for further information. |
| Note Trustee | U.S. Bank Trustees Limited | 125 Old Broad Street Fifth Floor London EC2N 1AR | Trust Deed by the Issuer, the Note Trustee and the Security Trustee. See the sections entitled “ <i>Terms and Conditions of the Notes</i> ” and “ <i>The Note Trustee and Security Trustee</i> ” for further information. |
| Principal Paying Agent and Agent Bank | Elavon Financial Services Limited, acting through its UK branch | 125 Old Broad Street Fifth Floor London EC2N 1AR | Agency Agreement by the Issuer, the Note Trustee, the Security Trustee, the Principal Paying Agent, the Agent Bank and the Registrar. See the sections entitled “ <i>Terms and Conditions of the Notes</i> ” and “ <i>The Cash Manager, Account Bank, Principal Paying Agent, Agent Bank and Registrar</i> ” for further information. |
| Registrar | Elavon Financial Services Limited, acting through its UK branch | 125 Old Broad Street Fifth Floor London EC2N 1AR | In respect of the Notes and the Certificates, the Agency Agreement. See the sections entitled “ <i>Terms and Conditions of the Notes</i> ”, “ <i>Terms and Conditions of the Certificates</i> ” and “ <i>The Cash Manager, Account Bank, Principal Paying Agent, Agent Bank and Registrar</i> ” for further information. |
| Corporate Services Provider | Structured Finance Management Limited | 35 Great St. Helen’s London EC3A 6AP | Corporate Services Agreement by the Issuer and Holdings. |
| Share Trustee | SFM Corporate Services Limited | 35 Great St. Helen’s London EC3A 6AP | Share Trust Deed by the Share Trustee. |
| Co-Arranger | Morgan Stanley & Co. | 20 Bank Street, Canary | Note Purchase Agreement. See |

| Party | Name | Address | Document under which appointed/Further Information |
|-------------------------|---------------------------|---|--|
| | International plc | Wharf London, E14 4AD | the section entitled “ <i>Subscription and Sale</i> ” for further information. |
| Co-Arranger | OneSavings Bank Plc | Reliance House, Sun Pier Chatham, Kent ME4 4ET | Note Purchase Agreement. See the section entitled “ <i>Subscription and Sale</i> ” for further information. |
| Previous Sellers | DB UK | 23 Great Winchester Street London EC2N 2DB | Previous Mortgage Sale Agreement. See the section entitled “ <i>The Interim Servicer</i> ” for further information. |
| | Odin Mortgages Limited | 35 Great St Helens London EC3A 6AP | Previous Mortgage Sale Agreement. |

RISK FACTORS

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

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

The Issuer believes that the risks described below are the material risks inherent in the transaction for Noteholders and the Certificateholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes or any Certificates may occur for other reasons and the Issuer does not represent that the statements below regarding the risks relating to the Notes and the Certificates are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts in respect of the Notes and the Certificates. Prospective Noteholders and Certificateholders should read the detailed information set out in this document and reach their own views, together with their own professional advisers, prior to making any investment decision.

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

CREDIT STRUCTURE

Liabilities Under the Notes and the Certificates

The Notes and the Certificates will not be obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes or the Certificates shall be accepted by any of the Seller, the Interim Legal Title Holder, the Co-Arrangers, the Interim Servicer, the Servicer, the Master Servicer, the Back-up Servicer, the Cash Manager, the Account Bank, the Principal Paying Agent, the Agent Bank, the Registrar, the Note Trustee, the Security Trustee, any company in the same group of companies as such entities, any other party to the Transaction Documents or by any person other than the Issuer.

Limited Source of Funds

The ability of the Issuer to meet its obligations to pay principal and interest and other amounts on the Notes and the Certificates and its operating and administrative expenses will be dependent solely on receipts from

the Loans in the Portfolio, interest earned on the Deposit Account, the General Reserve Fund, the Liquidity Reserve Fund and the Junior Liquidity Reserve Fund. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes, the Certificates and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes and the Certificates under the applicable Priority of Payments. If such funds are insufficient, any such insufficiency will be borne by the Noteholders, the Certificateholders and the other Secured Creditors, subject to the applicable Priority of Payments. The recourse of the Noteholders and the Certificateholders to the Charged Assets following service of a Note Acceleration Notice is described below under “—*Limited recourse*”. For additional information, see also “—*English law security and insolvency considerations*” below.

Limited recourse

The Notes and the Certificates will be limited recourse obligations of the Issuer. The ability of the Issuer to meet its obligations under the Notes and the Certificates will be dependent upon the receipt by it in full of (a) principal and interest from the Borrowers under the Loans and their Related Security in the Portfolio, (b) interest income on the Deposit Account, and (c) funds available in the General Reserve Fund, the Liquidity Reserve Fund and the Junior Liquidity Reserve Fund. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and the Certificates. Upon enforcement of the Security by the Security Trustee, if:

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

then the Secured Creditors (which include the Noteholders and the Certificateholders) shall have no further claim against the Issuer or its directors, shareholders, officers or successors in respect of any amounts owing to them which remain unpaid (principally payments of principal and interest in respect of the Notes and amounts due in respect of the Certificates) and such unpaid amounts shall be deemed to be discharged in full and the Issuer’s payment obligations shall be deemed to cease.

Each Secured Creditor agrees that if any amount is received by it (including by way of set-off) in respect of any secured obligation owed to it other than in accordance with the provisions of the 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 order of priority set out in the Deed of Charge shall be received and held by it as trustee for the Security Trustee and shall be paid over to the Security Trustee immediately upon receipt so that such amount can be applied in accordance with the order of priority set out in the Deed of Charge.

Limitations on enforcement

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

Deferral of Interest Payments on the Notes

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) payable other than in respect of the Most Senior Class of Notes outstanding 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 18 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as interest in respect of the Notes becomes immediately due and repayable in accordance with the Conditions. This will not constitute an Event of Default.

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

Credit risk

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the Interim Servicer or the Servicer (as applicable), on behalf of the Issuer, to realise or recover sufficient funds under the arrears and default procedures in respect of a Loan and its Related Security in order to discharge all amounts due and owing by the relevant Borrowers under its Loan, which may adversely affect payments on the Notes and the Certificates. This risk is mitigated to some extent by certain credit enhancement features which are described in the section entitled "*Credit Structure*". However, no assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the Noteholders from all risk of loss.

Liquidity risk

The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of payments being made late by Borrowers (if, for example such payment is made after the end of the Collection Period immediately preceding the Interest Payment Date). This risk is addressed in respect of the Rated Notes only by the provision of liquidity from alternative sources as described in the section entitled "*Credit Structure*". However, no assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the holders of the Rated Notes from all risk of loss.

Subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes and the Certificates

The Class B Notes rank *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes.

The Class C Notes rank *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes and the Class B Notes.

The Class D Notes rank *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes.

The Class E Notes rank *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times, but (other than in respect of amounts of interest which are funded from the Junior Liquidity Reserve Fund) subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

The Class F Notes rank *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times, but (other than in respect of amounts of interest which are funded from

the Junior Liquidity Reserve Fund) subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

The Class G Notes rank *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times but subordinate to all payments due in respect of the Rated Notes.

The Certificates are subordinated in right of any payment to payments of interest and principal on the Notes. Following the service of a Note Acceleration Notice on the Issuer, the Class R Certificates are subordinated in right of any payment to payments of principal on the Class P Certificates.

Payments of interest in respect of the Class E Notes and, subject to the Class F Reallocation Condition being satisfied, the Class F Notes may, to the extent that there is a Class E Revenue Deficiency with respect to the Class E Notes or a Class F Revenue Deficiency with respect to the Class F Notes, be paid from amounts standing to the credit of the Junior Liquidity Reserve Fund. Prior to the earlier of (A) the redemption in full of the Rated Notes, (B) the Final Maturity Date or (C) the earlier of (i) the Interest Payment Date on which the debit balance of the Class E Principal Deficiency Sub-Ledger is equal to 100 per cent. of the Principal Amount Outstanding of the Class E Notes or (ii) the Principal Amount Outstanding of the Class E Notes and the Class F Notes being reduced to zero, amounts standing to the credit of the Junior Liquidity Reserve Fund will not be used for any other purpose than paying interest on the Class E Notes and the Class F Notes. This may result in interest on the Class E Notes or the Class F Notes being paid when amounts would not be available to pay interest on the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes.

The subordination of the Notes and the Certificates are further set out in “*Cashflows—Application of Available Revenue Receipts Prior to the Service of a Note Acceleration Notice on the Issuer*”, “*—Application of Available Principal Receipts Prior to the service of a Note Acceleration Notice on the Issuer*” and “*—Distribution of Available Principal Receipts and Available Revenue Receipts Following the Service of a Note Acceleration Notice on the Issuer*”. There is no assurance that these subordination rules will protect the Noteholders or the Class P Certificateholders from all risk of loss.

Revenue and Principal Deficiency

If, on any Interest Payment Date, as a result of shortfalls in Available Revenue Receipts relative to interest due on the Rated Notes, or amounts ranking in priority to the payment of interest on the Rated Notes, there is a Class A Revenue Deficiency, Class B Revenue Deficiency, Class C Revenue Deficiency or Class D Revenue Deficiency (taking into account amounts standing to the credit of the General Reserve Fund which can be applied as Available Revenue Receipts and are available to cover such amounts (subject to certain conditions)) the Issuer shall apply amounts standing to the credit of the Liquidity Reserve Fund (subject to certain conditions) toward curing such Revenue Deficiency.

If, on any Interest Payment Date, as a result of shortfalls in Available Revenue Receipts relative to interest due on the Class E Notes or Class F Notes, there is a Class E Revenue Deficiency or a Class F Revenue Deficiency (taking into account amounts standing to the credit of the General Reserve Fund which can be applied as Available Revenue Receipts and are available to cover such amounts (subject to certain conditions and, in respect of the Class F Notes, subject to the Class F Reallocation Condition being satisfied)) the Issuer shall apply amounts standing to the credit of the Junior Liquidity Reserve Fund (subject to certain conditions) to cure such Class E Revenue Deficiency or Class F Revenue Deficiency.

If, following the application of the Liquidity Facility and the Junior Liquidity Facility as described above, there remains a deficiency in the amount of Available Revenue Receipts (after taking into account all applications from the Liquidity Facility and the Junior Liquidity Facility) which the Issuer may apply to pay items (a) to (d) and (f), (h), (j), (m) and (o) of the Pre-Acceleration Revenue Priority of Payments (such deficiency being the **Remaining Revenue Deficiency**) the Issuer will apply Available Principal Receipts in accordance with item (a) of the Pre-Acceleration Principal Priority of Payments towards payment of items (a) to (d) and (f), (h), (j), (m) and (o) of the Pre-Acceleration Revenue Priority of Payments (as applicable) to

cure such Remaining Revenue Deficiency. In the event that Available Principal Receipts are so used to meet a Remaining Revenue Deficiency, the consequences set out in the following paragraph may result.

Application of any Available Principal Receipts to meet any Remaining Revenue Deficiency will be recorded first on the Class P Principal Deficiency Sub-Ledger until the balance of the Class P Principal Deficiency Sub-Ledger is equal to the Overcollateralisation Amount, and next on the Class G Principal Deficiency Sub-Ledger until the balance of the Class G Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class G Notes then outstanding, and next on the Class F Principal Deficiency Sub-Ledger until the balance of the Class F Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class F Notes then outstanding, and next on the Class E Principal Deficiency Sub-Ledger until the balance of the Class E Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class E Notes then outstanding, and next on the Class D Principal Deficiency Sub-Ledger until the balance of the Class D Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class D Notes then outstanding, and next on the Class C Principal Deficiency Sub-Ledger until the balance of the Class C Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class C Notes then outstanding, and next on the Class B Principal Deficiency Sub-Ledger until the balance of the Class B Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class B Notes then outstanding, and next on the Class A Principal Deficiency Sub-Ledger until the balance of the Class A Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class A Notes then outstanding.

It is expected that during the course of the life of the Notes and the Certificates, principal deficiencies will be recouped from Available Revenue Receipts including (other than in respect of the Class G Notes and the Certificates), amounts standing to the credit of the General Reserve Fund. Available Revenue Receipts will be applied, after meeting prior ranking obligations as set out under the Pre-Acceleration Revenue Priority of Payments, to credit first the Class A Principal Deficiency Sub-Ledger, second the Class B Principal Deficiency Sub-Ledger, third the Class C Principal Deficiency Sub-Ledger, fourth the Class D Principal Deficiency Sub-Ledger, fifth, following amounts being credited to the Liquidity Reserve Fund, the Class E Principal Deficiency Sub-Ledger, sixth the Class F Principal Deficiency Sub-Ledger, seventh, following certain amounts due to the Master Servicer under the Master Servicing Agreement, amounts being credited to the Junior Liquidity Reserve Fund and the General Reserve Fund up to the Junior Liquidity Reserve Fund Required Amount and the General Reserve Fund Required Amount respectively, certain amounts due to the Servicer under the Servicing Agreement and to the Interim Servicer under the Interim Servicing Agreement, eighth, the Class G Principal Deficiency Sub-Ledger and ninth, the Class P Principal Deficiency Sub-Ledger.

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

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

Interest Rate Risk

The Loans in the Portfolio are subject to variable interest rates while the Issuer's liabilities under the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes are based on Three-Month Sterling LIBOR.

Further, as at the date of this Prospectus, the Issuer has not entered into any interest rate swap or other hedging transaction in relation to any of the Loans, and as a result there is no hedge in respect of the risk of any variances in the rates charged on any Loans which in turn may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations to the Noteholders, Certificateholders and the other Secured Creditors.

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

The yield to maturity on the Notes will depend on, *inter alia*, the amount and timing of payment of principal and interest on the Loans and the price paid by the holders of the Notes. Prepayments on the Loans may result from refinancing, sales of Properties by Borrowers voluntarily or as a result of enforcement proceedings under the relevant Mortgages, as well as the receipt of proceeds under any applicable insurance policies. In addition, optional repurchases of Loans permitted to be made under the Mortgage Sale Agreement in certain circumstances will have the same effect as a prepayment of such Loans. The yield to maturity of the Notes may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the Loans.

The rate of prepayment of a Loan is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing programmes, local and regional economic conditions and homeowner mobility. Generally, when market interest rates increase, borrowers are less likely to prepay their mortgage loans, while conversely, when market interest rates decrease, borrowers are generally more likely to prepay their mortgage loans. For instance, borrowers may prepay mortgage loans when they refinance their loans or sell their properties (either voluntarily or as a result of enforcement action taken). In addition, if the Option Holder elects to repurchase a Loan or Loans under a Mortgage Account and its or their Related Security because, for example, one of the Loans does not comply with the Loan Warranties, then the payment received by the Issuer will have the same effect as a prepayment of all the Loans under that Mortgage Account. Because these and other relevant factors are not within the control of the Issuer, no assurance can be given as to the level of prepayments that the Portfolio will experience.

Payments and prepayments of principal on the Loans will be applied to reduce the Principal Amount Outstanding of the Notes on a pass-through basis on each Interest Payment Date in accordance with the Pre-Acceleration Principal Priority of Payments (to the extent not used to meet a Remaining Revenue Deficiency in accordance with item (a) of the Pre-Acceleration Principal Priority of Payments or (to the extent that the Liquidity Reserve Fund is less than the Liquidity Reserve Fund Required Amount following application of Available Revenue Receipts) to fund the Liquidity Reserve Fund in accordance with item (b) of the Pre-Acceleration Principal Priority of Payments). See the section entitled “*Cashflows*” below.

The Final Maturity Date of the Notes is the Interest Payment Date falling in June 2045, however, in certain circumstances, the Issuer may redeem the Notes prior to the Final Maturity Date and prior to the Notes being repaid in full pursuant to their terms as follows: at any time on or after (a) the Step-Up Date the Majority Holder has the option, in connection with a Majority Holder Option Sale, to purchase (or require the sale to its nominee of) the Loans and their Related Security comprised in the Portfolio, subject to certain conditions, for the amount required on the date of completion of the relevant Majority Holder Option Sale (or if that date is not an Interest Payment Date, the next Interest Payment Date) (when aggregated with all other funds available to the Issuer, including all amounts standing to the credit of the Total Reserve Fund) to redeem all of the Notes at their respective Principal Amounts Outstanding and to pay any fees, costs and expenses of the Issuer payable senior to the Notes in the Post-Acceleration Priority of Payments on that date of completion (or if that date is not an Interest Payment Date, the next Interest Payment Date) (such amount being the **Majority Holder Option Purchase Price**), and in connection with such sale the Issuer will redeem all of the Notes, (b) the occurrence of a Risk Retention Regulatory Change Event the Retention Holder has the option, in connection with a Retention Holder Option Sale to require the Issuer to auction the Portfolio, subject to certain conditions, provided that the sale price at any such auction must not be less than the amount required on the date of completion of the relevant Retention Holder Option Sale (or if that date is not an Interest

Payment Date, the next Interest Payment Date) (when aggregated with all other funds available to the Issuer, including all amounts standing to the credit of the Total Reserve Fund) to redeem all of the Notes at their respective Principal Amounts Outstanding and to pay any fees, costs and expenses of the Issuer payable senior to the Notes in the Post-Acceleration Priority of Payments on that date of completion (or if that date is not an Interest Payment Date, the next Interest Payment Date) (such amount being the **Retention Holder Option Purchase Price**), and in connection with such sale the Issuer will redeem all of the Notes or (c) the Step-Up Date or any Interest Payment Date on which the aggregate Principal Amount Outstanding of the Notes and the Overcollateralisation Amount is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes and the Overcollateralisation Amount on the Closing Date, the Issuer may, subject to certain conditions, redeem all of the Notes.

The occurrence of any early redemption of the Notes will lead to a reduction in the average weighted life of the Notes. See the section “*Early Redemption of the Notes*”, Condition 7.3 (*Optional Redemption of the Notes in Full*) and Condition 7.5 (*Mandatory Redemption in full following a Majority Holder Option Sale or a Retention Holder Option Sale*) for more detail.

In addition, the Issuer may, subject to the Conditions, redeem all of the Notes if a change in tax law results in the Issuer being required to make a deduction or withholding for or on account of tax. This may adversely affect the yield to maturity on the Notes. See Condition 7.4 (*Optional Redemption for Taxation Reasons*) for more detail.

Following the occurrence of an Event of Default, service of a Note Acceleration Notice and enforcement of the Security, there is no assurance that the Issuer will have sufficient funds to redeem the Notes in full.

Sales of the Loans Pursuant to a Portfolio Purchase Option May Adversely Affect Certificateholders

The sale of the Loans pursuant to either Portfolio Purchase Option described above under “—*Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption*” is conditional upon the amounts being received from the purchase price (where applicable net of certain fees and expenses) being sufficient to (when aggregated with all other funds available to the Issuer (including all amounts standing to the credit of the Total Reserve Fund) to redeem all of the Notes and to pay any fees, costs and expenses of the Issuer payable senior to the Notes in the Post-Acceleration Priority of Payments on that date of completion (or if that date is not an Interest Payment Date, the next Interest Payment Date). The sale proceeds are not required to satisfy any obligations of the Issuer in respect of the Certificates. Should the sale proceeds not exceed such minimum requirements, there may be insufficient amounts available to the Issuer to pay amounts due in respect of the Certificates. In such circumstances the Certificates will have no additional claim against the Issuer. See the section “*Early Redemption of the Notes*” and Condition 7.5 (*Mandatory Redemption in full following a Majority Holder Option Sale or a Retention Holder Option Sale*) for more detail.

Ratings of the Rated Notes

The ratings assigned to the Rated Notes by both S&P and DBRS address, *inter alia* (a) the likelihood of full and timely payment to the holders of the Rated Notes, of all payments of interest on each Interest Payment Date and (b) the likelihood of ultimate payment to the Rated Noteholders of principal in relation to the Rated Notes on or prior to the Final Maturity Date.

The Class G Notes and the Certificates will not be rated by the Rating Agencies.

The expected ratings of the Rated Notes to be assigned on the Closing Date are set out under “*Ratings*” below. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency if, in its judgement, circumstances (including, without limitation, a reduction in the credit rating of the Cash Manager, the Interim Collection

Account Bank, the Collection Account Bank and the Account Bank) in the future so warrant. See also the section entitled “—*Servicing and Third Party Risk—Change of counterparties*” below.

At any time, any Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Rated Notes may be withdrawn, lowered or qualified.

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

As highlighted above, the ratings assigned to the Rated Notes by each Rating Agency are based on, among other things, the short-term and/or long-term unsecured, unguaranteed and unsubordinated debt ratings of the Cash Manager, the Interim Collection Account Bank, the Collection Account Bank and the Account Bank. In the event one or more of these transaction parties are downgraded below the requisite ratings trigger, there can be no assurance that a replacement to that counterparty will be found which has the ratings required to maintain the then current ratings of the Rated Notes. If a replacement counterparty with the requisite ratings cannot be found, this is likely to have an adverse impact on the rating of the Rated Notes and, as a consequence, the resale price of the Rated Notes in the market and the prima facie eligibility of the Rated Notes for use in certain liquidity schemes established by the European Central Bank and, *inter alios*, the Bank of England.

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

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

The CRA Regulation was amended by European Regulation 462/2013 of 21 May 2013 (known as **CRA III**) and, as such, entered into force on 20 June 2013. Its provisions increase the regulation and supervision of credit rating agencies by ESMA but also impose new obligations on issuers of securities which have an EU element. Under Article 8b of the CRA Regulation, the issuer, originator and sponsor of structured finance instruments (**SFI**) established in the European Union (a definition which the Rated Notes fulfil) must jointly publish certain information about those SFI on a specified website set up by ESMA. This includes information on: the credit quality and performance of the underlying assets of the SFI; the structure of the securitisation transaction; the cashflows and any collateral supporting a securitisation exposure; and any information that is necessary to conduct comprehensive and well-informed stress tests on the cashflows and collateral values supporting the underlying exposures. On 30 September 2014, the European Commission adopted a delegated regulation containing regulatory technical standards (RTS) which set out in detail the information on SFI which must be published and rules on the presentation and updating of such information. The Regulation will apply from 1 January 2017, in order to provide issuers, originators and sponsors with reasonable time to prepare for compliance with the new disclosure obligations. The Issuer will appoint an appropriate entity to provide the requisite information before the Regulation becomes applicable in 2017.

ESMA has not yet launched the website on which information about SFI must be published or published certain technical reporting instructions concerning, amongst other things, the transmission of the relevant information to ESMA. Therefore, there remains some uncertainty surrounding the precise nature of the Issuer's and sponsor's obligations under the revised CRA Regulation and how the submission of information will work in practice.

Rating Agency confirmation in relation to the Rated Notes in respect of certain actions

The terms of certain Transaction Documents require the parties thereto to obtain confirmation from the Rating Agencies that certain actions proposed to be taken by the Issuer and the Note Trustee, or as the case may be, the Security Trustee, will not have an adverse effect on the then current rating of the Rated Notes (a **Rating Agency Confirmation**).

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

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

Certain Rating Agencies have indicated that they will no longer provide Rating Agency Confirmations as a matter of policy. To the extent that a Rating Agency Confirmation cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents and specifically the relevant modification and waiver provisions.

Where the Transaction Documents require a Rating Agency Confirmation and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer and (i) (A) one Rating Agency (such Rating Agency, a **Non-Responsive Rating Agency**) indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and (ii) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts, then such condition to receive a Rating Agency Confirmation or response from each Ratings Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors certifying and confirming that each of the events in subparagraphs (i) (A) or (B) and (ii) has occurred, the Issuer having sent a written request to each Rating Agency. Where a Rating Agency Confirmation is a condition to any action or step under any Transaction

Document and it is deemed to be modified as a result of a Non-Responsive Rating Agency not having responded to the relevant request from the Issuer within 30 days, there remains a risk that such Non-Responsive Rating Agency may subsequently downgrade, qualify or withdraw the then current ratings of the Rated Notes as a result of the action or step. Such a downgrade, qualification or withdrawal to the then current ratings of the Rated Notes may have an adverse effect on the value of the Rated Notes.

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

Upon the occurrence of an Event of Default, the Note Trustee in its absolute discretion may, and if so directed in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or if they pass an Extraordinary Resolution, (or, if the Notes have been redeemed in full, the Class P Certificateholders may, if they hold not less than 25 per cent. of the number of Class P Certificates then outstanding, or, if no Class P Certificates are outstanding, the Class R Certificateholders may, if they hold not less than 25 per cent. of the number of Class R Certificates then outstanding or, in each case, if they pass an Extraordinary Resolution) direct the Note Trustee to give a Note Acceleration Notice to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding or that any Class P Certificate Payments pursuant to the Class P Certificates and/or all Residual Payments pursuant to the Class R Certificates are immediately due and payable, as applicable.

Each of the Note Trustee and the Security Trustee may, at any time, at their discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes, the Certificates or the Trust Deed (including the Conditions and the Certificates Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) of the other Transaction Documents to which it is a party or in respect of which (in the case of the Security Trustee) it holds security and at any time after the service of a Note Acceleration Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security. However, neither the Note Trustee nor the Security Trustee shall be bound to take any such proceedings or steps (including, but not limited to, the giving of a Note Acceleration Notice in accordance with: (a) Condition 10 (*Events of Default*) unless it shall have been directed to do so by the holders of the Most Senior Class of Notes then outstanding, or (b) Certificates Condition 9 (*Events of Default*) unless it shall have been directed by an Extraordinary Resolution of the holders of the Class P Certificates (and provided all of the Notes have been redeemed in full) or unless it shall have been directed by an Extraordinary Resolution of the holders of the Class R Certificates (and provided all of the Notes and Class P Certificates have been redeemed in full), and in each case it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

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

In relation to the Retention Undertaking to be given by the Retention Holder in the Note Purchase Agreement and certain requirements as to providing investor information in connection therewith, none of the Co-Arrangers, the Note Trustee or the Security Trustee will be under any obligation to monitor the compliance by the Retention Holder with such covenant and will not be under any obligation to take any action in relation to non-compliance with such covenant.

Meetings of Noteholders and Certificateholders, Modification and Waivers

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

Extraordinary Resolution in relation to a Basic Terms Modification, an Extraordinary Resolution or Ordinary Resolution passed at any meeting of the Most Senior Class of Noteholders shall be binding on all other Classes of Notes and the Certificateholders irrespective of the effect it has upon them. An Extraordinary Resolution or Ordinary Resolution passed by any Class of Noteholders which is not the Most Senior Class of Noteholders or the Certificateholders shall be ineffective unless sanctioned by an Extraordinary Resolution of the Most Senior Class of Noteholders.

The Conditions and the Certificates Conditions also provide that the Note Trustee or, as the case may be, the Security Trustee, may agree, without the consent of the Noteholders, the Certificateholders or the other Secured Creditors (but, in the case of the Security Trustee only, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document), to (a) any modification of, or the waiver or authorisation of, any breach or proposed breach of, the Conditions of the Notes, the Certificates Conditions or any of the Transaction Documents which is not, in the opinion of the Note Trustee, or as the case may be, the Security Trustee, materially prejudicial to the interests of the Most Senior Class of Notes (or if there are no Notes outstanding, the Certificateholders) or (b) any modification which, in the Note Trustee's or, as the case may be, the Security Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error. The Note Trustee may also, without the consent of the Noteholders or the Certificateholders, if it is of the opinion that such determination will not be materially prejudicial to the interests of the Noteholders or the Certificateholders, determine that an Event of Default shall not, or shall not subject to specified conditions, be treated as such. See Condition 10 (*Events of Default*) and Certificates Condition 9 (Events of Default).

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

Risks relating to negative consent of Noteholders and Certificateholders

Other than in respect of an Extraordinary Resolution directing the Note Trustee to give a Note Acceleration Notice and other than in relation to Basic Terms Modifications of the Notes (but not, for the avoidance of doubt, the Certificates), an Extraordinary Resolution or an Ordinary Resolution may be passed by the negative consent of the relevant Noteholders or the Certificateholders. An Extraordinary Resolution or an Ordinary Resolution, as applicable, will be passed by a Class of Notes or the Certificateholders unless, within 40 days of the requisite notice first being given to such Class of Noteholders or the Certificateholders in accordance with the provisions of Condition 16 (*Notice to Noteholders*) and Certificate Condition 15 (*Notice to Certificateholders*), or in such other manner as may be approved in writing by the Note Trustee and such notice being made available through Bloomberg or any industry recognised successor to Bloomberg on a page associated with the Notes and/or Certificates (unless impractical to do so due to changes in the Bloomberg system following the Closing Date) at the time it is given to Noteholders and Certificateholders (such notice will be repeated in the manner set out above 20 days after the notice is first given), (a) in the case of an Extraordinary Resolution, the holders of 10 per cent. or more in aggregate of the Principal Amount Outstanding of the Notes of such Class or by number of the Certificates then outstanding or (b) in the case of an Ordinary Resolution, the holders of 15 per cent. or more in aggregate of the Principal Amount Outstanding of the Notes of such Class or by number of the Certificates then outstanding, have informed the Note Trustee in the prescribed manner of their objection to such Extraordinary Resolution or Ordinary Resolution, as applicable. Therefore, it is possible that an Extraordinary Resolution (other than in respect of an Extraordinary Resolution directing the Note Trustee to give a Note Acceleration Notice and other than in relation to a Basic Terms Modification of the Notes (but not, for the avoidance of doubt, the Certificates)) could be passed without the vote of any Noteholders or the Certificateholders or even if holders of up to 9.99 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class of Notes or by number of Class P Certificates then outstanding or by number of Class R Certificates then outstanding objected to it and it is possible that an Ordinary Resolution could be deemed to be passed without the vote of any Noteholders or the Certificateholders or even if holders of up to 14.99 per cent. in aggregate of the

Principal Amount Outstanding of the relevant Class of Notes or by number of Class P Certificates then outstanding or by number of Class R Certificates then outstanding objected to it.

In addition, each of the Security Trustee and the Note Trustee shall be obliged, without any consent or sanction of the Noteholders of the Certificateholders, or, in certain circumstances, any of the other Secured Creditors, to concur with the Issuer and any other person to in making any modification (other than in respect of a Basic Terms Modification) to the Conditions, the Certificates Conditions or any other Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary: (a) for the purpose of complying with, 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; (b) for the purpose of complying with any changes in the requirements of Article 405 of the CRR, Article 17 of the AIFMD, Article 51 of the AIFMR, Article 254 of the Solvency II Regulation or Section 15G of the Securities Exchange Act of 1934, as added by section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, after the Closing Date, including as a result of the adoption of Regulatory Technical Standards in relation to the CRR, the AIFMR or Solvency II Regulation or any other risk retention legislation or regulations or official guidance in relation thereto; (c) for the purpose of enabling the Notes to be (or to remain) listed on the Irish Stock Exchange; (d) for the purpose of enabling the Issuer or other transaction parties to comply with FATCA and (e) for the purpose of complying with any changes in the requirements of the CRA Regulation after the Issue 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. These modifications are subject to certain conditions, including, *inter alia*, that (1) the Issuer has provided confirmation that the relevant modification is required solely for the relevant purpose given; (2) the Issuer obtains from each of the Rating Agencies written confirmation (or certifies that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Rated Notes by such Rating Agency or (y) such Rating Agency placing any Rated Notes on rating watch negative (or equivalent) or, in certain circumstances, that the Issuer has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Rated Notes by such Rating Agency or (y) such Rating Agency placing any Rated Notes on rating watch negative (or equivalent); and (3) the Issuer has provided at least 30 calendar days' notice to the Note Trustee and the Noteholders of each Class and the Certificateholders of the proposed modification and Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (or, if no Notes remain outstanding, 10 per cent. by number of the Class P Certificates then outstanding, or if no Class P Certificates remain outstanding, 10 per cent. by number of the Class R Certificates then outstanding) have not contacted the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes or the Certificates, as applicable, may be held) within such notification period notifying the Note Trustee that such Noteholders or the Certificateholders, as applicable, 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 (or, if no Notes remain outstanding, 10 per cent. by number of the Class P Certificates then outstanding, or if no Class P Certificates remain outstanding, 10 per cent. by number of the Class R Certificates then outstanding) notify the Note Trustee in writing within the notification period referred to above that they do not consent to the modification, then such modification will not be made (subject to the general ability of Noteholders and Certificateholders to make an Extraordinary Resolution). However, it is possible that such a modification could be passed without the vote of any Noteholders or the Certificateholders or even if holders of up to 9.99 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class of Notes or by number of the Class P Certificates or of the Class R Certificates, in each case then outstanding objected to such modification.

In addition, the Trust Deed and the Master Servicing Agreement set out a mechanism whereby the holders of at least 25 per cent. in Principal Amount Outstanding of any particular Class of Notes then outstanding or, the holders of at least 25 per cent. by number of the Class P Certificates then outstanding, or the holders of at least 25 per cent. by number of the Class R Certificates then outstanding may provide a Master Services

Change Request to the Note Trustee and, following receipt of any such Master Services Change Request the Note Trustee will be required to (1) promptly provide a copy of that Master Services Change Request to the Noteholders of each Class and the Certificateholders in accordance with the Conditions and the Certificates Conditions and by way of publication on Bloomberg on the “Company News” screen relating to the Notes or the Certificates, and (2) provided that (a) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (or, if no Notes remain outstanding, 10 per cent. by number of Class P Certificates then outstanding, or if no Class P Certificates remain outstanding, 10 per cent. by number of the Class R Certificates then outstanding) have not (within 30 calendar days of being notified of the Mater Services Change Request by the Note Trustee) notified the Note Trustee in writing notifying the Note Trustee that such Noteholders or the Certificateholders, as applicable, do not consent to the Note Trustee directing the Issuer to request the changes to the Master Services specified in that Master Services Change Request and (b) the Note Trustee shall be indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damage and expenses which it may incur by so doing and provided the changes specified in the Master Services Change Request do not increase the obligations or duties or decrease the protections or rights of the Security Trustee and/or the Note Trustee in the Transaction Documents and/or Conditions and/or Certificates Conditions, direct the Issuer to request certain changes to the Master Services in accordance with the Master Servicing Agreement. Thereafter the Noteholders, the Certificateholders, the Note Trustee and the Security Trustee (and each Secured Creditor other than the Master Servicer) shall be bound by such changes to the Master Services, irrespective of whether the same results in an increase in fees payable to the Master Servicer pursuant to Clause 2.12 of the Master Servicing Agreement.

Accordingly, if Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (or, if no Notes remain outstanding, 10 per cent. by number of Class P Certificates then outstanding, or if no Class P Certificates remain outstanding, 10 per cent. by number of the Class R Certificates then outstanding) notify the Note Trustee in writing within the notification period referred to above that they do not consent to the Master Services Change Request, then the Note Trustee will not comply with such Master Services Change Request. However, it is possible that the Note Trustee will could comply with such Master Services Change Request without the vote of any Noteholders or the Certificateholders or even if holders of up to 9.99 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class of Notes or by number of the Class P Certificates or of the Class R Certificates, in each case then outstanding objected to such Master Services Change Request.

Master Services Change Request means a written direction given to the Note Trustee by Noteholders representing at least 25 per cent. in Principal Amount Outstanding of any particular Class of Notes then outstanding or, from the holders of at least 25 per cent. by number of the Class P Certificates then outstanding, or from the holders of at least 25 per cent. by number of the Class R Certificates then outstanding requesting the Note Trustee to direct the Issuer to request certain changes to the Master Services in accordance with the Master Servicing Agreement.

RIGHTS OF NOTEHOLDERS, CERTIFICATEHOLDERS AND SECURED CREDITORS

Conflict between Noteholders

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

If, in the Note Trustee’s or, as the case may be, the Security Trustee’s opinion, however, there is or may be a conflict between the interests of the holders of one or more Classes of Notes on one hand and the interests of the holders of one or more Classes of Notes on the other hand, then the Note Trustee or, as the case may be,

the Security Trustee is required to have regard only to the interests of the holders of the Class of Notes ranking in priority to other relevant Classes of Notes in the Priorities of Payment.

As a result, holders of Notes other than the Most Senior Class may not have their interests taken into account by the Note Trustee or the Security Trustee when the Note Trustee or the Security Trustee exercises discretion.

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

If any of the Notes of any Class are held by or on behalf of or for the benefit of the Seller, the Issuer, any holding company of any of them or any other subsidiary of either such holding company, in each case as beneficial owner, those Notes of such Class will be deemed not to remain outstanding, for, *inter alia* the purposes of determining a quorum at a meeting of Noteholders, unless, except, in the case of the Seller, any holding company of the Seller or any other Subsidiary of such holding company (the **Relevant Persons**) where all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Class of Notes (the **Relevant Class of Notes**) shall be deemed to remain outstanding except that, if there is any other Class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such Class, then the Relevant Class of Notes shall be deemed not to remain outstanding. In such event, a Relevant Person would have no right to vote in relation to the Relevant Class of Notes.

Conflict between Noteholders, Certificateholders and other Secured Creditors

So long as any of the Notes are outstanding, neither the Security Trustee nor the Note Trustee shall have regard to the interests of the other Secured Creditors, subject to the provisions of the Trust Deed and Condition 3.1 (*Status and relationship between the Notes*) and Certificate Condition 3.1 (*Status of the Certificates*).

In respect of the interests of the Certificateholders, the Trust Deed contains provisions requiring the Note Trustee and the Security Trustee not to have regard to the interests of the Certificateholders as regards all powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee respectively, and requiring that the Note Trustee and the Security Trustee, except where expressly provided otherwise, have regard only to the interest of the Noteholders for so long as there are any Notes outstanding.

Deutsche Bank AG, London Branch will subscribe for all of the Notes on the Closing Date. Deutsche Bank AG, London Branch will also be issued 100 per cent. of the Certificates (at the direction of the Seller and DB UK as a Previous Seller) on the Closing Date. See further the section "*Subscription and Sale*" below.

If any of the Certificates are held by or on behalf of or for the benefit of the Issuer, the Seller or any holding company of any of them or any other subsidiary of either such holding company, in each case as beneficial owner, those Certificates will be deemed not to remain outstanding, for, *inter alia*, the purposes of determining a quorum at a meeting of Certificateholders, unless, except, in the case of the Relevant Persons where all of the Certificates are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case the Certificates will be deemed to remain outstanding but shall, for the avoidance of doubt, be deemed to be outstanding in respect of the Portfolio Option.

Absence of secondary market

No assurance is provided that there is an active and liquid secondary market for the Notes or the Certificates, and no assurance is provided that a secondary market for the Notes or the Certificates will develop. None of the Notes or the Certificates have been, or will be, registered under the Securities Act or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set forth under “*Subscription and Sale*” and “*Transfer and Selling Restrictions*”. To the extent that a secondary market exists or develops, it may not continue for the life of the Notes or the Certificates or it may not provide Noteholders or Certificateholders with liquidity of investment with the result that a Noteholder or Certificateholder may not be able to find a buyer to buy its Notes or Certificates readily or at prices that will enable the Noteholder or the Certificateholder to realise a desired yield or a desired return on projected amounts due in respect of the Certificates. Any investor in the Notes or the Certificates must be prepared to hold their Notes or Certificates until their Final Maturity Date.

Significant Investor

Deutsche Bank AG, London Branch will on the Closing Date purchase 100 per cent. of each Class of Notes and may retain or, on the Closing Date or a later date, sell some or all of those Notes in the secondary market at variable prices (which may, in turn, affect the liquidity and price of the Notes and/or Certificates in the secondary market). In holding some or all of the Notes of a particular Class, Deutsche Bank AG, London Branch may have a majority holding and therefore be able to pass, or hold a sufficient minority to block, Noteholder resolutions including Basic Terms Modifications (see “*Rights of Noteholders, Certificateholders and Secured Creditors*” for further information).

Also, on the Closing Date, the Seller will be entitled to be issued (or direct the issue of) the Certificates as partial consideration for the sale of the Portfolio and will be required to direct the Issuer to issue those Certificates to Deutsche Bank AG, London Branch (on the direction of DB UK as a Previous Seller) as partial consideration for the Seller’s acquisition of the Portfolio from the Previous Sellers. Deutsche Bank AG, London Branch may retain or, on the Closing Date or a later date, sell some or all of those Certificates to one or more purchasers, but the number of purchasers is expected to be limited.

If the Notes are at any time held by or on behalf of Deutsche Bank AG, London Branch, any holding company of Deutsche Bank AG, London Branch or any other subsidiary of any such holding company, they will have voting rights in relation to Basic Terms Modifications and their interests may not be aligned with those of other Noteholders.

Therefore, significant concentrations of holding of Notes and Certificates are likely to occur.

THE MORTGAGES

The Loan Warranties are limited by the Warranty Limitations and by the Disclosure Letter

Although the Seller will give certain Loan Warranties and other representations and warranties in respect of the Loans sold by it, the Seller was not the originator of any of the Loans comprised in the Portfolio and has acquired its interest in all of the Loans and their Related Security under a mortgage sale agreement entered into by the Seller with, among others, DB UK (the **Previous Mortgage Sale Agreement**). Accordingly, since, amongst other reasons, the Seller does not have direct knowledge as to certain matters relating to the actual origination of the Loans, certain warranties relating to the origination process are qualified by reference to the awareness of the Seller. It may be practically difficult for the Seller to detect a breach of warranty in respect of the Loans sold by it to the extent that the same relates to a matter outside of the immediate knowledge of the Seller.

Except as noted below, the Issuer’s sole remedy against the Seller in respect of any breach of any Loan Warranty shall be its entitlement to bring a contractual claim in damages, subject to the Warranty

Limitations. In the case of a breach of warranty relating to the outstanding principal balance of the Loans as at the Cut-off Date, the Issuer's sole remedy against the Seller shall be an adjustment to the purchase price of the amount of the shortfall in such principal balance against the figure warranted. Without prejudice to Option Holder's right to elect to repurchase any Loan in respect of which a contractual claim for damages is brought as a consequence of a breach of a Loan Warranty in respect of that Loan, there shall be no obligation on the Seller, the Option Holder or any other person to repurchase any Loan and/or its Related Security following any breach of any Loan Warranty. In the event that any contractual claim is brought against the Seller for breach of a Loan Warranty, it is anticipated that the Seller would seek to rely on a back-to-back contractual claim for damages against DB UK (as a Previous Seller) pursuant to the terms of the Previous Mortgage Sale Agreement. However, the right of the Seller to bring a claim for contractual damages against DB UK (as a Previous Seller) under the Previous Mortgage Sale Agreement is itself subject to certain limitations equivalent to the Warranty Limitations. Additionally, the Mortgage Sale Agreement provides that the Seller's aggregate liability in respect of any claim by the Issuer under or in respect of the Mortgage Sale Agreement (including in respect of any Loan Warranty) shall not exceed the amount paid by DB UK (as a Previous Seller) to the Issuer pursuant to a claim made by the Seller against DB UK (as a Previous Seller) for a corresponding breach by DB UK (as a Previous Seller) of the Previous Mortgage Sale Agreement.

Accordingly, there can be no assurance that the Seller will have the resources to satisfy any such contractual claim for damages.

Under the terms of the Mortgage Sale Agreement, the Issuer's right to bring a claim for contractual damages against the Seller in respect of any breach of any Loan Warranty is subject to the following limitations (the **Warranty Limitations**):

- (a) the Issuer must give written notice of such claim to the Seller before the date falling two years (less one month) after the date of the Mortgage Sale Agreement (provided that such deadline shall be extended in certain limited circumstances accordance with the terms of the Mortgage Sale Agreement);
- (b) DB UK must be liable to the Seller for the same breach under the Previous Mortgage Sale Agreement;
- (c) the total aggregate liability of the Seller for breach of any Loan Warranty (other than a claim for a breach of certain limited Loan Warranties which are, pursuant to the Mortgage Sale Agreement, "Fundamental Warranties") shall not exceed 10% of the purchase price paid by the Issuer to the Seller to acquire the Portfolio. The aggregate liability of the Seller in respect of a breach of the Loan Warranties shall not exceed the purchase price paid by the Issuer to the Seller to acquire the Portfolio;
- (d) save for a breach of warranty relating to the outstanding principal balance of the Loans as of the Cut-off Date, no claim may be brought by the Issuer (and the Seller shall have no liability in respect thereof) in connection with any breach of any Loan Warranty unless the aggregate amount of all such claims exceeds £1,500,000;
- (e) save for a breach of warranty relating to the outstanding principal balance of the Loans as of the Cut-off Date, no claim may be brought by the Issuer (and the Seller shall have no liability in respect thereof) in connection with any breach of any Loan Warranty unless such claim (when taken with any other such claims relating to the same or similar facts or circumstances, whether or not in respect of the same Loan) exceeds £10,000;
- (f) no claim may be brought by the Issuer (and the Seller shall have no liability in respect thereof) for any loss of profit or indirect or consequential loss, whether actual or prospective;

- (g) where the Issuer is at any time entitled to recover from some other person any sum in respect of any matter giving rise to a claim under any Loan Warranty, the Issuer shall either take all commercially reasonable steps (provided that this shall not require such steps to be taken for more than one year after the date of notification of the Seller) to enforce such recovery prior to taking action against the Seller (other than to notify the Seller of the claim against the Seller) or shall assign its rights of recovery (to the extent assignable) to the Seller. In the event that the Issuer shall recover any amount from such other person in respect of the matter giving rise to the Loan Warranty claim, the amount of the claim against the Seller shall be reduced by the amount so recovered;
- (h) no claim shall lie against the Seller under or in relation to the Loan Warranties to the extent that such claim is attributable to any voluntary act, omission, transaction or arrangement of the Issuer (other than the entry into of the Mortgage Sale Agreement and the performance of the Issuer's obligations under it) to which no comparable mortgage lender would have been a party;
- (i) nothing in the Mortgage Sale Agreement shall or shall be deemed to relieve or abrogate the Issuer of any common law or other duty to mitigate any loss or damage incurred by it;
- (j) the Seller shall not be liable under the Loan Warranties in relation to any matter fairly disclosed to the Issuer, including those matters disclosed in the disclosure letter from the Previous Sellers to the Seller dated 22 February 2016 (which is to be read as if the "Purchaser" in the disclosure letter were "Rochester Financing No.2 Plc") (the **Disclosure Letter**);
- (k) upon the Issuer making a claim against the Seller for breach of any of the Loan Warranties, the Issuer shall:
- (i) promptly give such information and access to such relevant documents and records, to the Seller and its professional advisers as the Seller may reasonably request; and
 - (ii) take such action at the cost of the Seller as the Seller may reasonably request to enable the Seller to avoid, dispute, resist, mitigate, settle, compromise, defend or appeal any claim by third parties in respect thereof,
- unless to do so would either (x) be in breach of a duty of confidentiality or any requirement of law to which the Seller is subject or (y) constitute a waiver of privilege by the Issuer;
- (l) any payment made by the Seller or any other person in respect of any claim under the Loan Warranties shall be deemed to be a reduction of the purchase price for the Portfolio;
- (m) a breach of the Loan Warranty in paragraph 1.1 of Schedule 2 of the Mortgage Sale Agreement (being that, as of the Cut-off Date, the information relating to each Mortgage Loan in respect of the outstanding principal balance of that Mortgage Loan set out in Schedule 7 to the Mortgage Sale Agreement is true and accurate in all respects) shall operate to reduce the purchase price paid for the relevant Loan by an amount equal to the difference between (i) the amount stated in the Mortgage Sale Agreement in respect of the outstanding principal balance of that Loan as at the Cut-off Date and (ii) the actual outstanding principal balance of such Loan as at the Cut-off Date (the **Shortfall Amount**). The Seller's entire liability in respect of a breach of that Loan Warranty shall be discharged by the Seller paying the Issuer the corresponding Shortfall Amount; and
- (n) the aggregate liability of the Seller under or in respect of any claim by the Issuer under or in respect of the Mortgage Sale Agreement shall not exceed the amount paid by the DB UK under the Previous Mortgage Agreement in respect of that claim.

The Seller shall not monitor compliance with the Loan Warranties following the Closing Date, as to which please see the section “—The Portfolio—*Searches, Investigations and Warranties in Relation to the Loans*” below. See also the section “—*Credit Structure—Limited resources of the Seller*” above.

Claims against third parties

The Seller has assigned its causes and rights of actions against solicitors and valuers to the Issuer pursuant to the Mortgage Sale Agreement to the extent that they are assignable. However the Seller was not the originator of the related Loan and the said rights may therefore not have been effectively assigned to it by the Previous Sellers. The Issuer may therefore not have any direct rights against any solicitors or valuers who, when acting for the relevant Original Lending Entity in relation to the origination of any Loan, may have been negligent or fraudulent. However, and notwithstanding the absence of any such direct rights, the Seller has undertaken, where appropriate, to either instigate action against such solicitor or valuer or to request that the Previous Sellers take such action, provided that the Issuer first indemnifies the Seller for the costs of taking such action, and subject to any limitations or conditions contained in the relevant documentation under which the Seller acquired title to the related Loan.

Transfer of legal title to the Seller to occur after the Closing Date

The Loans will be sold by DB UK and Odin Mortgages Limited to the Seller pursuant to the Previous Mortgage Sale Agreement dated on or prior to the Closing Date and initially only the beneficial interest in such Loans will be transferred to the Seller. Following the Closing Date, on 28 March 2016 (being the **Account Transfer Date**) DB UK (the sole holder of legal title to the Loans as at the Closing Date) will transfer legal title to the Loans to the Seller (the **Legal Title Transfer**) which means that legal title to the Loans and their Related Security in the Portfolio will remain with DB UK until the Legal Title Transfer occurs.

Until the Legal Title Transfer occurs, collections will be paid into accounts of DB UK as Interim Servicer held with the Interim Collection Account Bank. There shall be no trust declared over the Interim Collection Accounts by DB UK in favour of the Issuer or the Security Trustee.

DB UK to initially, and Seller to subsequently, retain legal title to the Loans and risks relating to set-off

The sale by DB UK and Odin Mortgages Limited to the Seller of the English Loans and the Northern Irish Loans and their respective Related Security (until legal title is conveyed to the Seller on the Account Transfer Date) takes effect in equity only. The sale by DB UK and Odin Mortgages Limited to the Seller of the Scottish Loans and their Related Security is given effect to by a Scottish declaration of trust by DB UK by which the beneficial interest in such Scottish Loans and their Related Security is held on trust by DB UK for the benefit of the Seller. The sale by the Seller to the Issuer of the English Loans and the Northern Irish Loans and their respective Related Security (until legal title is conveyed to the Issuer in the circumstances described below) takes effect in equity only. The sale by the Seller to the Issuer of the Scottish Loans and their Related Security is given effect to by a Scottish Declaration of Trust by the Seller by which the beneficial interest in such Scottish Loans and their Related Security is held on trust by the Seller for the benefit of the Issuer. The holding of a beneficial interest under a Scottish trust has (broadly) equivalent legal consequences in Scotland to the holding of an equitable interest in England and Wales. Following the Legal Title Transfer described above under “—*Transfer of legal title to the Seller to occur after the Closing Date*” the sale by the Seller to the Issuer of the English Loans and the Northern Irish Loans and their respective Related Security will continue to take effect in equity only and the sale by the Seller to the Issuer of the Scottish Loans and their Related Security will continue to take effect by means of the holding of a beneficial interest under a Scottish Trust. In each case, this means that legal title to the Loans and their Related Security in the Portfolio (following the Legal Title Transfer) will remain with the Seller until certain trigger events occur under the terms of the Mortgage Sale Agreement (see “*Summary of the Key Transaction Documents—Mortgage Sale Agreement*” below). Until such time, the assignment by the Seller to the Issuer of the English Loans and Northern Irish Loans and their respective Related Security takes effect in equity only whereas in

respect of the Scottish Loans and their Related Security held on trust pursuant to the Scottish Declaration of Trust by the Seller in favour of the Issuer, the Issuer will hold a beneficial interest only. The Issuer has not and will not apply to the Land Registry to register or record its equitable interest in the English Mortgages or the Northern Irish Mortgages and may not in any event apply to the General Register of Sasines or Land Register of Scotland (as appropriate) (together the **Registers of Scotland**) to register or record its beneficial interest in the Scottish Mortgages pursuant to the Scottish Declaration of Trust.

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

Prior to the insolvency of DB UK, unless (i) notice of the assignment was given to a Borrower who is a creditor of DB UK (which notice is expected to be given on the Account Transfer Date) in the context of the English Loans and the Northern Irish Loans and their respective Related Security, and (ii) an assignation of the Scottish Loans and their Related Security is effected by DB UK to the Seller and notice thereof is then given to a Borrower who is a creditor of DB UK (which notice is expected to be given on the Account Transfer Date), equitable or independent set-off rights may accrue in favour of the Borrower against his or her obligation to make payments to DB UK under the relevant Loan. These rights may occur in relation to transactions made between Borrowers and DB UK and may result in the Issuer receiving reduced payments on the Loans. The transfer of the benefit of any Loans to the Seller will continue to be subject to any prior rights the Borrower may become entitled to after the transfer. Where notice of the assignment or assignation by DB UK to the Seller is given to the Borrower, however, some rights of set-off (being those rights that are not connected with or related to the relevant Loan) may not arise after the date notice is given. For the purposes of this Prospectus, references herein to “set-off” shall be construed to include analogous rights in Scotland. The Seller will not act as a deposit-taker and shall not hold any deposits on behalf of the Borrowers.

Further, prior to the insolvency of the Seller, unless (i) notice of the assignment was given to a Borrower who is a creditor of the Seller in the context of the English Loans and the Northern Irish Loans and their respective Related Security, and (ii) an assignation of the Scottish Loans and their Related Security is effected by the Seller to the Issuer and notice thereof is then given to a Borrower who is a creditor of the Seller, equitable or independent set-off rights may accrue in favour of the Borrower against his or her obligation to make payments to the Seller under the relevant Loan. These rights may occur in relation to transactions made between Borrowers and the Seller and may result in the Issuer receiving reduced payments on the Loans. The transfer of the benefit of any Loans to the Issuer will continue to be subject to any prior rights the Borrower may become entitled to after the transfer. Where notice of the assignment or assignation by the Seller to the Issuer is given to the Borrower, however, some rights of set-off (being those rights that are not connected with or related to the relevant Loan) may not arise after the date notice is given. For the purposes of this Prospectus, references herein to “set-off” shall be construed to include analogous rights in Scotland.

Until notice of the assignment or assignation of the Loans and their Related Security to the Issuer is given to Borrowers, the Issuer would not be able to enforce any Borrower’s obligations under a Loan or Related Security itself but would have to join either DB UK (prior to the Account Transfer Date) or the Seller (following the Account Transfer Date) as a party to any legal proceedings. Borrowers will also have the right to redeem their Mortgages by repaying the relevant Loan directly to DB UK (prior to the Account

Transfer Date) or the Seller (following the Account Transfer Date). However, DB UK will undertake, pursuant to the Previous Mortgage Sale Agreement, to hold any money repaid to it in respect of relevant Loans to the order of the Seller and the Seller will undertake, pursuant to the Mortgage Sale Agreement, to hold any money repaid to it in respect of relevant Loans to the order of the Issuer.

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

Once notice has been given to the Borrowers of the assignment or assignation of the Loans and their Related Security by DB UK to the Seller (which notice is expected to be given on the Account Transfer Date), independent set-off rights which a Borrower has against DB UK will crystallise and further rights of independent set-off would cease to accrue against DB UK from that date and no new rights of independent set off could be asserted following that notice. Set-off rights arising under "transaction set-off" (which are set-off claims arising out of a transaction connected with the Loan such as a claim for damages under a Further Advance) will not be affected by that notice and will continue to exist.

Similarly, once notice has been given to the Borrowers of the assignment or assignation of the Loans and their Related Security by the Seller to the Issuer, independent set-off rights which a Borrower has against the Seller will crystallise and further rights of independent set-off would cease to accrue against the Seller from that date and no new rights of independent set-off could be asserted following that notice. Set-off rights arising under "transaction set-off" (which are set-off claims arising out of a transaction connected with the Loan such as a claim for damages under a Further Advance) will not be affected by that notice and will continue to exist.

For so long as the Issuer does not have legal title, the Seller will undertake for the benefit of the Issuer that it will lend its name to, and take such other steps as may reasonably be required by the Issuer in relation to, any legal proceedings in respect of the relevant Loans and their Related Security and the Issuer will have power of attorney to act in the name of the Seller.

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

As described above, each of the sale by the Previous Sellers to the Seller and the subsequent sale by the Seller to the Issuer of the Loans (other than the Scottish Loans) and their Related Security will be given effect by assignments. For the Scottish Loans and their Related Security, the sale by the Previous Sellers to the Seller will be given effect by a Scottish Declaration of Trust and subsequently by assignation on or following the Account Transfer Date; and the subsequent sale by the Seller to the Issuer of the Scottish Loans and their Related Security will be given effect by a Scottish Declaration of Trust.

Once notice has been given to the Borrowers of the assignment or assignation of the Loans and their Related Security by DB UK (as a Previous Seller) to the Seller, independent or equitable set-off rights which a Borrower has against DB UK will crystallise and further rights of independent or equitable set-off would cease to accrue against DB UK from that date and no new rights of independent or equitable set-off could be asserted following that notice. Set-off rights arising under "transaction set-off" (being those set-off claims arising out of a transaction connected with the Loan) will not be affected by that notice and will continue to exist.

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

Examples of transaction set-off that could arise in respect of the Portfolio include:

- The relevant Borrower may set off any claim for damages where DB UK (as a Previous Seller) or the Seller (as applicable) has failed to effect a Port, having committed to do so.
- The relevant Borrower may set off any claim for damages where DB UK (as a Previous Seller) or the Seller (as applicable) has overcharged it in respect of fees or other amounts due on the Borrower's Loan (see below "*Bank of Scotland plc v Rosemary Rea*").

The amount of any such claim against DB UK or the Seller (as applicable) for transaction set-off will, in many cases, be the cost to the Borrower of finding an alternative source of funds or the amount of the loss suffered for overpaid charges. For instance, where DB UK or the Seller (as applicable) has failed to effect a Port, having committed to do so, the Borrower could set off against the Issuer, where the Seller, failed to re-extend the relevant Loan, the difference between the rate of interest on the Loan and the interest rate at which the Borrower could borrow money in the market on the new property. In addition to the difference in the cost of borrowing, the relevant Borrower could also set off any direct losses arising from DB UK's or the Seller's (as applicable) breach of contract, namely the associated costs of obtaining alternative funds (for example, legal fees and survey fees).

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

Although it is not currently envisaged that any Borrower would have a significant right of set-off (if at all) against the Seller or the Previous Sellers, the effect of the exercise of set-off rights by Borrowers (even if this is in respect of a small amount, but applicable to a large number of Borrowers in the Portfolio) may adversely affect the timing of receipt and ultimate amount received by the Issuer in respect of the relevant Loans and the realisable value of the Portfolio and/or the ability of the Issuer to make payments under the Notes and/or the Certificates.

Further Advances, Ports and Product Switches

Pursuant to the Mortgage Sale Agreement, the Seller undertakes that it will not accept a request from, or make an offer to, a Borrower for Further Advances in respect of a Loan in the Portfolio. Each of the Interim Servicer, under the Interim Servicing Agreement, and the Servicer, under the Servicing Agreement, undertakes with the Issuer and the Security Trustee that it will not grant any Further Advances in respect of a Loan in the Portfolio. Under the Interim Servicing Agreement, the Interim Servicer undertakes with the Issuer and the Security Trustee that if it receives an application from a Borrower requesting a Port, or Product Switch it shall: (a) consider that application on a case-by-case basis in accordance with the relevant Mortgage Conditions and any applicable law or guidelines (including the requirement to treat customers fairly) or to comply with any applicable law or guidelines (including the requirement to treat customers fairly) (**Interim Ports** and **Interim Product Switches**, respectively); and (b) consider and deal with applications for Interim Ports and Interim Product Switches in accordance with the relevant Mortgage Conditions. Similarly, under the Servicing Agreement, the Servicer undertakes with the Issuer and the Security Trustee that if it receives an application from a Borrower requesting a Port, or Product Switch it shall: (a) not agree to grant a Port or Product Switch unless required to do so under the relevant Mortgage Conditions or to comply with any applicable law or guidelines (including the requirement to treat customers fairly) (**Required Ports** and **Required Product Switches**, respectively); and (b) applications for Required Ports and Required Product Switches will be considered and dealt with in accordance with the relevant Mortgage Conditions. Any Interim Ports, Required Port, Interim Product Switches or Required Product

Switch could, to the extent such item results in fees or expenses to the Issuer, adversely affect the Issuer's ability to make payments due on the Notes and the Certificates or to redeem the Notes. Further, there may be circumstances in which a Borrower might seek to argue that any Loan is wholly or partly unenforceable by virtue of non-compliance with the FSMA or the CCA as further discussed below.

Selection of the Portfolio

The information in the section headed "*Characteristics of the Portfolio*" has been extracted from the systems of DB UK as at 31 October 2015 (the **Cut-off Date**). The portfolio as at the Cut-off Date (the **Cut-off Date Portfolio**) comprised of 3,227 Loans with a Current Principal Balance of £403,215,540.41. The Loans to be comprised in the Portfolio on the Closing Date will be those remaining following (a) discharge of any Loans during the Cut-off Date and the Closing Date and (b) the removal (based upon an extract of the Portfolio current as at 31 January 2016) from the Cut-off Date Portfolio of a sub-portfolio of Loans as randomly selected (by reference to the Cut-off Date Portfolio current as at 31 January 2016) by an independent third party in an amount equal to at least 5% of the nominal value of the Portfolio as at 31 January 2016, which sub-portfolio will be sold by the Seller on the Closing Date to OSB and held on and from that date by OSB in compliance with the Retention (see "*Certain Regulatory Disclosures*" for further information). The characteristics of the Portfolio will vary from those set out in the tables in this Prospectus as a result of, *inter alia*, repayments and redemptions of Loans prior to the Closing Date and removal of the sub-portfolio to be sold held by OSB in compliance with the Retention. Neither the Seller, the Interim Legal Title Holder, the Interim Servicer nor the Servicer has provided any assurance that there will be no material change in the characteristics of the Cut-off Date Portfolio between the Cut-off Date and the Closing Date. Loans will not be removed from the Cut-off Date Portfolio if it is discovered that a Loan Warranty has been breached in relation to any Loans. Should Loans in relation to which Loan Warranties have been breached be included in the Portfolio, the Issuer's sole remedy against the Seller in respect of any breach of any Loan Warranty shall be its entitlement to bring a contractual claim in damages, subject to the Warranty Limitations. Without prejudice to Option Holder's right to elect to repurchase any Loan in respect of which a contractual claim for damages is brought as a consequence of a breached of a Loan Warranty in respect of that Loan, there shall be no obligation on the Seller, the Option Holder or any other person to repurchase any Loan and/or its Related Security following any breach of any Loan Warranty.

SERVICING AND THIRD PARTY RISK

Issuer Reliance on Other Third Parties

The Issuer is also party to contracts with a number of other third parties who have agreed to perform services in relation to the Notes and the Certificates. In particular, but without limitation, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer pursuant to the Corporate Services Agreement, the Account Bank has agreed to provide the Deposit Account to the Issuer pursuant to the Bank Account Agreement, the Master Servicer has agreed to provide certain services in respect of the Portfolio pursuant to the Master Servicing Agreement, the Interim Servicer has agreed to service the Portfolio during the period from the Closing Date to (and including) the Account Transfer Date (the **Interim Period**) pursuant to the Interim Servicing Agreement, the Servicer has agreed to service the Portfolio following the Interim Period pursuant to the Servicing Agreement, the Back-up Servicer has agreed to provide back-up services in relation to the Portfolio pursuant to the Back-up Servicing Agreement, the Cash Manager has agreed to provide cash management services pursuant to the Cash Management Agreement and the Principal Paying Agent, the Registrar and the Agent Bank have all agreed to provide services with respect to the Notes and the Certificates pursuant to the Agency Agreement. In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party and/or are removed without a sufficiently experienced substitute or any substitute being appointed in their place, collections on the Portfolio and/or payments to Noteholders and Certificateholders may be disrupted and Noteholders and Certificateholders may be adversely affected. Whilst the Back-up Servicer is in place, there is no assurance it will be able to commence servicing in a timely manner (in particular if there is a default of

the Servicer shortly after the Closing Date and the Back-up Servicer has not had sufficient time to undertake a full review of the requirements).

The Master Servicer

OSB will be appointed by the Issuer as Master Servicer to provide master services in connection with the Loans from the Closing Date. The Master Servicer may sub-contract or delegate the performance of any of its powers and obligations under the Master Servicing Agreement, provided that such sub-contracting or delegation would not prevent the Master Servicer, the Issuer, the Interim Legal Title Holder, the Legal Title Holder or the Security Trustee from complying in all material respects with any law, statute, judgement, decree, order, licence, authorisation or rule. The Master Servicer will not be released or discharged from any liability under the Master Servicing Agreement by the appointment of any delegate or sub-contractor and shall remain responsible for the performance of all obligations of the Master Servicer under the Master Servicing Agreement.

If a Master Servicer Termination Event occurs, then the Issuer (subject to prior written consent of the Security Trustee) will be entitled to terminate the appointment of the Master Servicer in accordance with the terms of the Master Servicing Agreement. If the Issuer terminates the appointment of the Master Servicer as a result of an insolvency event in respect of the Master Servicer, the Issuer (or an alternative replacement servicer selected by the Issuer) will act as replacement master servicer and perform the role of the Master Servicer, provided that the Issuer or other proposed replacement servicer shall not be permitted to act as such replacement master servicer if doing so would result in the then current ratings of the Notes to be withdrawn, qualified or downgraded, unless otherwise agreed by an Extraordinary Resolution of the Noteholders.

The Master Servicer may resign by giving not less than 12 months' notice (provided that the date on which the resignation is to be effective must fall on or after the earlier of (x) the Interest Payment Date falling in March 2021 or (y) any Interest Payment Date on which the aggregate Principal Amount Outstanding of all of the Notes and the Overcollateralisation Amount is equal to or less than 10 per cent. of the aggregate Principal Amount outstanding of the Notes and the Overcollateralisation Amount on the Closing Date) to the Issuer and the Security Trustee and in relation to a resignation referred to in paragraph (x) above, subject to, *inter alia*, (i) a replacement master servicer having been appointed, (ii) such replacement master servicer entering into an agreement substantially on the same terms as the relevant provisions of the Master Servicing Agreement (subject to then prevailing market conditions), (iii) the then current ratings of the Notes are not withdrawn, qualified or downgraded as a result of such termination (unless otherwise agreed by an Extraordinary Resolution of the Noteholders and (iv) the replacement of the Master Servicer should not adversely affect compliance with the requirements of each of Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation. See "*Summary of the Key Transaction Documents—Master Servicing Agreement*" below.

In accordance with the terms of the Master Servicing Agreement (and as more fully described therein), the Master Servicer shall not be liable in respect of any loss suffered by the Issuer, Interim Legal Title Holder, Legal Title Holder, Interim Servicer, Servicer and/or the Security Trustee, save where such loss is suffered or incurred as a result of the gross negligence, fraud or wilful default of the Master Servicer in respect of the performance by the Master Servicer of its obligations under the Master Servicing Agreement or any breach by the Master Servicer of its obligations under the Master Servicing Agreement. The aggregate liability of the Master Servicer under the Master Servicing Agreement and any other Transaction Document shall be limited to (i) in each 12 month period commencing from the Closing Date, 100% of the Master Servicing Fee payable to the Master Servicer in that 12 month period and (ii) in aggregate, to the sum of £600,000.

The Interim Servicer

DB UK will be appointed by the Issuer as Interim Servicer to service the Loans during the Interim Period. The Interim Servicer is expected to delegate the performance of all of its powers and obligations under the Interim Servicing Agreement to Target Servicing Limited.

If an Interim Servicer Termination Event occurs in respect of the Servicer, then the Issuer (subject to prior written consent of the Security Trustee) will be entitled to terminate the appointment of the Interim Servicer in accordance with the terms of the Interim Servicing Agreement and the Issuer shall use its reasonable endeavours to appoint a new servicer in its place whose appointment is consented to by the Security Trustee.

Any change in Interim Servicer could delay collection of payments on the Loans and ultimately could adversely affect payments on the Notes and the Certificateholders. Such risk is mitigated by the relatively short term of the Interim Period, following which, the Servicer will be required to service the Loans in accordance with the Servicing Agreement.

In accordance with the terms of the Interim Servicing Agreement (and as more fully described therein), the Issuer is required under the Interim Servicing Agreement to indemnify the Interim Servicer against any and all proceedings, costs, liabilities, damages, claims, fines and expenses which the Interim Servicer sustains or incurs or which may be brought or established against the Interim Servicer, except where the relevant proceedings, costs, liabilities, damages, claims and expenses arise by reason of the Interim Servicer's fraud, breach or negligent performance of or failure to perform any obligation of the Interim Servicer under the Interim Servicing Agreement.

In addition, in accordance with the terms of the Interim Servicing Agreement, the Issuer is required under the under the Interim Servicing Agreement to indemnify DB UK (as Interim Legal Title Holder) against all losses, liabilities, charges, costs and expenses incurred by the Interim Legal Title Holder as a consequence of the Interim Legal Title Holder holding legal title to any Loans or their Related Security after the Closing Date.

The aggregate liability of the Interim Servicer under the Interim Servicing Agreement (other than in respect of the Interim Servicer's fraud or deliberate repudiatory breach in the performance of its obligations under the Interim Servicing Agreement or any sum which the Interim Servicer holds or should hold on trust for the Issuer and for which the Interim Servicer fails to account to the Issuer) shall be limited to (i) in each 12 month period commencing from the Closing Date, 100% of the Interim Servicing Fee payable to the Interim Servicer in that 12 month period and (ii) in aggregate, to the sum of £1,500,000.

Noteholders and Certificateholders should note that the Interim Servicer has no obligation itself to advance payments that Borrowers fail to make in a timely fashion.

The Servicer

Target Servicing Limited will be appointed by the Issuer as Servicer to service the Loans following the Interim Period. The Servicer may not sub-delegate or sub-contract the performance of any of its powers and obligations under the Servicing Agreement other than in accordance with the limited provisions set out therein. The Servicer will be released and discharged from any liability under the Servicing Agreement provided that it acted as a prudent residential mortgage servicer in the appointment of any delegate or sub-contractor (such delegates or sub-contractors to be limited to any solicitor, arrears counsellor, valuer, asset manager, receiver, surveyor, estate agent, bailiff, property management agent or other professional adviser in respect of services normally provided by such persons) and the failure of any such entity to perform its obligations will not result in a termination event occurring under the Servicing Agreement.

If a Servicer Termination Event occurs in respect of the Servicer, then the Issuer (subject to prior written consent of the Security Trustee) will be entitled to terminate the appointment of the Servicer in accordance with the terms of the Servicing Agreement and the Issuer shall use its reasonable endeavours to appoint a new servicer in its place whose appointment is consented to by the Security Trustee or the Back-up Servicer can be required by notice to act as Servicer within 90 calendar days of such Servicer Termination Event, as set out in the Back-up Servicing Agreement.

Any change in Servicer could delay collection of payments on the Loans and ultimately could adversely affect payments on the Notes and the Certificates. Such risk is mitigated by the provisions of the Servicing Agreement pursuant to which the Back-up Servicer will act as a substitute servicer following a Servicer Termination Event.

There can be no assurance that the Back-up Servicer will be able to perform its obligations under the Back-up Servicing Agreement. In which case, there can be no assurance that a substitute servicer with sufficient experience of servicing the Loans would be found who would be willing and able to service the Loans on the terms, or substantially similar terms, set out in the Servicing Agreement. Further, it may be that the terms on which a substitute servicer may be appointed are substantially different from those set out in the Servicing Agreement and the terms may be such that the Noteholders and the Certificateholders may be adversely affected. In addition, as described below, any substitute servicer will be required, *inter alia*, to be authorised under the Financial Services and Markets Act 2000 (the **FSMA**) in order to service Loans that constitute Regulated Mortgage Contracts under the FSMA. The ability of a substitute servicer to fully perform the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute servicer may affect payments on the Loans and hence the Issuer's ability to make payments when due on the Notes and the Certificates.

In accordance with the terms of the Servicing Agreement (and as more fully described therein), the Issuer is required under the Servicing Agreement to indemnify the Servicer against any and all proceedings, costs, liabilities, damages, claims, fines and expenses which the Servicer sustains or incurs or which may be brought or established against the Servicer, except where the relevant proceedings, costs, liabilities, damages, claims and expenses arise by reason of the Servicer's fraud, breach or negligent performance of or failure to perform any obligation of the Servicer under the Servicing Agreement.

The aggregate liability of the Servicer under the Servicing Agreement (other than in respect of the Servicer's fraud or deliberate repudiatory breach in the performance of its obligations under the Servicing Agreement or any sum which the Servicer holds or should hold on trust for the Issuer and for which the Servicer fails to account to the Issuer) shall be limited to (i) in each 12 month period commencing from the Account Transfer Date, 100% of the Servicing Fee payable to the Servicer in that 12 month period and (ii) in aggregate, to the sum of £1,500,000.

Noteholders and Certificateholders should note that the Servicer has no obligation itself to advance payments that Borrowers fail to make in a timely fashion.

Change of counterparties

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

These criteria include requirements imposed under the FSMA and requirements in relation to the short-term and long-term unguaranteed and unsecured ratings ascribed to such party by S&P and the short-term and long-term ratings of DBRS. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable ratings criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. In addition, it may not be possible to find an entity with the ratings prescribed in the relevant Transaction Document who would be willing to act in the role. This may reduce amounts available to the Issuer to make payments of interest on the Rated Notes and/or the ratings of the Rated Notes.

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

THE PORTFOLIO

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

Borrowers may default on their obligations under the Loans in the Portfolio. Defaults may occur for a variety of reasons. The Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Although interest rates are currently low, this may change in the future and an increase in interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their Loans. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the Loans. Unemployment, loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Loans. In addition, the ability of a Borrower to sell a property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time. Certain valuations were required to be made or obtained by the Original Lending Entities under the relevant Lending Criteria on or about the time of origination of each Loan, and in certain circumstances, an updated valuation of a Property may be obtained or determined by the Seller, see "*The Loans—Valuations*". See also the Risk Factors headed "*Lending Criteria*" and "*Self-certified Loans*".

In order to enforce a power of sale in respect of a mortgaged property, the relevant mortgagee or (in Scotland) heritable creditor must first obtain possession of the relevant property. Possession is usually obtained by way of a court order or decree. This can be a lengthy and costly process and will involve the mortgagee or heritable creditor assuming certain risks. In addition, once possession has been obtained, a reasonable period must be allowed for marketing the property, to discharge obligations to take reasonable care to obtain a proper price. If obtaining possession of properties and arranging a sale in such circumstances is lengthy or costly, the Issuer's ability to make payments on the Notes and the Certificates may be reduced. The Issuer's ability to make such payments may be reduced further if the powers of a mortgagee or heritable creditor in relation to obtaining possession of properties permitted by law, are restricted in the future.

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

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

Borrowers seeking to avoid increased monthly payments (caused by, for example, the expiry of an initial fixed rate or low introductory rate, or a rise in the related mortgage interest rates) by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates.

Any decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates, slower prepayment spreads and higher losses on the Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and principal and other amounts on the Notes and the Certificates.

Declining property values

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

The Issuer cannot guarantee that the value of a property will remain at the same level as on the date of origination of the related Loan. The downturn in the United Kingdom economy has had a negative effect on the housing market. The fall in property prices resulting from the deterioration in the housing market could result in losses being incurred by lenders where the net recovery proceeds are insufficient to redeem any outstanding loan secured on such property. If the value of the Related Security backing the Loans is reduced this may ultimately result in losses to Noteholders and the Certificateholders if the Security is required to be enforced and the resulting proceeds are insufficient to make payments on all Notes and Certificates.

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

Lending Criteria

The Portfolio comprises of Loans to Borrowers who have previously been subject to poor credit history, are self-employed, have self-certified their incomes or are otherwise considered by banks and building societies to be non-prime borrowers (such borrowers, **Non-Conforming Borrowers**). Loans made to Non-Conforming Borrowers may experience higher rates of delinquency, write-offs, enforcement and bankruptcy than have historically been experienced by mortgage loans made to prime borrowers and therefore carry a higher degree of risk.

The Loans were required to have been underwritten generally in accordance with the underwriting standards of the relevant Original Lending Entity (see the section entitled “*The Loans*” below for a description of the underwriting standards of DB UK). Those underwriting standards considered, among other things, a borrower’s credit history, employment history and status, repayment ability and debt service-to-income ratio, as well as the value of the property. Those underwriting standards were intended to be used with a view, in part, to mitigating the risks in lending to Non-Conforming Borrowers.

The Loans were not originated by the Issuer or the Seller and there can be no assurance (and no warranty is given) that the underwriting standards referred to in the section entitled “*The Loans*” were applied in all cases to Loans made by DB UK, or that Loans underwritten by DB UK under different criteria have not been included in the Portfolio. The underwriting criteria of Money Partners and Edeus may differ materially from those of DB UK.

Geographic Concentration Risks

Loans in the Portfolio may also be subject to geographic concentration risks within certain regions of the United Kingdom. To the extent that specific geographic regions within the United Kingdom have

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

Interest Only Loans

Each Loan in the Portfolio may be repayable either on a capital repayment basis or an interest-only basis (see “*The Loans—Repayment Terms*” below). Where the Borrower is only required to pay interest during the term of the Loan, with the capital being repaid in a lump sum at the end of the term, it is generally recommended that borrowers ensure that some repayment mechanism such as an investment policy is put in place to ensure that funds will be available to repay the capital at the end of the term. The Seller did not originate the Loans and is not aware if the relevant Original Lending Entity verified or required proof that such repayment mechanism was in place and the Seller does not have the benefit of any investment policies taken out by Borrowers.

Absent a repayment vehicle, the ability of such Borrower to repay an Interest-only Loan at maturity will often depend on such Borrower’s ability to refinance or sell the Property or to obtain funds from another source such as pension policies, personal equity plans or endowment policies (the Policies).

The Seller has not required, and has not required any person which sold it Loans to represent that it required, that such Policies be established with respect to any Interest-only Loans nor has the Seller required the benefit of any such Policies to be assigned to it. The only security that exists will therefore be the Mortgage covering the Property. The ability of a Borrower to refinance the Property will be affected by a number of factors, including (without limitation) the value of the Property, the Borrower’s equity in the Property, the Borrower’s age and employment status, the financial condition and payment history of the Borrower, tax laws and prevailing general economic conditions. In recent times, mortgage lenders have maintained stricter conditions to the advancing of interest only (and other) mortgage loans. The inability of the Borrowers to refinance their respective Properties may ultimately result in a reduction of amounts available to the Issuer and adversely affect its ability to make payments under the Notes and the Certificates.

Borrowers may not have been making payment in full or on time of the premiums due on any relevant investment or life policy, which may therefore have lapsed and/or no further benefits may be accruing thereunder. In certain cases, the policy may have been surrendered but not necessarily in return for a cash payment and any cash received by the Borrower may not have been applied in paying amounts due under the Loan. Thus the ability of such a Borrower to repay an Interest-only Loan (as defined in “*Mortgage Sale Agreement—Representations and Warranties*” below) at maturity without resorting to the sale of the underlying property depends on such Borrower’s responsibility in ensuring that sufficient funds are available from a given source such as pension policies, PEPs, ISA or endowment policies, as well as the financial condition of the Borrower, tax laws and general economic conditions at the time. If a Borrower cannot repay an Interest-only Loan and a loss occurs, this may affect repayments on the Rated Notes if the resulting Principal Deficiency Ledger entry cannot be cured.

Self-certified Loans

A high proportion of the Loans in the Portfolio are Self-Certified Loans. Self-Certified Loans may suffer higher rates of delinquencies, enforcements and losses from Loans in respect of which supporting documentation has been provided in respect of the income or employment details of the Borrower.

Generally, in respect of Self-Certified Loans, verification of a Borrower's income and employment details will not have been made by or on behalf of the relevant Original Lending Entity.

Buy to Let Loans

Some of the Loans in the Portfolio are Buy to Let Loans in relation to which the Borrowers' ability to service such Loans is likely to depend on the Borrowers' ability to lease the relevant mortgaged properties on appropriate terms. There can be no assurance that each such mortgaged property will be the subject of an existing tenancy when the relevant Loan is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the Loan and/or that the rental income from such tenancy will be sufficient (whether or not there is any default of payment in rent) to provide the Borrower with sufficient income to meet the Borrower's interest obligations in respect of the Loan. Upon enforcement of a Mortgage in respect of a mortgaged property which is the subject of an existing tenancy, the Interim Servicer or the Servicer (as applicable) may not be able to obtain vacant possession of the mortgaged property, in which case the Interim Servicer or the Servicer (as applicable) will only be able to sell the mortgaged property as an investment property with one or more sitting tenants. This may affect the amount which the Interim Servicer or the Servicer (as applicable) could realise upon enforcement of the Mortgage and the sale of the mortgaged property. In such a situation, amounts received in rent may not be sufficient to cover all amounts due under in respect of the Loan.

However, enforcement procedures in relation to such Mortgages (excluding any Scottish Mortgage) include appointing a receiver of rent, in which case such a receiver must collect any rents payable in respect of the mortgaged property and apply them accordingly in payment of any interest and arrears accruing under the Mortgage. Under Scots law, a receiver cannot be appointed under a standard security (the Scottish equivalent to a legal mortgage) and the only enforcement which may be carried out under a standard security is a full enforcement of the security (i.e. it cannot be enforced selectively by, for instance, attaching to rentals). The conclusion is that in Scotland, any attempt to secure the rental flows will depend upon the enforcement of the standard security.

The UK Government has passed legislation restricting the amount of income tax relief that individual landlords can claim for residential property finance costs (such as mortgage interest) to the basic rate of tax. Such restriction will be introduced gradually from 6 April 2017.

On 25 November 2015, the UK Government also announced plans to levy a higher rate of stamp duty land tax (**SDLT**) on the purchase of additional residential properties (such as buy-to-let properties), from 1 April 2016. The additional rate will be three per cent. above the current SDLT rates although there is likely to be an exemption for corporates and funds making significant investments in residential property.

The introduction of these measures may adversely affect the private residential rental market in England, Wales, Scotland and Northern Ireland in general, or (in the case of the restriction of income tax relief) the ability of individual Borrowers of Buy to Let Loans to meet their obligations under those Loans.

Right to Buy Loans

The Portfolio includes Right to Buy Loans. Properties sold under the Right to Buy scheme of the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended), as applicable, are sold by the landlord at a discount to market value calculated in accordance with the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended) (as applicable). A purchaser under the scheme of the Housing Act 1985 must repay the whole of the discount if he or she disposes of the property within one year of acquiring it from the landlord, four-fifths if he or she does so within two years, three-fifths if within three years, two-fifths if within four years and one-fifth if within five years, unless the offeror's offer for the disposal of the house was accepted before 18 January 2005, in which case the purchaser must repay the whole of the discount if he or she sells the property within one year, two-thirds if he or she does so within two years and one-third if within three years. A purchaser under the scheme of the Housing (Scotland) Act 1987 (as amended), must repay the whole of the

discount if he or she sells the property within one year, two-thirds if he or she does so within two years and one third if within three years. The landlord obtains (in England and Wales) a statutory charge or (in Scotland) a standard security over the property in respect of the contingent liability of the purchaser under the scheme to repay the discount. Under the Housing Act 1985 or Housing (Scotland) Act 1987 (as amended), (as applicable), such statutory charge or standard security ranks in priority to other charges including that of any mortgage lenders except in certain circumstances. Such statutory charge or standard security shall automatically rank behind any charge on the related property in relation to (in England and Wales) monies advanced by an approved lending institution to the extent they are advanced for the purpose of enabling the purchaser to exercise his or her right to buy and (in Scotland) monies advanced for the purchase or improvement of the property. In England and Wales, unless the offeror's offer for the disposal of the house was accepted before 18 January 2005, the purchaser is required, before a sale or disposal of the property within 10 years of the date of purchase, to offer the property to the landlord or another social landlord at full market value and to allow up to eight weeks for acceptance of the offer. A mortgage lender selling the property as a mortgagee in possession in such circumstances will also be obliged to grant such right of first refusal to the landlord or other social landlord.

The Right to Buy Scheme in Scotland will end for all council and housing association tenants in Scotland on 1 August 2016. Tenants with a right to buy can submit their application up to 31 July 2015 with their application then being considered in the normal way. An application made after 31 July 2016 will not be accepted.

Insurance Policies

Generally, the Mortgage Conditions of the Loans require Borrowers to insure the relevant Property, although in the case of some Loans, the terms and conditions either explicitly or implicitly do not require the relevant Borrowers to insure the relevant Property. However, no assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable buildings insurance contracts or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected Property. This could adversely affect the Issuer's ability to redeem the Notes. No warranty is given by the Seller or the Servicer as to whether any Borrower has valid buildings insurance in place or that the Issuer would be able to successfully claim under such Borrower-arranged buildings insurance.

Searches, Investigations and Warranties in Relation to the Loans

The Seller will give certain warranties to each of the Issuer and the Security Trustee regarding the Loans and their Related Security sold to the Issuer on the Closing Date (see "*Summary of the Key Transaction Documents—Mortgage Sale Agreement*" below for a summary of these).

Neither the Note Trustee, the Security Trustee, the Co-Arrangers nor the Issuer has undertaken, or will undertake, any investigations, due diligence procedures, searches or other actions of any nature whatsoever in respect of any Loan or its Related Security in the Portfolio and each relies instead on the Loan Warranties given in the Mortgage Sale Agreement by the Seller. Loans which have undergone such a limited investigation may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the Related Security not being accepted as security for a Loan had such matters been revealed. The sole remedy of the Issuer against the Seller if any of the Loan Warranties made by the Seller is breached or proves to be untrue as at the Closing Date, shall be its entitlement to bring a contractual claim in damages, subject to the Warranty Limitations, other than in respect of a breach of Loan Warranty relating to the outstanding principal balance of the Loans as at the Cut-of Date, for which the Issuer's sole remedy against the Seller shall be an adjustment to the purchase price equivalent to the difference between the actual outstanding principal balance of the relevant Loans and the amount warranted. Without prejudice to Option Holder's right to elect to repurchase any Loan in respect of which a contractual claim for damages is brought as a consequence of a breach of a Loan Warranty in respect of that Loan, there shall be no obligation on the Seller, the Option

Holder or any other person to repurchase any Loan and/or its Related Security following any breach of any Loan Warranty.

In the event that any such contractual claim is brought against the Seller, it is anticipated that the Seller would seek to rely on a back-to-back contractual claim for damages against DB UK pursuant to the terms of the Previous Mortgage Sale Agreement. However, the Seller's liability in respect of any claim for a breach of a Loan Warranty is strictly limited (including as to the time during which a claim may be made and the quantum of any claim) by the terms of the Warranty Limitations. In addition, the extent of the Seller's liability in damages will be limited by any corresponding damages amount that it receives from DB UK under the Previous Mortgage Sale Agreement. Accordingly, there can be no assurance that the Seller will have the resources to satisfy any such contractual claim for damages. In addition, the Seller is not the originator of the Loans and has no direct knowledge as to whether a Loan Warranty which relates to the origination process is correct or not or (where a warranty is qualified by reference to the awareness of the Seller) it may not have actual knowledge of any relevant matters which give rise to a breach of warranty (other than to the extent disclosed to the Seller by the Previous Sellers in connection with the Previous Mortgage Sale Agreement). This may affect the quality of the Loans and their Related Security in the Portfolio and accordingly the ability of the Issuer to make payments due on the Notes and the Certificates.

Knowledge of matters represented in Loan Warranties

The Seller does not have direct knowledge as to whether certain Loan Warranties (including the Loan Warranties which relate to the origination process) are correct or not (other than to the extent disclosed to the Seller by the Previous Sellers in connection with the Previous Mortgage Sale Agreement). Accordingly, since the Seller does not have direct knowledge as to matters relating to the actual origination of the Loans, certain warranties relating to amongst other things the origination process are necessarily qualified by reference to the awareness of the Seller. It may be practically difficult for the Seller to detect a breach of warranty in respect of the Loans sold by it to the extent that the same relates to a matter outside of the immediate knowledge of the Seller, as there is no ongoing active involvement of the Previous Sellers or the Seller to monitor or notify any defect in relation to the circumstances of the Loans. The Interim Servicer and the Servicer will each have limited obligations to notify the Issuer and the Master Servicer upon becoming aware of a Loan Warranty has been breached and to assist the Issuer in bring a claim in respect of any such breach.

CERTAIN REGULATORY CONSIDERATIONS

FCA Regulation of Mortgage Business

In the United Kingdom, regulation of residential mortgage business under the FSMA came into force on 31 October 2004 (the date known as **N(M)**). Residential mortgage lending under the FSMA is regulated by the FCA. Subject to certain exemptions, entering into, arranging or advising in respect of or administering Regulated Mortgage Contracts (or agreeing to do any of these things) are regulated activities under the FSMA requiring authorisation and permission from the FCA (or prior to 1 April 2013, the FSA).

A credit agreement is a **Regulated Mortgage Contract** under the FSMA if, it is entered into (or is varied such that a new credit agreement is entered into) on or after **N(M)** and at the time it is entered into (or so varied) on or after **N(M)**, (a) the borrower is an individual or trustee, (b) the contract provides for the obligation of the borrower to repay to be secured by a first legal mortgage (or Scottish first ranking standard security) on land (other than timeshare accommodation) in the UK and (c) at least 40 per cent. of that land is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust or by a related person (broadly, the borrower's spouse, near relative or a person with whom the borrower has a relationship which is characteristic of a spouse).

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

Any credit agreement intended to be a Regulated Mortgage Contract under the FSMA might instead be wholly or partly regulated by the CCA or treated as such, or unregulated, and any credit agreement intended to be regulated by the CCA or treated as such, or unregulated, might instead be a Regulated Mortgage Contract under the FSMA, because of technical rules on: (a) determining whether any credit arises or whether any applicable financial limit of the CCA is exceeded; (b) determining whether the credit agreement or any part of it falls within the definition of a Regulated Mortgage Contract; (c) determining whether the credit agreement is an exempt agreement (for example, certain types of credit agreement to finance the purchase of, or alteration to, homes or business premises, or Regulated Mortgage Contracts under the FSMA) or certain buy-to-let credit agreements; or (d) changes to credit agreements.

The Master Servicer, the Interim Servicer and the Servicer each hold authorisation and permission to enter into and to administer and (where applicable) to advise in respect of Regulated Mortgage Contracts. Subject to certain exemptions, brokers will be required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts. The Seller and the Issuer are not, and do not propose to be, authorised persons under the FSMA. Neither the Seller nor the Issuer requires authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. Neither the Issuer nor the Seller carries on the regulated activity of administering Regulated Mortgage Contracts by having them administered pursuant to a servicing agreement by an entity having the required authorisation and permission under the FSMA. If such a servicing agreement terminates, however, the Seller and the Issuer will have a period of not more than one month in which to arrange for mortgage administration to be carried out by a replacement servicer having the required FSMA authorisation and permission.

In addition the Issuer is not required to be authorised by the FCA under Part 4A of the FSMA in order to hold beneficial title to the Loans. As at the Closing Date each of the Issuer and the Seller will only hold beneficial title to the relevant Loans. On the Account Transfer Date the Seller is expected to acquire legal title to the relevant Loans and, following the occurrence of a Perfection Event the Issuer is expected to acquire legal title to the relevant Loans. However, in respect of consumer credit, each of the Seller and the Issuer expects that it will be exempt from carrying on a regulated activity under article 60B(2) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, on the basis that each of the Seller and the Issuer will have appointed a servicer in respect of the Loans and neither the Seller nor the Issuer is expected to grant credit. Consumer credit will likely fall within the exemption under paragraph 55 of the Schedule to the Financial Services and Markets Act 2000 (Exemption) Order 2001; as such neither the Seller nor the Issuer will require, and do not propose to obtain, authorisation under Part 4A of the FSMA. However, in the event that a mortgage is varied, such that a new contract is entered into and that contract

constitutes a Regulated Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity. The Seller has undertaken to DB UK (as a Previous Seller) to maintain a relationship with such an authorised entity. In addition, no variation has been or will be made to the Loans where it would result in the Issuer arranging or advising in respect of, administering or entering into a Regulated Mortgage Contract or agreeing to carry on any of these activities, if the Issuer would be required to be authorised under the FSMA to do so.

The FCA's Mortgages and Home Finance: Conduct of Business sourcebook (**MCOB**), which sets out rules under the FSMA for regulated mortgage activities, was published on 31 October 2004. These rules cover, *inter alia*, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions. Further rules for prudential and authorisation requirements for mortgage firms, and for extending the appointed representatives regime to mortgages, also came into force on 31 October 2004.

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

So as to avoid dual regulation, it is intended that Regulated Mortgage Contracts are not regulated by the CCA. Certain regulations made under the FSMA are designed to clarify the position in this regard. This exemption only affects credit agreements made on or after N(M) and credit agreements made before N(M) but subsequently changed such that a new contract is entered into on or after N(M) and constitutes a separate Regulated Mortgage Contract. A court order under section 126 of the CCA is, however, necessary to enforce a land mortgage (including, in Scotland, a standard security) securing a Regulated Mortgage Contract to the extent that the credit agreement would, apart from the exemption referred to above, be regulated by the CCA or treated as such. Where a credit agreement is regulated by the CCA or treated as such, any failure to comply may render the contract unenforceable (in some cases without a court order) as to which see further "*Consumer Credit Act 1974*" below.

The Seller will give warranties to the Issuer in the Mortgage Sale Agreement that, among other things, each Loan and its Related Security is enforceable (subject to certain exceptions and disclosures, including disclosure to the effect that DB UK (as a Previous Seller) has identified and disclosed to the Seller that certain provisions of the Mortgage Conditions for the Loans will be potentially unfair or in breach of MCOB if relied upon). If a Loan or its Related Security does not comply with these warranties, and if the default (if capable of remedy) cannot be or is not cured within the time periods specified in the Mortgage Sale Agreement, the Issuer's sole remedy against the Seller in respect of the relevant breach shall be its entitlement to bring a contractual claim in damages, subject to the Warranty Limitations. However, the Seller's liability in respect of any claim for a breach of a Loan Warranty is strictly limited (including as to the time during which a claim may be made and the quantum of any claim) by the terms of the Warranty Limitations and the amount of any corresponding damages amount that it receives from DB UK. Without prejudice to Option Holder's right to elect to repurchase any Loan in respect of which a contractual claim for damages is brought as a consequence of a breach of a Loan Warranty in respect of that Loan, there shall be no obligation on the Seller, the Option Holder or any other person to repurchase any Loan and/or its Related Security following any breach of any Loan Warranty.

Credit agreements that were entered into before N(M), but are subsequently changed such that a new contract is entered into on or after N(M), are regulated under the FSMA where they fall within the definition of "Regulated Mortgage Contract".

In June 2010, the FSA made changes to MCOB which effectively converted previous guidance on the policies and procedures to be applied by authorised firms (such as the Seller) with respect to forbearance in the context of Regulated Mortgage Contracts into formal mandatory rules. Under these rules, a firm is

restricted from repossessing a property unless all other reasonable attempts to resolve the position have failed and, in complying with such restriction, a firm is required to consider whether, given the borrower's circumstances, it is appropriate to take certain actions. Such actions refer to (among other things) the extension of the term of the mortgage, product type changes and deferral of interest payments. While the FSA indicated that it did not expect each forbearance option referred to in these rules to be explored at every stage of interaction with the borrower, it is clear that these rules impose mandatory obligations on firms without regard to any relevant contractual obligations or restrictions which the relevant loan may be subject to as a result, *inter alia*, of such loan being contained within a securitisation transaction. As a result, the rules may operate in certain circumstances to require the Interim Servicer or the Servicer (as applicable) to take certain forbearance-related actions (which may not have been contemplated as at the date of this Prospectus or the Transaction Documents) in respect of one or more Loans and their Related Security. No assurance can be made that any such actions will not impact on the Issuer's ability to make payments in full when due on the Notes and the Certificates, although the impact of this will depend on the number of Loans that involve a borrower who experiences payment difficulties.

Under the Mortgage Sale Agreement, the Seller gives Loan Warranties relating to MCOB compliance. However, the Seller has disclosed certain information in respect of MCOB compliance, which has qualified the relevant Loan Warranties, including that: on 15 December 2010, the FSA issued a final notice in respect of the mortgage origination activities of DB UK (trading as DB Mortgages), which identified certain breaches of MCOB by DB UK. The FSA identified breaches of MCOB rules 11.3.1R, 12.4.1R, 13.3.1R and 13.4.1R in connection with failures to:

- consider the ability of borrowers to repay their mortgage on retirement;
- ensure that fees charged upon entering into arrears were representative of a reasonable estimate of the administrative costs involved;
- deal with customers fairly upon entering into arrears, including not paying due consideration to a customer's individual circumstances and failing to take reasonable steps to ensure that customers were informed of the options available to them; and
- provide customers with relevant information upon entering into arrears (or providing such information outside the required regulatory time frame).

During ordinary course reviews in 2010 and 2013, DB UK identified certain aspects of the servicing that were potentially not compliant with MCOB. The Seller has been informed by DB UK that such breaches have been remedied and all necessary remediation has been made to Borrowers.

Potential rules and guidance regarding Payment Protection Insurance complaints

In November 2014, the UK Supreme Court ruled in *Plevin v Paragon Personal Finance Ltd* (the **Plevin Case**) that a failure to disclose to a client the amount of a large commission payment on a single premium PPI policy made the relationship between a lender and the borrower unfair under section 140A of the Consumer Credit Act 1974. In light of this judgement the FCA published a statement on 2 October 2015 outlining its views and next steps regarding additional rules and guidance on PPI complaints. Following that statement, the FCA published a consultation paper in November 2015 which covers, *inter alia*, the introduction of a deadline by which consumers need to make PPI complaints or else lose their right to have them assessed by firms or the Ombudsman; an FCA led communications campaign designed to inform consumers of the deadline; and rules and guidance on how firms should handle PPI complaints fairly in the light of the judgment in the Plevin Case. The consultation closes on 26 February 2016 and the FCA is expected to issue a policy statement with final rules and guidance shortly before their intended start date. Under the Mortgage Sale Agreement, the Seller has warranted that it has not sold, and so far as it is aware the relevant Original Lending Entity has not sold, any payment protection insurance or similar to a Borrower in respect of any Loan. In addition, the effect of the Mortgage Sale Agreement and the Previous Mortgage

Sale Agreement is that the risk of PPI claims will remain with DB UK (subject to certain caps and limitations), but there can be no assurance that DB UK will honour its obligations to make payments. This could lead to increased set-off risks (see above "*Set-off may adversely affect the value of the Portfolio or any part thereof*") and, in turn, adversely affect the Issuer's ability to make payments in full on the Notes and Certificates when due.

Bank of Scotland plc v Rosemary Rea

On 4 August 2014, the High Court of Justice in Northern Ireland ruled that Bank of Scotland plc's (**BoS**) practice of restructuring mortgage accounts so that arrears of monthly instalments are included in increased monthly instalments so that they will be paid over the remainder of the mortgage term constitutes capitalisation or consolidation of such arrears. The court further ruled that unilateral capitalisation without borrowers' consent or assessment of affordability was extremely "poor" capitalisation according to the definition and criteria of the FCA. It was held that BoS's practice of relying on the consolidated arrears to ground proceedings for possession was contrary to the established principle that arrears of instalments are "wiped-out" to the extent that they have been consolidated and that hence BoS's reliance on these extinguished arrears amounted to double-billing. As a result of this judgment any arrears discharged by way of unilateral consolidation would have to be disregarded for the purpose of applications for possession brought by the lender.

Whilst the judgement is not binding outside of Northern Ireland, it cannot be excluded that the courts in the rest of the United Kingdom would follow the same reasoning when considering similar cases. This is especially likely considering that a significant factor in the Northern Ireland judgement was that BoS had acted contrary to FCA rules which apply across the UK. No assurance can be given that such a ruling by a court would not have a material adverse effect on the Loans or the manner in which they are serviced. Similarly, no assurance can be given that the FCA will not introduce new rules or requirements in relation to capitalisation, or investigate any previous capitalisation practices of UK-authorized mortgage lenders, which could require the payment of redress or otherwise have a material adverse effect on the Loans or the manner in which they are serviced.

The Previous Sellers have warranted in the Previous Mortgage Sale Agreement, and the Seller has warranted in the Mortgage Sale Agreement, that all requirements of MCOB have been complied with in all material respects in connection with the administration of the Loans in the Portfolio. However, such warranty is subject to the Warranty Limitations and the Disclosure Letter. Accordingly, if the practice of restructuring mortgage accounts by the Previous Sellers has been contrary to FCA rules, and the Warranty Limitations result in the Issuer suffering a shortfall, then this may adversely affect the ability of the Issuer to make payments to Noteholders and Certificateholders.

Mortgage Directive

Although a buy-to-let credit agreement entered into on or after 31 October 2004 will not be a Regulated Mortgage Contract or otherwise regulated under the FSMA, this is due to change for some buy-to-let credit agreements from 21 March 2016.

Directive 2014/17/EU (the **Mortgage Directive**) was published in the official journal of the European Union on 28 February 2014. It entered into force twenty days after such publication and Member States will be required to implement the Mortgage Directive into national law by 21 March 2016.

The Mortgage Directive aims to create an EU-wide mortgage credit market with a high level of consumer protection and it applies to: (a) credit agreements secured by a mortgage or comparable security commonly used in a member state of the EU (a **Member State**) on residential immovable property, or secured by a right relating to residential immovable property; (b) credit agreements the purpose of which is to finance the purchase or retention of rights in land or in an existing or proposed residential building; and (c) extends the Consumer Credit Directive (2008/48/EC) to unsecured credit agreements the purpose of which is to renovate

residential immovable property involving a total amount of credit above €75,000. The Mortgage Directive applies to buy-to-let loans.

The Mortgage Directive requires (among other things): standard information in advertising; standard pre-contractual information; adequate explanations to the borrower on the proposed credit agreement and any ancillary service; calculation of the annual percentage rate of charge in accordance with a prescribed formula; assessment of creditworthiness of the borrower; and a right of the borrower to make early repayment of the credit agreement. The Mortgage Directive also imposes prudential and supervisory requirements for credit intermediaries and non-bank lenders.

The UK government has sought to put in place what it has described as the minimum requirements to meet its legal obligations under the Mortgage Directive in respect of buy-to-let mortgages. The UK government has established in legislation a framework for “consumer buy-to-let” mortgages (**CBTL**) via the Mortgage Credit Directive Order 2015 (**MCD Order 2015**) which was made on 25 March 2015. In parallel, the FCA consulted on the implementation of this new framework making its Mortgage Credit Directive Instrument 2015, also on 25 March 2015. The legislation will come into full force from 21 March 2016, creating a new distinction between buy-to-let activity involving consumers and consumers acting by way of business. The legislation provides that firms do not need to apply the government’s appropriate framework for buy-to-let mortgages where a borrower is acting wholly or predominantly for the purposes of a business. The UK Treasury has stated that they would expect CBTL activity to represent a small proportion of total buy-to-let transactions. That said, it is still too early to tell what effect the implementation of the Mortgage Directive into UK law would have on the Seller, the Issuer, the Interim Servicer and/or the Servicer and their respective businesses and operations.

Any further changes to the FCA’s MCOB arising from the FCA’s mortgage market review, or to MCOB or the FSMA arising from HM Treasury’s proposals to change mortgage regulation or changes in the regulatory structure, may adversely affect the Loans, the Seller, the Issuer, the Interim Servicer, the Servicer and their respective businesses and operations, as well as the ability of the Borrowers under interest-only Loans to refinance their Loans at the end of their term in order to repay the principal amount (see also “*The Portfolio—Interest-Only Loans*” above).

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

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

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

In December 2012, the Financial Services Act 2012 received royal assent. This Act contains provisions which (among other things) on 1 April 2013 replaced the FSA with the PRA, which is responsible for micro-prudential regulation of financial institutions that manage significant risks on their balance sheets, and the FCA, which is responsible for conduct of business. This Act also contains provisions enabling the transfer of

regulatory authority (including consumer credit regulation) from the Office of Fair Trading (the **OFT**) to the FCA. The relevant secondary legislation was enacted in 2013 and 2014 and the transfer was effected on 1 April 2014.

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

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

Consumer Credit Act 1974

The regulator for credit agreements regulated by the Consumer Credit Act 1974, as amended (the **CCA**) was the OFT before 1 April 2014, which issued licences and guidance on conduct of business under the CCA, and is the FCA from 1 April 2014, which issues authorisation and permission and rules and guidance on conduct of business under the FSMA. The FCA is also the regulator for Regulated Mortgage Contracts under the FSMA.

A credit agreement is regulated where (a) the borrower is or includes an "individual" (which includes certain small partnerships and certain unincorporated associations), (b) if the credit agreement was made before the financial limit was removed (as described below), the amount of "credit" as defined in the CCA did not exceed the financial limit of £25,000 for credit agreements made on or after 1 May 1998, or lower amounts for credit agreements made before that date, and (c) the credit agreement is not an exempt agreement.

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

Recharacterisation as a loan regulated by the CCA poses the following risks:

- A court order under section 126 of the CCA is necessary to enforce a land mortgage (including in Scotland, a standard security) securing a credit agreement to the extent that the credit agreement is regulated by the CCA or treated as such. In dealing with such application, the court has the power, if it appears just to do so, to amend the credit agreement or to impose conditions upon its performance or to make a time order (for example, giving extra time for arrears to be cleared). Any such amendment or conditions could change the repayment profile and/or amounts recoverable from the Borrowers and may adversely impact the Issuer's ability to make payments on the Notes and the Certificates.

- Under sections 75 and 75A of the CCA, in certain circumstances the lender is liable to the borrower in relation to misrepresentation or breach of contract by a supplier in a transaction financed by a credit agreement that is wholly or partly regulated by the CCA or treated as such, where the credit agreement is or is treated as entered into under pre-existing arrangements, or in contemplation of future arrangements, between the lender and the supplier. In addition, a borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person (under FSMA) of a rule under FSMA. From 1 April 2014, such rules include rules in the Consumer Credit sourcebook (**CONC**). The lender may also be entitled to a statutory indemnity from the supplier against such liability, subject to any agreement between the lender and the supplier. The borrower may set off the amount of the claim against the lender against the amount owing by the borrower under the loan or under any other loan agreement that the borrower has taken with the lender (or exercise analogous rights in Scotland). Any such set-off may adversely affect the Issuer's ability to make payments on the Notes and the Certificates.

Consumer Credit Act 2006

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

Under the CCA 2006, the “extortionate credit” regime has been replaced by an “unfair relationship” test. The “unfair relationship” test applies to all existing and new credit agreements, except Regulated Mortgage Contracts and Regulated Home Purchase Plans under the FSMA. If the court makes a determination that the relationship between a lender and a borrower is unfair, then it may make an order, among other things, requiring the relevant Original Lending Entity, or any assignee such as the Issuer, to repay amounts received from such borrower. In applying the “unfair relationship” test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the creditor's and the lender's conduct before and after making the agreement. There is no statutory definition of the word “unfair” in the CCA as the intention is for the test to be flexible and subject to judicial discretion and it is therefore difficult to predict whether a court would find a relationship “unfair”. However, the word “unfair” is not an unfamiliar term in UK legislation as it has been given meaning under the UK unfair contract terms legislation (discussed below) and associated case law and regulatory guidance. The courts may, but are not obliged to, look solely to the CCA 2006 for guidance. The principle of “treating customers fairly” under the FSMA, and guidance published by the FSA and, as of 1 April 2013, the FCA on that principle and by the OFT on the unfair relationship test, may also be relevant. Under the CCA, once the debtor alleges that an “unfair relationship” exists, the burden of proof is on the creditor to prove the contrary.

The financial limit of £25,000 for CCA regulation is removed for credit agreements made on or after 6 April 2008, except for certain changes to credit agreements, and except for buy-to-let loans made before 31 October 2008. Buy-to-let loans made on or after 31 October 2008 are, irrespective of amount, exempt agreements under the CCA. Regulations define buy-to-let loans for these purposes as being credit agreements secured on land where less than 40 per cent. of the floor area of the secured property is used, or is intended to be used, as or in connection with a dwelling by the borrower or by a connected person. A court order under section 126 of the CCA is, however, necessary to enforce a land mortgage (or, in Scotland, a standard security) securing a buy-to-let loan to the extent that the loan would, apart from this exemption, be regulated by the CCA or treated as such.

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

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

These changes to the CCA may result in adverse effects on the enforceability of certain Loans and consequently the Issuer's ability to make payment in full on the Notes and the Certificates when due.

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

The Seller will give warranties to the Issuer in the Mortgage Sale Agreement that, among other things, each Loan and its Related Security is enforceable (subject to exceptions, including those disclosed in the Disclosure Letter). If a Loan or its Related Security does not comply with these warranties, and if the default cannot be or is not cured within the time periods specified in the Mortgage Sale Agreement, the Issuer's sole remedy against the Seller in respect of the relevant breach shall be its entitlement to bring a contractual claim in damages, subject to the Warranty Limitations. However, the Seller's liability in respect of any claim for a breach of a Loan Warranty is strictly limited (including as to the time during which a claim may be made and the quantum of any claim) by the terms of the Warranty Limitations and the amount of any corresponding damages amount that it receives from DB UK. Without prejudice to Option Holder's right to elect to repurchase any Loan in respect of which a contractual claim for damages is brought as a consequence of a breached of a Loan Warranty in respect of that Loan, there shall be no obligation on the Seller, the Option Holder or any other person to repurchase any Loan and/or its Related Security following any breach of any Loan Warranty.

Distance Marketing

In the United Kingdom, the Financial Services (Distance Marketing) Regulations 2004 apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower). A Regulated Mortgage Contract under the FSMA, if originated by a UK lender from an establishment in the UK, will not be cancellable under these regulations but will be subject to related pre-contract disclosure requirements in MCOB. Certain other credit agreements will be cancellable under these regulations if the borrower does not receive the prescribed information at the prescribed time, or in any event for certain unsecured lending. Where the credit agreement is cancellable under these regulations, the borrower may send notice of cancellation at any time before the end of the 14th day after the day on which the cancellable agreement is made, where all the prescribed information has been received or, if later, the borrower receives the last of the prescribed information.

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

- (a) the borrower is liable to repay the principal, and any other sums paid by the originator to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower sending the notice of cancellation or, if later, the originator receiving notice of cancellation;
- (b) the borrower is liable to pay interest, or any early repayment charge or other charge for credit under the cancelled agreement, only if the borrower received certain prescribed information at the prescribed time and if other conditions are met; and

(c) any security is treated as never having had effect for the cancelled agreement.

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

Unfair Terms in Consumer Contracts Regulations 1994 and 1999

In the United Kingdom, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the **1999 Regulations**), together with (in so far as applicable) the Unfair Terms in Consumer Contracts Regulations 1994 (together with the 1999 Regulations, the **UTCCR**), apply to agreements made on or after 1 July 1995 and affect all or almost all of the Loans. The UTCCR apply to business-to-consumer contracts entered into prior to 1 October 2015 (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.

The UTCCR provide that a consumer (which would include a borrower under all or almost all of the Loans) may challenge a standard term in an agreement on the basis that it is "unfair" within the UTCCR and therefore not binding on the consumer (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term), and the lead enforcement body and any "qualifying body" within the UTCCR (such as the FCA) may seek to enjoin (or in Scotland, interdict) a business from relying on unfair terms.

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

The lead enforcement body for the UTCCR was the OFT before 1 April 2014, and is the Competition and Markets Authority (the **CMA**) from 1 April 2014. The qualifying body in relation to Regulated Mortgage Contracts and mortgage loans originated by lenders authorised under the FSMA was the FSA before 1 April 2013, and has been the FCA from 1 April 2013. The lead enforcement body was and is responsible for enforcing the UTCCR in relation to other mortgage loans.

In February 2000, the OFT issued a guidance note on what the OFT considers to be fair terms and unfair terms for interest variation in mortgage contracts. Where the interest variation term does not provide for precise and immediate tracking of an external rate outside the lender's control, and if the borrower is locked in, for example by an early repayment charge that is considered to be a penalty, the term is likely to be regarded by the OFT as unfair under the UTCCR unless the lender: (a) notifies the affected borrower in writing at least 30 days before the rate change; and (b) permits the affected borrower to repay the whole loan during the next three months after the rate change, without paying the early repayment charge. The OFT withdrew the guidance note from its website, but the guidance note may remain as a factor that the FCA and CMA may take into account.

In May 2005, the previous regulator, the FSA issued a statement of good practice on fairness of terms in consumer contracts, which is relevant to firms authorised and previously regulated by the FSA and now by the FCA in relation to products and services within the FSA's regulatory scope. This statement provides

that, for locked-in borrowers (i.e. where the borrower is required to give advance notice, pay a cost or give up a benefit in order to terminate the contract), a lender may consider drafting the contract to permit a change in the contract to be made only where any lock-in clause is not exercised. In the context of the OFT's investigation into credit card default fees, the OFT in 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 such as mortgages. 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 a borrower's default.

In January 2007, the FSA issued a statement of good practice on mortgage exit administration fees. This statement provides that the lender should ensure that the fee represents in fact the cost of the administration services that the lender provides when a borrower exits the mortgage. The FSA issued a follow-up communication in November 2007 emphasising that this statement should not be interpreted narrowly and, where appropriate, firms should consider applying its principles to other charges. In August 2007, the Unfair Contract Terms Regulatory Guide (previously in the FSA/FCA handbook but now superseded by the Unfair Contract Terms and Consumer Notices Regulatory Guide (the **UNFCOG**) (discussed in more detail below)) came into force. This guide was designed to explain the FSA/FCA's policy on how it would use its powers under the 1999 Regulations and continues to apply to contracts entered into before the CRA Commencement Date. In January 2012, the previous regulator, the FSA published finalised guidance entitled "Unfair contract terms: improving standards in consumer contracts" and "Statement on using Switching Terms in mortgage contracts under the Unfair Terms in Consumer Contracts Regulations 1999". Under the later guidance the FSA considered that terms in interest-only mortgage contracts that allow firms to switch consumers from an interest-only mortgage to a repayment mortgage may be regarded as unfair if they give the firm too broad a discretion to determine when such switching terms will apply. Further, where switching terms are determined to be unfair by a court, the firms will be unable to switch the consumer from an interest-only mortgage to a repayment mortgage, as such switching terms will not bind that consumer.

The May 2005, January 2007 and January 2012 guidance (the **Previous Guidance**) were removed from the FCA's website because they no longer reflect the FCA's current view on unfair contract terms. In July 2015, the CMA issued a guidance note on unfair contract terms in the Consumer Rights Act 2015, which applies to any contracts entered into on or after 1 October 2015. However, the July 2015 guidance makes it clear that the Consumer Rights Act generally carries forward rather than changes the substance of the protections provided to consumers under earlier legislation and the Previous Guidance. As such, even with changes in regulatory structure in the United Kingdom that came into effect on 1 April 2013, in respect of Loans originated before 1 October 2015, the Previous Guidance remains the most specific guidance on this topic.

MCOB rules for Regulated Mortgage Contracts require that, (a) arrears charges represent a reasonable estimate of the cost of the additional administration required as a result of the borrower being in arrears (see disclosure regarding the FCA Final Notice under "*—FCA Regulation of Mortgage Business*" above), and (b) from 25 June 2010, the borrower's payments are allocated first towards paying off the balance of any payment shortfall, excluding any interest or charges on that balance. In October 2010, the FSA issued a statement that, in its view, early repayment charges are likely to amount to the price paid by the borrower in exchange for services provided and may not be reviewable for fairness under the UTCCR, provided that they are written in plain and intelligible language and are adequately drawn to the borrower's attention. In January 2012, the FSA issued a further statement intended to raise awareness of issues that it commonly identifies under the UTCCR. As of 1 April 2013, the FCA has power to enforce the UTCCR in relation to Regulated Mortgage Contracts originated by lenders authorised under the FSMA.

The Consumer Rights Act, which came into force from an unfair contract terms perspective on the CRA Commencement Date, provides that, among other things, a term which specifies the main subject matter of the contract, or a price term, is exempt from being reviewed as to its fairness if the term is transparent and prominent and that, in proceedings brought by individual consumers, the court is required to consider the fairness of a term, even if the consumer has not raised the issue of unfairness, where the court has available to it the legal and factual elements necessary for that task.

The CMA 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 Consumer Rights Act (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 UNFCOG in the FCA Handbook explains the FCA’s policy on how it uses its formal powers under the CRA in relation to unfair terms and consumer notices and supersedes the Unfair Contract Terms Regulatory Guide referred to above. UNFCOG states that the Unfair Contract Terms Regulatory Guide remains relevant to contracts entered into before the CRA Commencement Date (to which the UTCCR will still apply).

The guidance issued by the FSA (and as of 1 April 2013, the FCA), the OFT and the CMA has changed over time and it is possible that it may change in the future. No assurance can be given that any such changes in guidance on the 1999 Regulations, or reform of the 1999 Regulations, will not have a material adverse effect on the Seller, the Issuer, the Master Servicer, the Interim Servicer, the Servicer, the Back-up Servicer or their respective businesses and operations.

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, 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 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, an unfair consumer notice is also not binding on a consumer, although a consumer may rely on the term or notice if the consumer chooses to do so. A term is 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.

Schedule 2 contains an indicative and non-exhaustive “grey list” of terms of consumer contracts that may be regarded as unfair. Three of these “grey list” terms are new, having not been covered by the UTCCR. 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.

Provided that a term does not appear on the “grey list” referred to above, a term 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. This is referred to as the core exemption. 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. Under the CRA, a trader must also ensure that the term is sufficiently prominent. The CMA considers this to be fully consistent with an interpretation of “the core exemption” as intended to ensure that only those “principal obligations” or price terms which are subject to the correcting forces of competition and genuine decision-making are fully assessable for fairness.

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 provisions in the CRA governing unfair contractual terms apply in respect of consumer contracts entered into on or after the CRA Commencement Date. As stated above, the UCTA and the 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 and the UCTA. As noted above, the CMA published guidance on the unfair terms provisions in the CRA in July 2015. This guidance provides firms with information on how the CMA interprets various provisions under the CRA, including the assessment of the fairness of terms and the CMA’s powers of enforcement. The CMA has also adopted, in Annex A to its new guidance, the list of examples of unfair contract terms published by the OFT with its September 2008 guidance. The CMA cautions that, where it provides examples of revised terms which the OFT found fair, firms should not consider that these terms have been “cleared” for general use. The CMA also highlights that its guidance is not binding on the courts or other enforcement authorities. Furthermore, this area of law is rapidly developing and new regulatory guidance and case law can be expected as a result of this new legislation. No assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Loans and accordingly on the Issuer’s ability to make payments in full when due on the Notes and the Certificates.

Financial Ombudsman Service

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

Complaints properly brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman. As the Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a monetary award to a complaining borrower, it is not possible to predict how any future decision of the Ombudsman would affect the ability of the Issuer to make payments to Noteholders and the Certificateholders.

Consumer Protection from Unfair Trading Regulations 2008

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

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

The Unfair Practices Directive is implemented into UK law by the Consumer Protection from Unfair Trading Regulations 2008 (the **CPUTR**), which came into force on 26 May 2008. The CPUTR prohibit certain practices which are deemed “unfair” within the terms of the CPUTR. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but is a criminal offence punishable by a fine and/or imprisonment. The possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreements may result in irrecoverable losses on amounts to which such agreements apply. Except as set out below, the CPUTR do not provide consumers with a private act of redress. Instead, consumers must rely on existing private law remedies based on the law of misrepresentation and duress. The Consumer Protection (Amendment) Regulations 2014 (SI No.870/2014) was laid before Parliament on 1 April 2014 and came into force on 1 October 2014. These amendments to the CPUTR give consumers a right to redress for misleading or aggressive commercial practices (as defined in the CPUTR), including a right to unwind agreements. This applies to any debt collection activity with regard to commercial demands for payment.

In addition, the Unfair Practices Directive is taken into account in reviewing rules under the FSMA. For example, MCOB rules for Regulated Mortgage Contracts from 25 June 2010 prevent the lender from (a) repossessing the mortgaged property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of term, or conversion to interest-only for a period, or an alternative product (see disclosure regarding the FCA Final Notice under “—*FCA Regulation of Mortgage Business*” above), and (b) automatically capitalising a payment shortfall where this would have a material effect on the borrower.

The Unfair Practices Directive provided for a transitional period until 12 June 2013 for the application of full harmonisation in the fields to which it applies. In March 2013, the European Commission published a report on the application of the Unfair Practices Directive, which indicated (among other things) that there is no case for further harmonisation in the fields of financial services and immovable property. No assurance can be given that the implementation of the Unfair Practices Directive into UK law and any further harmonisation will not have a material adverse effect on the Loans or on the manner in which they are serviced and accordingly on the ability of the Issuer to make payments to Noteholders and Certificateholders.

Mortgage repossession

A protocol for mortgage repossession cases in England and Wales came into force on 19 November 2008 and sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders have confirmed that they will delay the initiation of repossession action for at least three months after a borrower who is an owner-occupier is in arrears. The application of such moratorium is subject to the wishes of the borrower and may not apply in cases of fraud.

The Mortgage Repossessions (Protection of Tenants etc.) Act 2010 came into force on 1 October 2010. This Act gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on application by an unauthorised tenant (i.e. a tenant in possession without the lender’s consent) as generally exists on application by an authorised tenant. The lender has to serve notice at the property before enforcing a possession order.

Part I of the Home Owner and Debtor Protection (Scotland) Act 2010 came into force on 30 September 2010 and imposes additional requirements on heritable creditors (the Scottish equivalent of a mortgagee) in relation to the enforcement of standard securities over residential property in Scotland. Under Part I of the Act, the heritable creditor, which may be Interim Legal Title Holder, the Seller or, in the event of it taking legal title to the Scottish Loans and their Related Security, the Issuer, has to obtain a court order to exercise

its power of sale (in addition to initiating the enforcement process by the service of a two-month “calling up” notice), unless the borrower and any other occupiers have surrendered the property voluntarily. In applying for the court order, the heritable creditor also has to demonstrate that it has taken various preliminary steps to attempt to resolve the borrower’s position, and comply with further procedural requirements.

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

Potential effects of any additional regulatory changes

In the United Kingdom and elsewhere, there is continuing political and regulatory scrutiny of the banking industry and, in particular, retail banking. In the United Kingdom, regulators such as the CMA, the PRA and the FCA (and their predecessors for example the OFT) have recently carried out, or are currently conducting, several enquiries. In recent years there have been several issues in the UK financial services industry in which these local bodies have intervened directly, including the sale of card and identity protection policies, interest rate hedging products, payment protection insurance, personal pensions and mortgage-related endowments. No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the mortgage market in the United Kingdom generally, the Seller’s particular sector in that market or specifically in relation to the Seller. Any such action or developments or compliance costs may have a material adverse effect on the Seller, the Issuer, the Interim Servicer, the Servicer and their respective businesses and operations. This may adversely affect the Issuer’s ability to make payments in full on the Notes and the Certificates when due.

UK Government Schemes and Help to Buy not applicable

Neither the Notes or the Certificates are guaranteed by or obligations of the UK Government. Also, any investment in the Notes or the Certificates does not have the status of a protected claim under the UK Financial Services Compensation Scheme and accordingly, the Notes and the Certificates will not confer any entitlement to compensation under that scheme.

In March 2013, the UK Government announced the “Help to Buy” Scheme involving two separate proposals to assist home buyers. The first involves a shared equity loan made available by the UK Government to borrowers for the purchase of new homes. The shared equity loans were available from 1 April 2013. There are no shared equity loans included in the Portfolio. The second involves a guarantee provided by the UK Government for loans made to borrowers allowing up to a 95 per cent. loan to value ratio (LTV). The guarantee loans were available from 1 October 2013. A similar shared equity loan scheme is available in Scotland and is administered by the Scottish Government. The Loans in the Portfolio do not benefit from any guarantee provided under the Help to Buy Scheme and as such no Loan will have the benefit of any government guarantee or support.

SECURITY AND INSOLVENCY CONSIDERATIONS

Noteholders and Certificateholders may be Adversely Affected if Insolvency Proceedings are Commenced in respect of the Issuer

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 and the Certificates (as to which, see “*Summary of the Key Transaction Documents—Deed of Charge*”). If certain insolvency proceedings (including administrations or liquidations) are commenced in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired.

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

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

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

Fixed charges may take effect under English law as floating charges

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

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

Liquidation expenses

Prior to the House of Lords’ decision in the case of *Re Leyland Daf* [2004] UKHL 9 (**Re Leyland Daf**), the general position was that, in a liquidation of a company, the liquidation expenses ranked ahead of unsecured debts and floating chargees’ claims. *Re Leyland Daf* reversed this position so that liquidation expenses could no longer be recouped out of assets subject to a floating charge. However, section 176ZA of the Insolvency

Act 1986, which came into force on 6 April 2008, effectively reversed by statute the House of Lords' decision in *Re Leyland Daf*. As a result costs and expenses of a liquidation will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to the approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to rules 4.218A to 4.218E of the Insolvency Rules 1986. In general, the reversal of *Re Leyland Daf* applies in respect of all liquidations commenced on or after 6 April 2008.

Therefore, floating charge realisations upon the enforcement of the floating charge security to be granted by the Issuer which would otherwise have been available to the Secured Creditors would be reduced by the amount of all, or a significant proportion of, any liquidation expenses which could have an adverse effect on the ability of the Issuer to make payments in respect of the Notes and the Certificates.

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 (the **Belmont Decision**).

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 do infringe 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". The UK Supreme Court has held that payment priority clauses, as described above, are valid under English law. However, there remains a stayed action in the U.S. commenced by the Lehman Brothers Chapter 11 debtors concerning the enforceability of priority of payments clauses and, in addition, in February 2012, a complaint was filed by certain parties seeking recognition and enforcement of the Belmont Decision (and corresponding lower court decisions) and other declaratory relief with respect to the priority of payments clauses in question in the case described above. At the same time as filing the complaint, the relevant parties also filed a motion seeking the withdrawal of the reference from the U.S. Bankruptcy Court, requesting that the complaint be heard instead by the U.S. District Court. It has not yet been determined whether the complaint will be addressed by the U.S. Bankruptcy Court or the U.S. District Court, nor is it known when the complaint will be addressed. Therefore concerns still remain that the English and U.S. courts will diverge in their approach which, in the case of an unfavourable decision either in England or New York, may adversely affect the Issuer's ability to make payments on the Notes and the Certificates and/or the market value of the Notes and the Certificates. It may also lead to changes in the Rating Agencies' ratings methodologies and/or ratings downgrades. Given the current state of U.S. and English 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 Directive 2014/59/EU

The Banking Act 2009 (the **Banking Act**) includes provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of certain UK

incorporated entities, including authorised deposit-taking institutions and investment firms, and powers to recognise and give effect to certain resolution actions in respect of third country institutions. In addition, powers may be used in certain circumstances in respect of UK established banking group companies, where such companies are in the same group as a relevant UK or third country institution or in the same group as an EU credit institution or investment firm. Relevant transaction parties for these purposes include the Interim Legal Title Holder, the Seller, the Retention Holder, the Master Servicer and the Account Bank. The Interim Collection Account Bank and the Collection Account Bank are also relevant for these purposes.

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

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

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

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

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

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

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

TAX AND OTHER LEGAL CONSIDERATIONS

Legal considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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 **Securitisation Regulations**)), and as such should be taxed only on the amount of its “retained profit” (as that term is defined in the Securitisation Regulations), for so long as it satisfies the conditions of the Securitisation Regulations. However, if the Issuer does not satisfy the conditions to be taxed in accordance with the Securitisation Regulations (or subsequently does not), then profits or losses could arise in the Issuer which could have tax effects not contemplated in the cashflows for the transaction described in this Prospectus and as such adversely affect the tax treatment of the Issuer and consequently payment on the Notes.

EU financial transaction tax

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the **Commission’s Proposal**), for a financial transaction tax (**FTT**) to be adopted in certain participating Member States (including 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 was adopted, the FTT would 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).

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 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 financial transaction 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 Proposal. 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. Under the Commission's Proposal, primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be 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 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 Compliance Act (FATCA) withholding may affect payments on the Notes

While the Notes and the Certificates are in global form and held within Euroclear and/or Clearstream, Luxembourg (together, the **ICSDs**), in all but the most remote circumstances, it is not expected that the new reporting regime and potential withholding tax imposed by Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) will affect the amount of any payment received by the ICSDs (see "*Taxation—Foreign Account Tax Compliance Act*"). 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 payment 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. The Issuer's obligations under the Notes and the Certificates are discharged once it has made payment to, or to the order of, the ICSDs, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries.

Withholding Tax Under the Notes

In the event that any withholding or deduction for or on account of any taxes is imposed in respect of payments to Noteholders of any amounts due under the Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of such withholding or deduction. However, in such circumstances, the Issuer will, in accordance with Condition 7.4 (*Optional Redemption for Taxation Reasons*) of the Notes, use reasonable endeavours to prevent such an imposition in respect of payments under the Notes.

As of the date of this Prospectus, no withholding or deduction for or on account of UK tax will be required on interest payments to any holders of the Notes provided that the Notes carry a right to interest and are and continue to be listed on a recognised stock exchange within the meaning of section 1005 of the Income Tax Act 2007. The Irish Stock Exchange is a recognised stock exchange for such purposes and the Notes will be treated as listed on the Irish Stock Exchange if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in Member States of the EEA and are admitted to trading on the Main Securities Market of the Irish Stock Exchange. The applicability of any withholding or

deduction for or on account of United Kingdom taxes in relation to payments of interest on the Notes is discussed further under “*United Kingdom Taxation*” below.

European Monetary Union

If the United Kingdom opts into the third stage of the European Monetary Union prior to the maturity of the Notes, there is no assurance that this would not adversely affect investors in the Notes and the Certificates.

It is possible that, prior to the maturity of the Notes and the Certificates, the United Kingdom may opt into the third stage of the European Monetary Union and that the Euro may become the lawful currency of the United Kingdom (although the UK coalition government has ruled out preparing for or joining the Euro for the duration of the coalition agreement as published in full on 20 May 2010). In that event (a) all amounts payable in respect of the Notes and the Certificates may become payable in Euro; (b) law may allow or require the Notes and the Certificates to be redenominated into Euro and additional measures to be taken in respect of such Notes and the Certificates; and (c) there may no longer be available published or displayed rates for deposits in Sterling used to determine the rates of interest on the Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the Euro could also be accompanied by a volatile interest rate environment which could adversely affect a Borrower’s ability to repay its Loan as well as adversely affect investors in the Notes and the Certificates. It cannot be said with certainty what effect, if any, adoption of the euro by the United Kingdom will have on investors in the Notes and the Certificates.

Book-Entry Interests

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

A nominee for the common safekeeper for Euroclear and Clearstream, Luxembourg (the **Common Safekeeper**) will be considered the registered holder of the Notes or the Certificates as shown in the records of Euroclear or Clearstream, Luxembourg and will be the sole legal Noteholder of the Global Notes or Certificateholder of the Global Certificates under the Trust Deed while the Notes are represented by Global Notes and the Certificates are represented by Global Certificates. 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 or a Certificateholder under the Trust Deed.

Except as noted in the previous paragraphs, payments of principal and interest on, and other amounts due in respect of, the Global Note or the Global Certificate will be made by the Principal Paying Agent to the Clearing System in the case of the Global Note or the Global Certificate. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit participants’ accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. The Issuer expects that payments by participants or indirect participants to owners of Book-Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in “street name”, and will be the responsibility of such participants or indirect participants. None of the Issuer, the Note Trustee, the Security Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

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

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

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

Certain transfers of Notes or Certificates 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 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.

Economic conditions in the Eurozone

Concerns relating to credit risk of sovereigns and of those entities which have exposure to sovereigns remain significant throughout the Eurozone despite easing in some Member States recently. In particular, concerns have been raised with respect to continuing economic, monetary and political conditions in the region comprised of the Member States of the EU that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended (the **Eurozone**). If such concerns do not ease further and/or such conditions further deteriorate (including as may be demonstrated by any relevant credit Rating Agency action, any default or restructuring of indebtedness by one or more Member States or institutions within those Member States and/or any changes to, including any

break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the Issuer, one or more of the other parties to the Transaction Documents (including OSB, the Interim Legal Title Holder, the Master Servicer, the Interim Servicer, the Servicer, the Account Bank and/or the Cash Manager) and/or any Borrower in respect of its Loan.

Given the current uncertainty and the range of possible outcomes to the conditions in the Eurozone, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Noteholders and the Certificateholders, the market value of the Notes and the Certificates and/or the ability of the Issuer to satisfy its obligations under the Notes and the Certificates.

Political uncertainty

The main Westminster political parties have promised to devolve to the Scottish Parliament additional legislative powers currently reserved to the UK Parliament. The UK Government has published a Command Paper in January 2015 followed by a draft Scotland Bill on 28 May 2015 which proposes, amongst other things, passing control of income tax to the Scottish Parliament by giving it the power to raise or lower the rate of income tax and thresholds for non-dividend and non-savings income of Scottish residents. Whilst the majority of the draft provisions (if enacted) are not expected to have an adverse impact on the Scottish economy or on mortgage origination in Scotland, increased powers for the Scottish Parliament to control income tax could mean that Borrowers in Scotland are subject to a different rate of income tax from borrowers in the same income bracket in England, Wales and Northern Ireland, which may affect some Borrowers' ability to pay amounts when due on the Loans originated in Scotland, and which, in turn, may adversely affect payments by the Issuer on the Notes and the Certificates.

Pursuant to the European Referendum Act 2015, a referendum on the UK's membership of the EU will be held by 31 December 2017. The outcome of such a referendum is not known and there is considerable uncertainty as to the impact of either a "yes" or a "no" vote on the general economic condition in the UK and the UK housing market. As such, no assurance can be given as to the impact of the referendum on the UK's membership of the EU and in particular, no assurance can be given that such matters would not adversely affect the market value of the Notes and the Certificates and/or the ability of the Issuer to satisfy its obligations under the Notes and the Certificates.

Change of Law

The structure of the transaction and, *inter alia*, the issue of the Notes and the Certificates and the ratings which are to be assigned to the Rated Notes are based on the law and administrative practice in effect as at the date of this Prospectus as it affects the parties to the transaction and the Portfolio, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to such law (including any change in regulation which may occur without a change in primary legislation) and practice or tax treatment after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes and the Certificates. In addition, it should be noted that regulatory requirements (including any applicable retention, due diligence or disclosure obligations) may be recast or amended and there can be no assurance that any such changes will not adversely affect the compliance position of a transaction described in this Prospectus or of any party under any applicable law or regulation.

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

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory 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 and the Certificates are responsible for analysing their own regulatory position and none of the Issuer, the Co-Arrangers or the Seller makes any representation to any prospective investor or purchaser of the Notes or the Certificates 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 have been made for insurance and reinsurance undertakings through participating jurisdiction 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 net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or securitised 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.

It should be noted that 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 including with respect to the applicable approach under the retention requirements and the originator entities eligible to retain the required interest. 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 currently 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 OSB 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 Interim Servicer or the Servicer (as applicable) or the Cash Manager on the

Issuer's behalf), please see the statements set out in the section of this Prospectus headed "*Certain Regulatory Disclosures*". 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 Interim Servicer, the Servicer, the Seller nor the Co-Arrangers or any other party 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.

Pensions Act 2004

Under the Pensions Act 2004 a person that is 'connected with' or an 'associate' of an employer under an occupational pension scheme can be subject to either a contribution notice or a financial support direction. The Issuer may be treated as 'connected to' an employer under an occupational pension scheme which is within the OSB Group.

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

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

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

TRANSACTION OVERVIEW—PORTFOLIO AND SERVICING

Please refer to the sections entitled “Summary of the Key Transaction Documents—Mortgage Sale Agreement”, “—Interim Servicing Agreement”, “—Servicing Agreement”, “Characteristics of the Portfolio” and “The Loans” for further detail in respect of the characteristics of the Portfolio and the sale and the servicing arrangements in respect of the Portfolio.

Sale of Portfolio:

The **Portfolio** will consist of the Loans and the Related Security which were originated by three separate Original Lending Entities – DB UK Bank Limited, Edeus Mortgage Creators Limited and Money Partners Limited.

Immediately prior to the Closing Date, DB UK was the sole legal title holder of the Loans and their Related Security, and Odin was the beneficial owner of the Loans originated by Edeus while DB UK was beneficial owner of the balance of the Loans. On or immediately prior to the Closing Date, DB UK and Odin will sell the Portfolio to the Seller pursuant to the Previous Mortgage Sale Agreement. On the Closing Date, the Seller will sell the Portfolio to the Issuer pursuant to the Mortgage Sale Agreement.

The sale by DB UK and Odin to the Seller of each Loan and its Related Security in the Portfolio will be given effect by:

- (a) as regards Loans that are secured by a Mortgage over Properties located in England or Wales (the **English Loans**) and their Related Security and Loans that are secured by a Mortgage over Properties in Northern Ireland (the **NI Loans**) and their Related Security, an equitable assignment; and
- (b) as regards Loans that are secured by a Mortgage over a Property located in Scotland or where such Loans are otherwise governed by Scots law (the **Scottish Loans**) and their Related Security, a Scottish declaration of trust.

Notice of the sale of the Portfolio by DB UK and Odin to the Seller will be given to Borrowers on or shortly after the Account Transfer Date. Following the Account Transfer Date, various forms of transfer will be registered at the relevant land registries in England and Wales, Scotland and Northern Ireland in order to transfer legal title in the Loans and their Related Security to the Seller (**Legal Title Transfer**).

The sale by the Seller to the Issuer of each Loan and its Related Security in the Portfolio will be given effect by:

- (a) as regards English Loans and their Related Security and NI Loans and their Related Security, an equitable assignment; and
- (b) as regards Scottish Loans and their Related Security, a Scottish declaration of trust (the **Scottish Declaration of Trust**).

The English Loans and their Related Security are governed by English Law, the NI Loans and their Related Security are governed by Northern

Irish law and the Scottish Loans and their Related Security are governed by Scots law.

The terms **sale**, **sell** and **sold** when used in this Prospectus in connection with the Loans and their Related Security shall be construed to mean each such creation of an equitable interest and such equitable assignment and the beneficial interest created under and pursuant to the Scottish Declaration of Trust, as applicable. The terms **repurchase** and **repurchased** when used in this Prospectus in connection with Scottish Loans and their Related Security shall be construed to include the repurchase of the beneficial interest of the Issuer under the Scottish Declaration of Trust and the release of such Loans and their Related Security therefrom.

Prior to the occurrence of a Perfection Event as set out below, notice of the sale of the Portfolio by the Seller to the Issuer will not be given to the relevant individual or individuals specified as borrowers in the relevant mortgage together with the individual or individuals (if any) from time to time assuming an obligation to repay a relevant Loan or any part of it (the **Borrowers**) under those Loans transferred and the Issuer will not apply to the Land Registry or the Central Land Charges Registry to register or record its equitable or beneficial interest in the English Mortgages or the Northern Irish Mortgages or take any steps to complete or perfect its title to the Scottish Mortgages.

Features of the Loans:

The following is a summary of certain features of the Loans comprising the Cut-off Date Portfolio as at 31 January 2016 and investors should refer to, and carefully consider, further details in respect of the Loans set out in “*The Loans*” and “*Characteristics of the Portfolio*”. The **Loans** comprise loans to non-conforming Borrowers and are secured by first priority charges or (in Scotland) first ranking standard securities over freehold, heritable and leasehold properties in England, Wales, Northern Ireland and Scotland.

| | | | | |
|----------------------|-----------------------------|---------------------|---------|----------|
| Type of Borrower | Non-conforming | | | |
| Type of mortgage | Repayment and Interest Only | | | |
| Self-Certified Loans | Yes | | | |
| Buy To Let | Yes | | | |
| Right to Buy | Yes | | | |
| Number of Loans | 3,227 | | | |
| | | Weighted Average | Minimum | Maximum |
| Current Balance | Principal | £122,810.4 | £0.00 | £999,933 |
| Current LTV | Indexed | 72.0% | 0.0% | 170.6% |

| | | | |
|------------------------|--------|-------|--------|
| Seasoning (months) | 101.74 | 5.42 | 115.75 |
| Remaining Term (years) | 13.22 | -1.61 | 26.80 |

Consideration:

The consideration from the Issuer to the Seller in respect of the sale of the Portfolio together with its Related Security shall be: (a) Initial Consideration of £348,383,785.20 and (b) the Class P Certificates and the Class R Certificates to be issued to (or at the direction of) the Seller.

Any Class P Certificate Payments will be paid to the Class P Certificateholders in accordance with the Pre-Acceleration Principal Priority of Payments or Post-Acceleration Priority of Payments (as applicable).

Any Residual Payments will be paid to the Class R Certificateholders in accordance with the Pre-Acceleration Revenue Priority of Payments or Post-Acceleration Priority of Payments (as applicable).

The **Current Principal Balance** of a Loan means, on any date, the aggregate principal balance of the Loan at such date (but avoiding double counting) including:

- (a) the original principal amount advanced to the relevant Borrower and any further amount advanced on or before the given date to the relevant Borrower secured or intended to be secured by the related Mortgage; and
- (b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been properly capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent and added to the amounts secured or intended to be secured by the related Mortgage,

as at the end of the Business Day immediately preceding that given date less any repayment or payment of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any retentions made but not released by the end of the Business Day immediately preceding that given date.

Borrower means, in relation to a Loan, the individual or individuals specified as such in the relevant Mortgage Conditions together with the individual or individuals (if any) from time to time assuming an obligation to repay such Loan or any part of it.

Representations and Warranties:

The Previous Sellers will make certain loan warranties to the Seller in the Previous Mortgage Sale Agreement in relation to the Loans and their Related Security in the Portfolio. The Seller will make certain corresponding Loan Warranties regarding the Loans and Related Security to the Issuer on the Closing Date in relation to the Loans and their Related Security in the Portfolio.

Broadly speaking, in addition to representations and warranties in respect of the legal nature of the Loans and their Related Security, there are also asset Loan Warranties which include the following:

- (a) all of the Borrowers are natural legal persons;
- (b) no Borrower is an employee of the Seller, either Previous Seller or any Original Lending Entity;
- (c) each Loan is secured by a first ranking legal mortgage (or, (i) in Scotland, first ranking standard security, or (ii) in Northern Ireland, first ranking legal mortgage or charge);
- (d) interest on each Loan and all other sums charged in connection with such Loan has been charged in accordance with the provisions of the Loan (except in respect of the switch of monthly interest payments from being payable monthly in advance to monthly in arrears and except where a requirement of law otherwise require);
- (e) the Loan has a term ending no later than December 2042;
- (f) no Loan has outstanding on it an amount in excess of three monthly payments;
- (g) no Loan is currently repayable in a currency other than Sterling; and
- (h) all of the Properties are residential (including those in relation to which the relevant Mortgage is a Buy to Let Loan) and located in England, Wales, Northern Ireland or Scotland.

See section “*Summary of the Key Transaction Documents—Master Servicing Agreement—Representations and Warranties*” for further details.

Loan Warranties subject to Limitations and the Disclosure Letter:

In no circumstances will the Seller have any obligation to repurchase the relevant Loans and their Related Security and the Issuer’s sole remedy against the Seller in respect of a breach of Loan Warranties (which is not remedied within the agreed grace period) shall be its entitlement to bring a contractual claim in damages, subject to the Warranty Limitations. Further, the Seller’s liability in respect of any claim for a breach of a Loan Warranty is strictly limited (including as to the time during which a claim may be made and the quantum of any claim) by the terms of the Warranty Limitations and limited by the Seller’s ability to recover sums from DB UK (as a Previous Seller) under the terms of the Previous Mortgage Sale Agreement

Additionally, under the Mortgage Sale Agreement, the Seller is not liable for any breach of a Loan Warranty in relation to matters that were fairly disclosed to the Issuer, including those matters disclosed by way of the Disclosure Letter.

See “*Risk Factors – The Loan Warranties are limited by the Warranty Limitations*” and “*Summary of the Key Transaction Documents—Mortgage Sale Agreement—Representations and Warranties*” for further details

Perfection Events:

See “*Perfection Events*” in the section entitled “*Transaction Overview—Triggers Table—Non-Rating Triggers Table*”.

Prior to the completion of the transfer of legal title of the Loans, the Issuer will hold only the equitable title or, in relation to any Scottish Loans and their Related Security, beneficial title to those Loans pursuant to the Scottish Declaration of Trust and will therefore be subject to certain risks as set out in “*Risk Factors—Seller to initially retain legal title to the Loans and risks relating to set-off*”.

Servicing of the Portfolio:

The Interim Servicer has agreed to service the Loans to be sold to the Issuer and their Related Security on behalf of the Issuer, during the Interim Period.

The appointment of the Interim Servicer may be terminated by the Issuer and/or the Security Trustee (subject to the terms of the Interim Servicing Agreement) upon the occurrence of an Interim Servicer Termination Event (see “*Interim Servicer Termination Event*” in the “*Non-Rating Triggers Table*”).

The Interim Servicer may also resign by giving not less than 18 months’ notice to the Issuer and the Security Trustee and subject to, *inter alia*, a replacement servicer having been appointed. See “*Summary of the Key Transaction Documents—Interim Servicing Agreement*” below.

The Servicer has agreed to service the Loans to be sold to the Issuer and their Related Security on behalf of the Issuer, following the Interim Period.

The appointment of the Servicer may be terminated by the Issuer and/or the Security Trustee (subject to the terms of the Servicing Agreement) upon the occurrence of a Servicer Termination Event (see “*Servicer Termination Event*” in the “*Non-Rating Triggers Table*”).

The Servicer may also resign by giving not less than 18 months’ notice to the Issuer and the Security Trustee and subject to, *inter alia*, a replacement servicer having been appointed. See “*Summary of the Key Transaction Documents—Servicing Agreement*” below.

The Master Servicer has agreed to act as master servicer with respect to the Loans to be sold to the Issuer and their Related Security on behalf of the Issuer. In that role, the Master Servicer will *inter alia* set the variable rates of interest that apply to the Loans, consult with the Servicer regarding changes to the Service Specification, review Borrower complaints and review the Servicer Reports for manifest error.

The appointment of the Master Servicer may be terminated by the Issuer and/or the Security Trustee (subject to the terms of the Master Servicing

Agreement) upon the occurrence of a Master Servicer Termination Event (see “*Master Servicer Termination Event*” in the “*Non-Rating Triggers Table*”).

The Master Servicer may also resign by giving not less than 12 months’ notice (provided that the date on which the resignation is to be effective must fall on or after the earlier of (x) the Interest Payment Date falling in March 2021 or (y) any Interest Payment Date on which the aggregate Principal Amount Outstanding of all of the Notes and the Overcollateralisation Amount is equal to or less than 10 per cent. of the aggregate Principal Amount outstanding of the Notes and the Overcollateralisation Amount on the Closing Date) to the Issuer and the Security Trustee and in relation to a resignation referred to in paragraph (x) above, subject to, *inter alia*, (i) a replacement master servicer having been appointed, (ii) such replacement master servicer entering into an agreement substantially on the same terms as the relevant provisions of the Master Servicing Agreement (subject to then prevailing market conditions), (iii) the then current ratings of the Notes are not withdrawn, qualified or downgraded as a result of such termination (unless otherwise agreed by an Extraordinary Resolution of the Noteholders and (iv) the replacement of the Master Servicer should not adversely affect compliance with the requirements of each of Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation. See “*Summary of the Key Transaction Documents—Master Servicing Agreement*” below.

Back-up Servicer:

The Back-up Servicer has agreed to provide certain services to the Issuer whilst the Servicer services the Loans, including mapping data provided by the Servicer in respect of the Loans. In the event of a Servicer Termination Event that is continuing and has not been remedied, the Back-up Servicer will agree to service the loans on behalf of the Issuer on substantially similar terms to the Servicer.

Portfolio Purchase Options:

The Portfolio may be purchased (and the Notes redeemed and the Certificates cancelled) in certain instances prior to the Final Maturity Date by the exercise of the Majority Holder Option or the Retention Holder Option (together the **Portfolio Purchase Options**).

- *Majority Holder Option Sale*

The Majority Holder may, by giving of a written notice to the Issuer, purchase (or require the sale to its nominee of) all (but not part) of the Loans and their Related Security at any time on and following the Step-Up Date (the **Majority Holder Option**).

In connection with the exercise of the Majority Holder Option, the Majority Holder will be required to deposit the full amount of the Majority Holder Option Purchase Price (as defined below) to an escrow account (such amount to be transferred into the Deposit Account pending completion of transfer of beneficial title to the Loans) no later than on the day falling 2 Business Days prior to when the Majority Holder Option Sale is expected to be completed.

Majority Holder means, in relation to the Class R Certificates, (a)

(where the Class R Certificates are represented by Registered Definitive Class R Certificates) the holder of greater than 50 per cent. of the Class R Certificates or (where the Class R Certificates are represented by the Global Class R Certificate) the Indirect Participant who holds the beneficial interest in more than 50 per cent. of the Class R Certificates or (b) where no person holds greater than 50 per cent. of the Class R Certificates or (where the Class R Certificates are represented by the Global Class R Certificate) beneficial interest in greater than 50 per cent. of the Class R Certificates, any group of persons holding in aggregate greater than 50 per cent. of the Class R Certificates or (where the Class R Certificates are represented by the Global Class R Certificate) beneficial interest in greater than 50 per cent. of the Class R Certificates.

The purchase price payable by the Majority Holder (or its nominee) in respect of a the sale of the Portfolio to the Majority Holder or its nominee pursuant to an exercise of the Majority Holder Option (such a sale being a **Majority Holder Option Sale**) shall be the amount required on the date of completion of the relevant Majority Holder Option Sale (or if that date is not an Interest Payment Date, the next Interest Payment Date) (when aggregated with all other funds available to the Issuer, including all amounts standing to the credit of the Total Reserve Fund) to redeem all of the Notes at their respective Principal Amounts Outstanding and to pay any fees, costs and expenses of the Issuer payable senior to the Notes in the Post-Acceleration Priority of Payments on that date of completion (or if that date is not an Interest Payment Date, the next Interest Payment Date) (such amount being the **Majority Holder Option Purchase Price**).

See the section entitled “*Early Redemption of the Notes—Majority Holder Option*” for further details.

- *Retention Holder Option Sale*

The Retention Holder has the option, pursuant to the relevant Deed Poll, to require the Issuer to auction the Portfolio pursuant to the terms of the relevant Deed Poll upon the occurrence of a Risk Retention Regulatory Change Event (the **Retention Holder Option**). Such auction will endeavour to obtain the highest purchase price reasonably obtainable for the Portfolio provided that the sale price at any such auction must not be less than the amount required on the date of completion of the relevant sale pursuant to an exercise of the Retention Holder Option (such a sale being a **Retention Holder Option Sale**) (or if that date is not an Interest Payment Date, the next Interest Payment Date) (when aggregated with all other funds available to the Issuer, including all amounts standing to the credit of the Total Reserve Fund) to redeem all of the Notes at their respective Principal Amounts Outstanding and to pay any fees, costs and expenses of the Issuer payable senior to the Notes in the Post-Acceleration Priority of Payments on that date of completion (or if that date is not an Interest Payment Date, the next Interest Payment Date) (such amount being **the Retention Holder Option Purchase Price**). In the event of a failed auction, the Issuer will be required to undertake a new auction every six months. OSB may bid in any such auctions.

Notwithstanding the foregoing, for a period of 20 Business Days

following the exercise of the Retention Holder Option but prior to any auction of the Portfolio, the Majority Holder will have the option to purchase (or to require the sale to its nominee of) the Portfolio at the Majority Holder Option Purchase Price. If the Majority Holder fails to exercise this purchase option, it may still bid in the auction process described above.

A **Risk Retention Regulatory Change Event** is any change in (including any change in interpretation of), or the adoption of, any new law, rule or regulation which as a matter of English law has a binding effect on the Retention Holder after the Closing Date which, when considered in the context of the Retention Holders' risk retention undertaking, would result in the Retention Holder being in breach of its risk retention undertaking or would otherwise impose a positive obligation on the Retention Holder to increase its risk retention over and above that retained by it on and from the Closing Date.

**Condition to Exercise of
Portfolio Purchase Options**

It will be a condition for the exercise of either Portfolio Purchase Option that either (i) the purchaser of the legal (if applicable) and beneficial title in the Loans being purchased is resident for tax purposes in the United Kingdom, or (ii) each of the Issuer and the Seller (acting reasonably) having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in the form and substance satisfactory to it, or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HM Revenue and Customs), is satisfied that sale of legal (if applicable) and beneficial title in the relevant Loans will not expose the Issuer or the Seller to a risk of loss in consequence of United Kingdom income tax being required to be withheld from amounts paid in respect of the Loans. The costs relating to such tax advice will be borne by the Majority Holder (in the case of a Majority Holder Option Sale) or the Retention Holder (in the case of a Retention Holder Option Sale).

TRANSACTION OVERVIEW—SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES AND THE CERTIFICATES

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

Full Capital Structure of the Notes

| | Class A Notes | Class B Notes | Class C Notes | Class D Notes | Class E Notes | Class F Notes | Class G Notes |
|--|--|---|--|---|---|---|---|
| Principal Amount: | £259,000,000 | £33,300,000 | £19,000,000 | £16,200,000 | £13,300,000 | £8,600,000 | £16,200,000 |
| Credit Enhancement and Liquidity Support Features: | Subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes*, the Class F Notes* and the Class G Notes, General Reserve Fund, Liquidity Reserve Fund and Excess Available Revenue Receipts | Subordination of the Class C Notes, the Class D Notes, the Class E Notes*, the Class F Notes* and the Class G Notes, General Reserve Fund, Liquidity Reserve Fund and Excess Available Revenue Receipts | Subordination of the Class D Notes, the Class E Notes*, the Class F Notes* and the Class G Notes, General Reserve Fund, Liquidity Reserve Fund and Excess Available Revenue Receipts | Subordination of the Class E Notes*, the Class F Notes* and the Class G Notes, General Reserve Fund, Liquidity Reserve Fund and Excess Available Revenue Receipts | Subordination of the Class F Notes* and the Class G Notes, General Reserve Fund, Liquidity Reserve Fund and Excess Available Revenue Receipts | Subordination of the Class G Notes, General Reserve Fund, Junior Liquidity Reserve Fund and Excess Available Revenue Receipts | Excess Available Revenue Receipts |
| Issue Price: | 99.1% | 96.4% | 96.0% | 95.2% | 95.0% | 94.6% | 89.4% |
| Interest Rate: | Three-Month Sterling LIBOR + Margin | Three-Month Sterling LIBOR + Margin | Three-Month Sterling LIBOR + Margin | Three-Month Sterling LIBOR + Margin | Three-Month Sterling LIBOR + Margin | Three-Month Sterling LIBOR + Margin | Three-Month Sterling LIBOR + Margin |
| Margin: | 1.30% per annum and following the Step-Up Date 1.90% per annum | 1.75% per annum and following the Step-Up Date 2.75% per annum | 2.25% per annum and following the Step-Up Date 3.25% per annum | 2.75% per annum and following the Step-Up Date 3.75% per annum | 3.25% per annum and following the Step-Up Date 4.75% per annum | 3.50% per annum and following the Step-Up Date 5.00% per annum | 2.50% per annum and following the Step-Up Date 5.00% per annum |
| Interest Accrual Method: | Actual/365 (Sterling) | Actual/365 (Sterling) | Actual/365 (Sterling) | Actual/365 (Sterling) | Actual/365 (Sterling) | Actual/365 (Sterling) | Actual/365 (Sterling) |
| Interest Payment Dates: | 18th day of March, June, September and December in each year, or if not a Business Day, the next Business Day | 18th day of March, June, September and December in each year, or if not a Business Day, the next Business Day | 18th day of March, June, September and December in each year, or if not a Business Day, the next Business Day | 18th day of March, June, September and December in each year, or if not a Business Day, the next Business Day | 18th day of March, June, September and December in each year, or if not a Business Day, the next Business Day | 18th day of March, June, September and December in each year, or if not a Business Day, the next Business Day | 18th day of March, June, September and December in each year, or if not a Business Day, the next Business Day |
| First Interest Payment Date: | 20 June 2016 | 20 June 2016 | 20 June 2016 | 20 June 2016 | 20 June 2016 | 20 June 2016 | 20 June 2016 |
| Final Maturity Date: | Interest Payment Date falling in June 2045 | Interest Payment Date falling in June 2045 | Interest Payment Date falling in June 2045 | Interest Payment Date falling in June 2045 | Interest Payment Date falling in June 2045 | Interest Payment Date falling in June 2045 | Interest Payment Date falling in June 2045 |

| | <u>Class A Notes</u> | <u>Class B Notes</u> | <u>Class C Notes</u> | <u>Class D Notes</u> | <u>Class E Notes</u> | <u>Class F Notes</u> | <u>Class G Notes</u> |
|--|--|---|---|---|---|---|---|
| Step-Up Date†: | 18 March 2021 | 18 March 2021 | 18 March 2021 | 18 March 2021 | 18 March 2021 | 18 March 2021 | 18 March 2021 |
| Application for Exchange Listing: | Irish Stock Exchange | Irish Stock Exchange | Irish Stock Exchange | Irish Stock Exchange | Irish Stock Exchange | Irish Stock Exchange | Irish Stock Exchange |
| ISIN: | XS1371721512 | XS1371721868 | XS1371722593 | XS1371723054 | XS1371723138 | XS1371723484 | XS1371725000 |
| Common Code: | 137172151 | 137172186 | 137172259 | 137172305 | 137172313 | 137172348 | 137172500 |
| Ratings (S&P/DBRS)‡: | AAA(sf) / AAAsf | AA(sf) / AAAsf | A+(sf) / Asf | A(sf) / BBBsf | BBB+(sf) / BB(high)sf | BBB(sf) / BB(low)sf | Not rated |
| Amount Retained by Significant Investor: | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Minimum Denomination: | £100,000 and integral multiples of £1,000 in excess thereof | £100,000 and integral multiples of £1,000 in excess thereof | £100,000 and integral multiples of £1,000 in excess thereof | £100,000 and integral multiples of £1,000 in excess thereof | £100,000 and integral multiples of £1,000 in excess thereof | £100,000 and integral multiples of £1,000 in excess thereof | £100,000 and integral multiples of £1,000 in excess thereof |
| Eurosystem Eligibility: | The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that such Notes are intended upon issue to be registered in the name of the Common Safekeeper (or a nominee thereof) with one of Euroclear or Clearstream, Luxembourg as Common Safekeeper and does not necessarily mean that such 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. | | | | | | |

* Interest on the Class E Notes and the Class F Notes may be paid from amounts standing to the credit of the Junior Liquidity Reserve Fund. This may result in amounts being paid in respect of interest on the Class E Notes and the Class F Notes in circumstances in which interest is not paid on the Class A Notes, Class B Notes, Class C Notes or Class D Notes. See “*Transaction Overview—Credit Structure and Cashflows—General Credit Structure*” for further detail.

† From the Step-Up Date, the Majority Holder has the right to exercise the Majority Holder Option in relation to the Portfolio, which would lead to an early redemption of the Notes and upon the occurrence of a Risk Retention Regulatory Change Event, the Retention Holder has the right to exercise the Retention Holder Option, which could lead to an early redemption of the Notes. See “*Transaction Overview—Portfolio and Servicing—Portfolio Purchase Options*” and “*Early Redemption of the Notes*” for further detail.

‡ As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the European Union and is registered under Regulation (EU) No 1060/2009.

Overview of the Characteristics of the Notes and the Certificates

Ranking and Form of the Notes:

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

- Class A Mortgage Backed Floating Rate Notes due June 2045 (the **Class A Notes**);
- Class B Mortgage Backed Floating Rate Notes due June 2045 (the **Class B Notes**);
- Class C Mortgage Backed Floating Rate Notes due June 2045 (the **Class C Notes**);
- Class D Mortgage Backed Floating Rate Notes due June 2045 (the **Class D Notes**);

- Class E Mortgage Backed Floating Rate Notes due June 2045 (the **Class E Notes**);
- Class F Mortgage Backed Floating Rate Notes due June 2045 (the **Class F Notes** and together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the **Rated Notes**); and
- Class G Mortgage Backed Floating Rate Notes due June 2045 (the **Class G Notes**),

and together, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes are the **Notes** and the holders thereof, the **Noteholders**.

The Notes will be issued in registered form. Each Class of Notes will be issued pursuant to Regulation S and the Notes will be cleared through Euroclear and/or Clearstream, Luxembourg, as set out in “*Description of the Global Notes and Global Certificates*” below.

Certificates:

The Issuer will also issue to the Seller the Class P Certificates and the Class R Certificates (together, the **Certificates** and the holders thereof, the **Certificateholders**) on the Closing Date under the Trust Deed.

The Class P Certificates constitute part of the consideration provided by the Issuer for the purchase of the Portfolio (representing the right to receive deferred consideration for the Issuer’s purchase of the Portfolio in the form of Class P Certificate Payments up to a maximum amount of £15,190,000 (the **Overcollateralisation Amount**).

The Class R Certificates constitute part of the consideration provided by the Issuer for the purchase of the Portfolio (representing the right to receive deferred consideration for the Issuer’s purchase of the Portfolio in the form of the Residual Payments in respect of the Portfolio).

Sequential Order:

The Class A Notes rank *pro rata* and *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times.

The Class B Notes rank *pro rata* and *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes.

The Class C Notes rank *pro rata* and *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes and the Class B Notes.

The Class D Notes rank *pro rata* and *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes.

The Class E Notes rank *pro rata* and *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times, but (other than in respect of payments of interest on the Class E Notes which are funded from amounts credited to the Junior Liquidity Reserve Fund) subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

The Class F Notes rank *pro rata* and *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times, but (other than in respect of payments of interest on the Class F Notes which are funded from amounts credited to the Junior Liquidity Reserve Fund) subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

The Class G Notes rank *pro rata* and *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times, but subordinate to the Rated Notes.

The Certificates are subordinated in right of payment to all payments under the Notes and, following the service of a Note Acceleration Notice on the Issuer the Class R Certificates are subordinated in right of payment to all payments on the Class P Certificates.

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

The Class P Certificates will rank *pro rata* and *pari passu* and rateably without any preference or priority among themselves as to payments of Overcollateralisation Amount at all times.

The Class R Certificates will rank *pro rata* and *pari passu* and rateably without any preference or priority among themselves as to payments of Residual Payments at all times.

Pursuant to a deed of charge to be entered into between, *inter alios*, the Issuer and the Security Trustee (the **Deed of Charge**), the Notes and the Certificates will all share the same Security. Certain other amounts, being the amounts owing to the other Secured Creditors, will also be secured by the Security. Certain amounts due by the Issuer to its other Secured Creditors will rank in priority to all classes of the Notes and the Certificates.

Security:

Pursuant to the Deed of Charge, on the Closing Date, the Notes and the Certificates will be secured by, *inter alia*, the following security (the **Security**):

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit in and to the Transaction Documents (subject to any rights of set-off or netting provided for therein) (other than the

Trust Deed, the Deed of Charge and each Scottish Declaration of Trust);

- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's interest in the English Loans, the English Mortgages and their other Related Security and the Northern Irish Loans, the Northern Irish Mortgages and their Related Security and other related rights comprised in the Portfolio;
- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the Issuer's right, title, interest and benefit to and under insurance policies sold to the Issuer pursuant to the Mortgage Sale Agreement;
- (d) an assignment in security of the Issuer's beneficial interest in the Scottish Loans and their Related Security (comprising the Issuer's beneficial interest under the trust declared by DB UK and the Seller over such Scottish Loans and their Related Security for the benefit of the Issuer pursuant to the Scottish Declaration of Trust);
- (e) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in its bank accounts maintained with the Account Bank and any sums standing to the credit thereof;
- (f) a charge by way of first fixed charge (which may take effect as a floating charge) over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf; and
- (g) a floating charge over all other assets of the Issuer not otherwise subject to a fixed charge but extending over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not the subject of fixed charges as aforesaid).

See "*Summary of the Key Transaction Documents—Deed of Charge*" below.

Collateral:

Mortgage loans that were sold by the Seller to the Issuer from time to time and originated by the Original Lending Entities.

Interest Provisions:

For information on the interest payments, including Interest Payment Dates and Margins on the Notes, please refer to the "*—Full Capital Structure of the Notes*" table above and as fully set out in Condition 5 (*Interest*).

- The Margin on the Class A Notes will from the Step-Up Date increase from 1.30 per cent. per annum to 1.90 per cent. per annum.

- The Margin on the Class B Notes will from the Step-Up Date increase from 1.75 per cent. per annum to 2.75 per cent. per annum.
- The Margin on the Class C Notes will from the Step-Up Date increase from 2.25 per cent. per annum to 3.25 per cent. per annum.
- The Margin on the Class D Notes will from the Step-Up Date increase from 2.75 per cent. per annum to 3.75 per cent. per annum.
- The Margin on the Class E Notes will from the Step-Up Date increase from 3.25 per cent. per annum to 4.75 per cent. per annum.
- The Margin on the Class F Notes will from the Step-Up Date increase from 3.50 per cent. per annum to 5.00 per cent. per annum.
- The Margin on the Class G Notes will from the Step-Up Date increase from 2.50 per cent. per annum to 5.00 per cent. per annum.

Interest Deferral:

Interest due and payable on the Most Senior Class of Notes will not be deferred. Interest due and payable on the Notes (other than the Most Senior Class of Notes) may be deferred in accordance with Condition 18 (Subordination by Deferral).

Gross-up:

None of the Issuer nor any Paying Agent or any other person will be obliged to gross-up if there is any withholding or deduction in respect of the Notes on account of taxes.

Redemption:

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

- mandatory redemption in whole on the Final Maturity Date, as fully set out in Condition 7.1 (*Redemption at Maturity*);
- mandatory redemption in part on any Interest Payment Date commencing on the first Interest Payment Date but prior to the service of a Note Acceleration Notice subject to availability of Available Principal Receipts (to the extent not applied as Available Revenue Receipts) which shall be applied (a) first, on a *pari passu* and *pro rata* basis to repay the Class A Notes until they are repaid in full, (b) second, on a *pari passu* and *pro rata* basis to repay the Class B Notes until they are repaid in full, (c) third, on a *pari passu* and *pro rata* basis to repay the Class C Notes until they are repaid in full, (d) fourth, on a *pari passu* and *pro rata* basis to repay the Class D Notes until they are repaid in full, (e) fifth, on a *pari passu* and *pro rata* basis to repay the Class E Notes until they are repaid in full, (f) sixth, on a *pari passu* and *pro rata* basis to repay the Class F Notes until they

are repaid in full and (g) seventh, on a *pari passu* and *pro rata* basis to repay the Class G Notes until they are repaid in full, as fully set out in Condition 7.2 (*Mandatory Redemption*);

- optional redemption exercisable by the Issuer in whole on the Optional Redemption Date, as fully set out in Condition 7.3 (*Optional Redemption of the Notes in Full*);
- optional redemption exercisable by the Issuer in whole for tax reasons on any Interest Payment Date following the date on which there is a change in tax law or other law, as fully set out in Condition 7.4 (*Optional Redemption for Taxation Reasons*); and
- mandatory redemption in full following a Majority Holder Option Sale or a Retention Holder Option Sale as fully set out in Condition 7.5 (*Mandatory Redemption in full following a Majority Holder Option Sale or a Retention Holder Option Sale*). See “*Transaction Overview—Portfolio and Servicing—Portfolio Purchase Options*” and “*Early Redemption of the Notes*” for further detail.

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

Expected Average Lives of the Notes:

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

Events of Default:

As fully set out in Condition 10 (*Events of Default*) and Certificates Condition 9 (*Events of Default*), which broadly include (where relevant, subject to the applicable grace period) among other things:

- non-payment of interest and/or principal in respect of the Most Senior Class of Notes;
- provided that all Notes have been redeemed in full, failure to pay any amount due in respect of the Certificates for more than 14 days;
- breach of contractual obligations by the Issuer under the Transaction Documents (provided that if the breach is capable of remedy, the Event of Default is subject to a 30 day remedy period commencing from the date of service of a notice by the Note Trustee on the Issuer requiring remedy); and
- Insolvency Event occurring in respect of the Issuer.

Limited Recourse:

The Notes are limited recourse obligations of the Issuer, and, if not

repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 11.4 (*Limited Recourse*).

The Certificates are limited recourse obligations of the Issuer and the Certificateholders are only entitled to funds which are available to the Issuer in accordance with the applicable Priority of Payments. If any amounts remain outstanding which are not paid in full, such amounts are subject to a final write-off which is described in more detail in Certificates Condition 10.3 (*Limited Recourse*).

Governing Law:

English law (other than any terms of the Transaction Documents which are particular to Scots law which will be construed in accordance with Scots law, and any terms of the Transaction Documents which are particular to Northern Irish law, which will be construed in accordance with Northern Irish law).

Rights of Noteholders and Certificateholders and Relationship with Other Secured Creditors

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

Prior to an Event of Default:

Prior to the occurrence of an Event of Default, Noteholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes then outstanding or, as applicable, Class P Certificateholders holding not less than 10 per cent. of the number of Class P Certificates outstanding or, as applicable, Class R Certificateholders holding not less than 10 per cent. of the number of Class R Certificates outstanding, are entitled to convene a Noteholders’ meeting, or a Certificateholders’ meeting respectively.

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

Following an Event of Default:

Following the occurrence of an Event of Default, Noteholders may, if they hold not less than 25 per cent. of the Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or if they pass an Extraordinary Resolution, (or, if the Notes have been redeemed in full, the Class P Certificateholders may, if they hold not less than 25 per cent. of the number of Class P Certificates then outstanding, or, if no Class P Certificates are outstanding, the Class R Certificateholders may, if they hold not less than 25 per cent. of the number of Class R Certificates then outstanding or, in each case, if they pass an Extraordinary Resolution) direct the Note Trustee to give a Note Acceleration Notice to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding or that any Overcollateralisation Amount pursuant to the Class P Certificates and/or all Residual Payments pursuant to the Class R Certificates are immediately due and payable, as applicable. The Note Trustee shall not be bound to take any such action unless first indemnified and/or prefunded and/or secured to its satisfaction.

Noteholders and Certificateholders Meeting provisions:

Initial meeting

Adjourned meeting

Notice period: At least 21 Clear Days Not less than 13 Clear Days or more than 42 Clear Days

Quorum: One or more persons present and representing in aggregate not less than one quarter of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding or holding or representing in aggregate not less than one quarter of the number of Class P Certificates then outstanding or holding or representing not less than one quarter of the number of Class R Certificates then outstanding, as applicable, for transaction of business including the passing of an ordinary resolution.

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

The quorum for passing a Basic Terms Modification shall be one or more persons holding or

representing in the aggregate not less than three-quarters of the aggregate Principal Amount Outstanding of such Class of Notes then outstanding or holding or representing in aggregate not less than three-quarters of the number of Class P Certificates then outstanding or holding or representing not less than three-quarters of the number of Class R Certificates then outstanding, as applicable.

Required majority for Extraordinary Resolution: Majority consisting of not less than two thirds of persons eligible to attend and vote at such meeting and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-quarters of the votes cast on such poll.

Written Resolution: Not less than three quarters in aggregate Principal Amount Outstanding of the Relevant Class of Notes, the number of Class P Certificates then outstanding or the number of Class R Certificates then outstanding, as applicable. A resolution in writing has the same effect as an Extraordinary Resolution.

For the purposes of calculating a period of **Clear Days** in relation to a meeting, no account shall be taken of the day on which notice of such meeting is given (or, in the case of an adjourned meeting, the day on which the meeting to be adjourned is held) or the day on which such meeting is held.

Matters requiring Extraordinary Resolution:

Broadly speaking, the following matters require an extraordinary resolution (an **Extraordinary Resolution**):

- to approve any Basic Terms Modification;
- to sanction any compromise or arrangement proposed to be made between the Issuer, any other party to any Transaction Document, the Note Trustee, the Security Trustee, any Appointee and the Noteholders and Certificateholders or any of them;
- to approve the substitution of any person for the Issuer as principal obligor under the Notes or the Certificates;

- to give any authority or sanction which is required to be given by Extraordinary Resolution;
- to approve or assent to any modification of the provisions contained in the Notes, the Certificates, the Conditions, the Certificates Conditions or the Trust Deed other than those modifications which are sanctioned by the Note Trustee without the consent or sanction of the Noteholders or Certificateholders in accordance with the terms of the Trust Deed;
- to remove the Note Trustee and/or the Security Trustee;
- to approve the appointment of a new Note Trustee and/or Security Trustee;
- to authorise the Note Trustee or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- To sanction any scheme or proposal for the sale or exchange of the Notes or Certificates for or the conversion of the Notes or the Certificates into, *inter alia*, other obligations or securities of the Issuer or any other company;
- to discharge or exonerate the Note Trustee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed, the Notes or the Certificates;
- to give any other authorisation or approval which under the Trust Deed, the Notes or the Certificates is required to be given by Extraordinary Resolution; and
- to appoint any persons as a committee to represent the interests of the Noteholders or Certificateholders and to convey upon such committee any powers which the Noteholders or Certificateholders could themselves exercise by Extraordinary Resolution.

See Condition 12 (*Meetings of Noteholders, Modification, Waiver and substitution*) or Certificates Condition 11 (*Meetings of Certificateholders and Noteholders, Modification, Waiver and Substitution*) for more detail.

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

Subject as provided in Condition 10.1 (*Events of Default*) and Certificates Condition 9.1 (*Event of Default*) and other than in relation to a Basic Terms Modification, which requires an Extraordinary Resolution of the relevant affected Classes of Notes and Classes of Certificates:

- A resolution (including an Extraordinary Resolution) passed at any meeting of the Most Senior Class of Noteholders shall be binding on all other Classes of Notes and on the Certificates irrespective of the effect it has upon them.
- A resolution (including an Extraordinary Resolution) passed at any meeting of a relevant Class of Noteholders shall be binding on all

other Classes of Noteholders ranking junior to such Class of Noteholders in the Priorities of Payments in each case and on the Certificateholders, irrespective of the effect it has upon them.

- A resolution (including an Extraordinary Resolution) passed at any meeting of the Class P Certificateholders shall be binding on the Class R Certificates, irrespective of the effect it has upon them.
- No resolution or Extraordinary Resolution of any other Class of Noteholders or the Certificateholders shall take effect for any purpose while any of the Most Senior Class of Notes remain outstanding unless it shall have been sanctioned by a resolution or Extraordinary Resolution (as applicable) of the Most Senior Class of Noteholders or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Most Senior Class of Noteholders.
- No resolution (including an Extraordinary Resolution) passed at any meeting of the Class R Certificateholders shall take effect for any purpose while any of the Class P Certificates remain outstanding unless it shall have been sanctioned by a resolution or Extraordinary Resolution (as applicable) of the Class P Certificateholders or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of Class P Certificateholders.

A Basic Terms Modification requires an Extraordinary Resolution of the relevant affected Classes of Notes or Class of Certificates, as applicable.

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

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

So long as the Notes are outstanding, the Note Trustee will have regard to the interests of each class of the Noteholders equally, but if in the Note Trustee's sole opinion there is a conflict between the interests of any Classes of Notes, it will have regard solely to the interests of the holders of the Class of Notes ranking in priority to the other relevant Classes of Notes in the Priorities of Payment and the holders of such subordinated Classes of Notes shall have no claim against the Note Trustee for doing so.

Subject as set out above in "*Relationship between Classes of Noteholders and Certificateholders*" and other than in relation to a Basic Terms Modification:

- a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of (A) one Class of Notes only or (B) the Class P Certificates only or (C) the Class R Certificates only, shall be deemed to have been duly passed if passed at a meeting of the holders of (A) that Class of Notes or (B) the Class P Certificates or (C) the Class R Certificates, as applicable;
- a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of more than one Class of Notes but does

not give rise to a conflict of interest between the holders of such Classes of Notes so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of all the Classes of Notes so affected;

- a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of any one or more Classes of Notes, the Class P Certificates and/or the Class R Certificates, but does not give rise to an actual or potential conflict of interest between the holders of such one or more Classes of Notes, the Class P Certificates and/or the Class R Certificates, shall be deemed to have been duly passed if passed at a single meeting of the holders of such one or more Classes of Notes without the consent of the Certificateholders;
- a resolution which in the opinion of the Note Trustee affects the interests of the holders of any two or more Classes of Notes and gives or may give rise to an actual or potential conflict of interest between the holders of such two or more Classes of Notes shall be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the holders of such two or more Classes of Notes, it shall be duly passed at separate meetings of the holders of such two or more Classes of Notes; and
- a resolution which in the opinion of the Note Trustee affects the interests of the holders of any two or more Classes of Notes, the Class P Certificates and/or the Class R Certificates and gives or may give rise to an actual or potential conflict of interest between the holders of such one or more Classes of Notes, the Class P Certificates and/or the Class R Certificates, shall be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the holders of such one or more Classes of Notes, the Class P Certificates and/or the Class R Certificates, it shall be duly passed at separate meetings of the holders of such one or more Classes of Notes and without the consent of the Certificateholders.

So long as any Notes are outstanding and there is a conflict between the interests of the Noteholders, the Certificateholders and the other Secured Creditors, the Note Trustee will take into account the interests of the Most Senior Class of Noteholders only in the exercise of its discretion. So long as any Certificateholders are outstanding and there is a conflict between the interests of the Certificateholders and the other Secured Creditors (except the Noteholders), the Note Trustee will take into account the interests of the Certificateholders only in the exercise of its discretion.

Seller as Noteholder

For certain purposes, including the determination as to whether Notes are deemed outstanding for the purposes of convening a meeting of Noteholders, 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, any holding company of any of them or any other Subsidiary of either such holding company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except, in the case of the Seller, any holding company of the Seller or any other Subsidiary of such holding company (the **Relevant Persons**) where all of the Notes of

any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Class of Notes (the **Relevant Class of Notes**) shall be deemed to remain outstanding except that, if there is any other Class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such Class, then the Relevant Class of Notes shall be deemed not to remain outstanding. In such event, a Relevant Person would have no right to vote in relation to the Relevant Class of Notes.

Seller as Certificateholder:

For certain purposes, including the determination as to whether Certificates are deemed outstanding for the purposes of convening a meeting of Certificateholders, those Certificates (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Seller, any holding company of any of them or any other Subsidiary of either such holding company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except, in the case of the Relevant Persons where all of the Certificates of are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case the Certificates shall be deemed to remain outstanding.

Provision of Information to the Noteholders and Certificateholders:

The Cash Manager on behalf of the Issuer will publish the monthly investor report detailing, *inter alia*, certain aggregated loan data in relation to the Portfolio and information on payments to be made in accordance with the Priorities of Payments (the **Investor Report**). The Investor Report will be published on the following website: <http://www.osb.co.uk/#section4>. The website and the contents thereof do not form part of this Prospectus.

Communication with Noteholders and Certificateholders:

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

- so long as the Notes are held in the Clearing Systems, by delivery to the relevant Clearing System for communication by it to Noteholders; and
- so long as the Notes are listed on a recognised stock exchange, by delivery in accordance with the notice requirements of that exchange.

Any notice to be given by the Issuer or the Note Trustee to the Certificateholders will, for so long as the Certificates are held in the Clearing Systems, be given by delivery to the relevant Clearing System for communication by it to the Certificateholders.

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

TRANSACTION OVERVIEW—CREDIT STRUCTURE AND CASHFLOWS

Please refer to sections entitled “Credit Structure” and “Cashflows” for further detail in respect of the credit structure and cashflows of the transaction.

Available Funds of the Issuer:

The Cash Manager on behalf of the Issuer will apply Available Revenue Receipts and Available Principal Receipts on each Interest Payment Date (other than on an Optional Redemption Exercise Date, in which case such amounts will be applied in accordance with the Post-Acceleration Priority of Payments) in accordance with the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments, as applicable, as set out below.

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

- (a) Revenue Receipts received during the immediately preceding Collection Period or, if in a Determination Period, Calculated Revenue Receipts in such Determination Period, in each case, excluding any Reconciliation Amounts to be applied as Available Principal Receipts on that Interest Payment Date;
- (b) interest payable to the Issuer on the Deposit Account and income from any Authorised Investments in each case to be received on the Interest Payment Date;
- (c) (other than on the Final Rated Note Distribution Date) the amounts standing to the credit of the General Reserve Fund Ledger as at the immediately preceding Calculation Date;
- (d) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Principal Receipts;
- (e) (other than on the Final Rated Note Distribution Date) any amount standing to the credit of the Liquidity Reserve in excess of the Liquidity Reserve Fund Required Amount as at the immediately preceding Calculation Date;
- (f) (other than on the Final Rated Note Distribution Date) any amount standing to the credit of the Junior Liquidity Reserve Fund in excess of the Junior Liquidity Reserve Fund Required Amount as at the immediately preceding Calculation Date;
- (g) on the earlier of (a) any Interest Payment Date on which the debit balance on the Class E Principal Deficiency Sub-Ledger is greater than or equal to 100 per cent. of the Principal Amount Outstanding of the Class E Notes and (b) the Principal Amount Outstanding of the Class E Notes and the Class F Notes being reduced to zero, all amounts standing to the credit of the Junior Liquidity Reserve Fund;
- (h) following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 5.9(c)

and Certificates Condition 5.8(c); and

- (i) (in respect of the first Interest Payment Date only) an amount equal to the difference between (i) the aggregate of the proceeds of the Notes minus (X) any amounts credited to the Liquidity Reserve Fund, the Junior Liquidity Reserve Fund and the General Reserve Fund on the Closing Date and (Y) any fees and expenses of the Issuer to be paid on the Closing Date and (ii) the Initial Consideration;

less:

- (j) amounts applied from time to time during the immediately preceding Collection Period in making payment of certain monies which properly belong to third parties instructed to the Cash Manager by the Servicer (including the Interim Servicer, the Servicer, the Master Servicer, the Seller, the Cash Manager) such as (but not limited to):

- certain costs and expenses charged by the Interim Servicer or the Servicer in respect of its servicing of the Loans, other than any Interim Servicing Fee or Servicing Fee and not otherwise covered by the items below;
- any service charge, ground rent, insurance premium or additional amounts paid by the Servicer, which such payment is necessary in order to maintain and protect the value of any property secured by a Mortgage contained within the Portfolio;
- payments of certain insurance premiums provided that such cash amounts have been paid by the relevant Borrower and form part of Revenue Receipts;
- amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer's account;
- any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower or the Seller; and
- any Insurance Premium Amounts,

(items within (j) being collectively referred to herein as **Third Party Amounts**). Third Party Amounts may be deducted by the Cash Manager on a daily basis from the Deposit Account to make payment to the persons entitled thereto except where such payments have already been provided for elsewhere;

plus

- (k) if the items (a) to (i) above (less item (j) above) are not sufficient to pay items (a) to (d), (f), (h) and (j) of the Pre-Acceleration Revenue Priority of Payments, then a drawing from the Liquidity Reserve Fund (subject to the Reallocation Conditions being met in relation to any such drawing) in an amount equal to the lesser of (i) the aggregate of any

Class A Revenue Deficiency, Class B Revenue Deficiency, Class C Revenue Deficiency and Class D Revenue Deficiency and (ii) the balance of the Liquidity Reserve Fund, provided that any such drawing may only be applied on that Interest Payment Date to pay items (a) to (d), (f), (h) and (j) of the Pre-Acceleration Revenue Priority of Payments, sequentially;

plus

- (l) if the items (a) to (k) above (less item (j) above) are not sufficient to pay item (m) of the Pre-Acceleration Revenue Priority of Payments, then a drawing from the Junior Liquidity Reserve Fund in an amount equal to the lesser of (i) the aggregate of any Class E Revenue Deficiency and (ii) the balance of the Junior Liquidity Reserve Fund, provided that any such drawing may only be applied on that Interest Payment Date to pay item (m) of the Pre-Acceleration Revenue Priority of Payments;

plus

- (m) if the items (a) to (l) above (less item (j) above) are not sufficient to pay item (o) of the Pre-Acceleration Revenue Priority of Payments, then (subject to the Class F Reallocation Condition being satisfied) a drawing from the Junior Liquidity Reserve Fund in an amount equal to the lesser of (i) the aggregate of any Class F Revenue Deficiency and (ii) the balance of the Junior Liquidity Reserve Fund (after taking into account item (o) above), provided that any such drawing may only be applied on that Interest Payment Date to pay item (o) of the Pre-Acceleration Revenue Priority of Payments.

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

- (a) all Principal Receipts or, if in a Determination Period, any Calculated Principal Receipts, in each case excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date (i) received by the Issuer during the immediately preceding Collection Period and (ii) received by the Issuer from the Seller during the immediately preceding Collection Period or on the Monthly Pool Date immediately following the Collection Period End Date in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller or the Option Holder pursuant to the Mortgage Sale Agreement;
- (b) the amounts (if any) calculated on that Interest Payment Date pursuant to the Pre-Acceleration Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class B Principal Deficiency Sub-Ledger and/or the Class C Principal Deficiency Sub-Ledger and/or the Class D Principal Deficiency Sub-Ledger and/or the Class E Principal Deficiency Sub-Ledger and/or the Class F Principal Deficiency Sub-Ledger and/or the Class G Principal Deficiency Sub-Ledger and/or the Class P Principal Deficiency Sub-Ledger is reduced; and
- (c) following a Determination Period, any Reconciliation Amounts deemed

to be Available Principal Receipts in accordance with Condition 5.9(c) and Certificates Condition 5.8(c);

plus

- (d) on the Final Rated Note Distribution Date, all amounts standing to the credit of the Liquidity Reserve Fund and the Junior Liquidity Reserve Fund (after satisfying amounts required to be withdrawn in accordance with the definition of Available Revenue Receipts to cover any Revenue Deficiency);

plus

- (e) on the Final Rated Note Distribution Date, all amounts standing to the credit of the General Reserve Fund Ledger.

Summary of Priorities of Payments: Below is a summary of the relevant payment priorities. Full details of the payment priorities are set out in the section entitled “*Cashflows*”.

| Pre-Acceleration Revenue Priority of Payments: | Pre-Acceleration Principal Priority of Payments: | Post-Acceleration Priority of Payments: |
|---|--|--|
| (a) Amounts due to the Note Trustee and the Security Trustee including fees, costs, charges, liabilities, and expenses | (a) To the extent that the same cannot be paid out of Available Revenue Receipts to pay items (a) to (d) and (f), (h), (j), (m) and (o) of the Pre-Acceleration Revenue Priority of Payments, any such amounts to be paid in sequential order, subject to satisfying the Reallocation Conditions | (a) Amounts due in respect of the Receiver, the Note Trustee and the Security Trustee including fees, costs, charges, liabilities and expenses |
| (b) <i>Pro rata</i> and <i>pari passu</i> to (1) Amounts to be retained by the Issuer as profit, (2) Amounts due to the Seller, the Legal Title Holder, the Previous Sellers, the Interim Legal Title Holder, the Agent Bank, the Registrar, the Principal Paying Agent, the Cash Manager, the Interim Servicer, the Servicer, the Master Servicer, the Back-up Servicer, the Corporate Services Provider and the Account Bank including fees, costs, charges, liabilities, and expenses (but excluding any fees owing to the Interim Servicer, the Servicer or the Master Servicer) and (4) Third party expenses | (b) (Other than on the Final Rated Note Distribution Date) amounts to be credited to the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount | (b) Amounts due to the Seller, the Legal Title Holder, the Interim Seller, the Interim Legal Title Holder, the Agent Bank, the Registrar, the Principal Paying Agent, the Cash Manager, the Corporate Services Provider and the Account Bank including fees, costs, charges, liabilities, and expenses under the provisions of the Transaction Documents |
| (c) Amounts due in respect of fees of the Interim Servicer, the Servicer and the Master Servicer (subject to certain caps and sequential payment rules) | (c) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class A Notes | (c) Amounts due to the Interim Servicer, the Servicer, the Master Servicer and the Back-up Servicer including fees, costs, charges, liabilities, and expenses |
| (d) <i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class A Notes | (d) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class B Notes | (d) <i>Pro rata</i> and <i>pari passu</i> to the amounts of interest and principal due on the Class A Notes |
| (e) Amounts to be credited to the Class A Principal Deficiency Sub-Ledger | (e) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class C Notes | (e) <i>Pro rata</i> and <i>pari passu</i> to the amounts of interest and principal due on the Class B Notes |
| (f) <i>Pro rata</i> and <i>pari passu</i> to the interest due on the Class B Notes | (f) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class D Notes | (f) <i>Pro rata</i> and <i>pari passu</i> to the amounts of interest and principal due on the Class C Notes |
| (g) Amounts to be credited to | (g) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class E Notes | (g) <i>Pro rata</i> and <i>pari passu</i> to the amounts of interest and principal due on the Class D Notes |
| | (h) <i>Pro rata</i> and <i>pari passu</i> to the principal amounts due on the Class F Notes | |
| | (i) Sequentially as follows, unpaid interest amounts due and the principal amounts due on the Class G Notes | |
| | (j) <i>Pro rata</i> and <i>pari passu</i> to | (h) <i>Pro rata</i> and <i>pari passu</i> to |

| Pre-Acceleration Revenue Priority of Payments: | Pre-Acceleration Principal Priority of Payments: | Post-Acceleration Priority of Payments: |
|--|---|--|
| | the Class P Certificates | the amounts of interest and principal due on the Class E Notes |
| (h) <i>Pro rata and pari passu</i> to the interest due on the Class C Notes | | (i) <i>Pro rata and pari passu</i> to the amounts of interest and principal due on the Class F Notes |
| (i) Amounts to be credited to the Class C Principal Deficiency Sub-Ledger | | (j) <i>Pro rata and pari passu</i> to the amounts of interest and principal due on the Class G Notes |
| (j) <i>Pro rata and pari passu</i> to the interest due on the Class D Notes | | (k) Third party expenses |
| (k) Amounts to be credited to the Class D Principal Deficiency Sub-Ledger | | (l) <i>Pro rata and pari passu</i> to the holders of the Class P Certificates up to the Overcollateralisation Amount |
| (l) (Other than on the Final Rated Note Distribution Date) amounts to be credited to the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount | | (m) Payments on the Class R Certificates |
| (m) <i>Pro rata and pari passu</i> to the interest due on the Class E Notes | | |
| (n) Amounts to be credited to the Class E Principal Deficiency Sub-Ledger | | |
| (o) <i>Pro rata and pari passu</i> to the interest due on the Class F Notes | | |
| (p) Amounts to be credited to the Class F Principal Deficiency Sub-Ledger | | |
| (q) Amounts due in respect of certain subordinated fees payable to the Master Servicer under the Master Servicing Agreement | | |
| (r) (Other than on the Final Rated Note Distribution Date) amounts to be credited | | |

**Pre-Acceleration Revenue
Priority of Payments:**

**Pre-Acceleration Principal
Priority of Payments:**

**Post-Acceleration
Priority of Payments:**

to the Junior Liquidity Reserve Fund up to the Junior Liquidity Reserve Fund Required Amount

- (s) While the Rated Notes are outstanding (so long as the Rated Notes will remain outstanding following such Interest Payment Date), amounts to be credited to the General Reserve Fund
- (t) Amounts due in respect of certain subordinated fees payable to the Servicer under the Servicing Agreement and to the Interim Servicer under the Interim Servicing Agreement
- (u) Amounts due to credit the Class G Principal Deficiency Sub-Ledger
- (v) Amounts to credit the Class P Principal Deficiency Sub-Ledger
- (w) *Pro rata* and *pari passu* to the interest due on the Class G Notes
- (x) *Pro rata* and *pari passu* to the Class R Certificates

General Credit Structure:

The credit structure of the transaction includes (broadly speaking) the following elements:

- *General Reserve Fund.* The General Reserve Fund will be funded on the Closing Date by the proceeds of the Notes. Monies standing to the credit of the General Reserve Fund will be applied as Available Revenue Receipts on each Interest Payment Date. On each Interest Payment Date, the General Reserve Fund will be replenished up to the General Reserve Fund Required Amount from Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments. See section “*Credit Structure—General Reserve Fund and General Reserve Fund Ledger*”.
- *Principal Deficiency Ledger.* A Principal Deficiency Ledger will be established to record any Losses affecting the Loans in the Portfolio and the use of Available Principal Receipts in accordance with item (a) and/or (b) of the Pre-Acceleration Principal Priority of Payments and/or the credit of any amounts of Available Revenue Receipts applied pursuant to items (e), (g), (i), (k), (n), (p), (u) and (v) of the Pre-Acceleration Revenue Priority of Payments (if any) (which amounts of Available Revenue Receipts shall, for the avoidance of doubt, thereupon become Available Principal Receipts).

The Principal Deficiency Ledger will comprise eight sub-ledgers: the Class A Principal Deficiency Sub-Ledger (relating to the Class A Notes) (the **Class A Principal Deficiency Sub-Ledger**), the Class B Principal Deficiency Sub-Ledger (relating to the Class B Notes) (the **Class B Principal Deficiency Sub-Ledger**), the Class C Principal Deficiency Sub-Ledger (relating to the Class C Notes) (the **Class C Principal Deficiency Sub-Ledger**), the Class D Principal Deficiency Sub-Ledger (relating to the Class D Notes) (the **Class D Principal Deficiency Sub-Ledger**), the Class E Principal Deficiency Sub-Ledger (relating to the Class E Notes) (the **Class E Principal Deficiency Sub-Ledger**), the Class F Principal Deficiency Sub-Ledger (relating to the Class F Notes) (the **Class F Principal Deficiency Sub-Ledger**), the Class G Principal Deficiency Sub-Ledger (relating to the Class G Notes) (the **Class G Principal Deficiency Sub-Ledger**) and the Class P Principal Deficiency Sub-Ledger (relating to the Class P Certificates) (the **Class P Principal Deficiency Sub-Ledger**). Any Losses on the Portfolio and any use of Available Principal Receipts to be applied in accordance with item (a) and/or (b) of the Pre-Acceleration Principal Priority of Payments will be recorded as a debit (a) first, to the Class P Principal Deficiency Sub-Ledger up to an amount equal to the Overcollateralisation Amount; (b) second, to the Class G Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding on the Class G Notes; (c) third, to the Class F Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class F Notes; (d) fourth, to the Class E Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class E Notes; (e) fifth, to the Class D Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class D Notes; (f) sixth, to the Class C Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount

Outstanding of the Class C Notes; (g) seventh, to the Class B Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class B Notes; and (h) eighth, to the Class A Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class A Notes. Investors should note that realised Losses in any period will be calculated after applying any recoveries following enforcement of a Loan to outstanding fees and interest amounts due and payable on the relevant Loan. See “*Credit Structure—Principal Deficiency Ledger*” below.

- *Liquidity Reserve Fund.* The Liquidity Reserve Fund will be funded on the Closing Date by the proceeds of the Notes. Amounts standing to the credit of the Liquidity Reserve Fund will be applied on each Interest Payment Date (subject to the Reallocation Conditions being satisfied in respect of such application in relation to any relevant Class) in accordance with paragraph (k) of the definition of Available Revenue Receipts to the extent that the amount of Available Revenue Receipts otherwise available (being the amount determined in accordance with items (a) to (i) of the definition of Available Revenue Receipts (less item (j) of the definition of Available Revenue Receipts)) is not sufficient to pay items (a) to (d), (f), (h) and (j) of the Pre-Acceleration Revenue Priority of Payments on such Interest Payment Date. On each Interest Payment Date, the Liquidity Reserve Fund will be replenished up to the Liquidity Reserve Fund Required Amount from Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments and with Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments.

The **Liquidity Reserve Fund Required Amount** means on the Closing Date £6,550,000.00, and on any Interest Payment Date thereafter (taking into account any redemptions of the Notes on such Interest Payment Date) shall be an amount equal to the greater of (X) 2.00 per cent. of the sum of the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes on that Interest Payment Date (after taking into account any reduction of such Principal Amounts Outstanding on that date), minus 2.00 per cent. multiplied by the aggregate of:

- (a) if the debit balance of the Class B Principal Deficiency Sub-Ledger is equal to or greater than 25 per cent. of the Principal Amount Outstanding of the Class B Notes, the Principal Amount Outstanding of the Class B Notes;
- (b) if the debit balance of the Class C Principal Deficiency Sub-Ledger is equal to or greater than 25 per cent. of the Principal Amount Outstanding of the Class C Notes, the Principal Amount Outstanding of the Class C Notes; and
- (c) if the debit balance of the Class D Principal Deficiency Sub-Ledger is equal to or greater than 25 per cent. of the Principal Amount Outstanding of the Class D Notes, the Principal Amount Outstanding of the Class D Notes;

and (Y) zero.

See section “*Credit Structure—Liquidity Reserve Fund and Liquidity Reserve Fund Ledger*”.

- *Junior Liquidity Reserve Fund.* The Junior Liquidity Reserve Fund will be funded on the Closing Date by the proceeds of the Notes. Amounts standing to the credit of the Junior Liquidity Reserve Fund will be applied on each Interest Payment Date (subject, in relation to the Class F Notes, to the Class F Reallocation Condition being satisfied in respect of such application) to make payments at (with respect to the Class E Notes) item (m) and (with respect to the Class F Notes) item (o) of the Pre-Acceleration Revenue Priority of Payments to the extent that the amount of Available Revenue Receipts otherwise available (being the amount determined in accordance with items (a) to (k) of the definition of Available Revenue Receipts (less item (j) of the definition of Available Revenue Receipts)) is not sufficient to pay items (m) and/or (o) of the Pre-Acceleration Revenue Priority of Payments on such Interest Payment Date. On each Interest Payment Date, the Junior Liquidity Reserve Fund will be replenished up to the Junior Liquidity Reserve Fund Required Amount from Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments.

With respect to the Class F Notes, the application of funds standing to the credit of the Junior Liquidity Reserve Ledger shall be subject to the satisfaction of a certain condition (the **Class F Reallocation Condition**). The Class F Reallocation Condition shall be satisfied where either (i) the debit balance of the Class F Principal Deficiency Sub-Ledger is less than 75 per cent. of the Principal Amount Outstanding of the Class F Notes (taking into account any redemptions of the Class F Notes to be applied on the relevant Interest Payment Date) or (ii) the Class F Notes are at the relevant time the Most Senior Class of Notes outstanding.

The **Junior Liquidity Reserve Fund Required Amount** means on the Closing Date £1,572,300.00 on any Interest Payment Date thereafter but prior to the earlier of (A) the Interest Payment Date on which the debit balance of the Class E Principal Deficiency Sub-Ledger is equal to 100 per cent. of the Principal Amount Outstanding of the Class E Notes or the Principal Amount Outstanding of the Class E Notes and the Class F Notes being reduced to zero; (B) the Final Maturity Date; and (C) the redemption in full of the Rated Notes, shall be an amount equal to 0.45 per cent. of the sum of the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes on the Closing Date, and thereafter shall be zero.

If on any Interest Payment Date the debit balance of the Class E Principal Deficiency Sub-Ledger is 100 per cent. of the Principal Amount Outstanding of the Class E Notes or the Principal Amount Outstanding of the Class E Notes and the Class F Notes being reduced to zero, the Junior Liquidity Reserve Fund Required Amount will be zero and all amounts standing to the credit of the Junior Liquidity Reserve Ledger shall be applied as Available Revenue Receipts.

See section “*Credit Structure—Junior Liquidity Reserve Fund and Junior Liquidity Reserve Fund Ledger*”.

Pursuant to item (a) of the Pre-Acceleration Principal Priority of Payments, to the extent that such items cannot be funded from Available Revenue Receipts following the application of Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments, the Issuer can use Available Principal Receipts to pay items (a) to (d) and (f), (h), (j), (m) and (o) of the Pre-Acceleration Revenue Priority of Payments, provided that (taking into account any such payment) the relevant Reallocation Conditions are satisfied.

The **Reallocation Conditions**) are:

- (a) for so long as any Class A Notes remain outstanding, in respect of any payment towards interest due on the Class B Notes, such payment would not result in the debit balance of the Class B Principal Deficiency Sub-Ledger being greater than 25 per cent. of the Principal Amount Outstanding of the Class B Notes (taking into account any redemptions of the Class B Notes to be applied on the relevant Interest Payment Date);
- (b) for so long as any Class A Notes or Class B Notes remain outstanding, in respect of any payment towards interest due on the Class C Notes, such payment would not result in the debit balance of the Class C Principal Deficiency Sub-Ledger being greater than 25 per cent. of the Principal Amount Outstanding of the Class C Notes (taking into account any redemptions of the Class C Notes to be applied on the relevant Interest Payment Date);
- (c) for so long as any Class A Notes, Class B Notes or Class C Notes remain outstanding, in respect of any payment towards interest due on the Class D Notes, such payment would not result in the debit balance of the Class D Principal Deficiency Sub-Ledger being greater than 25 per cent. of the Principal Amount Outstanding of the Class D Notes (taking into account any redemptions of the Class D Notes to be applied on the relevant Interest Payment Date);
- (d) for so long as any Class A Notes, Class B Notes, Class C Notes or Class D Notes remain outstanding, in respect of any payment towards interest due on the Class E Notes, such payment would not result in the debit balance of the Class E Principal Deficiency Sub-Ledger being greater than 25 per cent. of the Principal Amount Outstanding of the Class E Notes (taking into account any redemptions of the Class E Notes to be applied on the relevant Interest Payment Date); and
- (e) for so long as any Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes remain outstanding, in respect of any payment towards interest due on the Class F Notes, such payment would not result in the debit balance of the Class F

Principal Deficiency Sub-Ledger being greater than 50 per cent. of the Principal Amount Outstanding of the Class F Notes (taking into account any redemptions of the Class F Notes to be applied on the relevant Interest Payment Date).

Subject to satisfying the Reallocation Conditions, any amount of Available Principal Receipts available therefor on any Interest Payment Date in accordance with items (e), (g), (i), (k), (n), (p), (u) and (v) of the Pre-Acceleration Revenue Priority of Payments to be applied to cure a Remaining Revenue Deficiency will be allocated to the Principal Deficiency Ledger.

- *Investment Rate.* The Account Bank will provide an investment rate in respect of monies held in the **Deposit Account** (see section “*Cashflows*” for further details).

**Bank Accounts and
Cash Management:**

The Issuer will open a deposit account (the **Deposit Account** and together with any additional accounts to be established by the Issuer pursuant to the Bank Account Agreement collectively, the **Bank Accounts**) with the Account Bank on the Closing Date pursuant to the terms of the Bank Account Agreement.

On each Interest Payment Date, the Cash Manager will transfer monies from the Deposit Account to be applied in accordance with the relevant Priority of Payments.

TRIGGERS TABLES

Rating Triggers Table

| Transaction Party | Required Ratings/Triggers | Possible effects of Trigger being breached include the following: |
|--|--|--|
| Account Bank | <p>A short-term unsecured, unsubordinated and unguaranteed debt rating of A-1 by S&P (if a short-term rating is assigned by S&P) and a long-term, unsecured, unsubordinated and unguaranteed debt rating of A by S&P and a long-term rating of A by DBRS (provided that, for avoidance of doubt, the relevant rating assigned by DBRS will consist of (I) public rating assigned by DBRS, or, in the absence of such public rating, (II) a private rating assigned by DBRS) or in the absence of a rating from DBRS have an Equivalent Rating at least equal (upon conversion on the basis of the Equivalence Chart) to A, or such other lower rating which is consistent with the then current rating methodology of the Rating Agencies in respect of the then current ratings of the Rated Notes (the Account Bank Rating).</p> <p>Issuer Accounts means each of the Deposit Account and any additional or replacement accounts (including, if applicable, any securities accounts) opened in the name of the Issuer from time to time.</p> | <p>If the Account Bank ceases to have any of the Account Bank Ratings, then the Cash Manager shall assist the Issuer to:</p> <p>(a) close the Issuer Accounts with such Account Bank and open replacement accounts with a financial institution (i) having all of the Account Bank Ratings and (ii) which is a bank as defined in section 991 of the Income Tax Act 2007; or</p> <p>(b) obtain a guarantee of the obligations of such Account Bank under the relevant Bank Account Agreement from a financial institution having all of the Account Bank Ratings; or</p> <p>(c) take any other action as the Rating Agencies may agree will not result in a downgrade of the Rated Notes,</p> <p>in each case as prescribed and within the time limits as set out in the Bank Account Agreement, and transfer amounts standing to the credit of relevant Issuer Accounts and all Ledgers on the relevant Issuer Accounts to the replacement Issuer Accounts.</p> |
| Interim Collection Account Bank | <p>A short-term, unsecured, unsubordinated and unguaranteed debt rating of A-2 by S&P (if a short-term rating is assigned by S&P) and a long-term, unsecured, unsubordinated and unguaranteed debt rating of BBB by S&P and a long-term rating of BBB by DBRS (provided that, for avoidance of doubt, the relevant rating assigned by DBRS will consist of (I) public rating assigned by DBRS, or, in the absence of such public rating, (II) a private rating assigned by DBRS) or in the absence of a rating from DBRS have an Equivalent Rating at least equal (upon conversion on the basis of the Equivalence Chart) to BBB</p> | <p>If the Interim Collection Account Bank ceases to have all of the Collection Account Bank Ratings, then the Interim Servicer shall assist the Interim Legal Title Holder to (and the Interim Legal Title Holder shall):</p> <p>(a) open a replacement collection account in the name of the Interim Legal Title Holder with a financial institution (i) having the Collection Account Bank Rating, (ii) approved in writing by the Issuer and the Security Trustee and (iii) which is a bank as defined in Section 991 of the Income Tax Act 2007; or</p> |

| Transaction Party | Required Ratings/Triggers (the Collection Account Bank Rating). | Possible effects of Trigger being breached include the following: |
|--------------------------------|---|--|
| Collection Account Bank | <p>A short-term, unsecured, unsubordinated and unguaranteed debt rating of A-2 by S&P (if a short-term rating is assigned by S&P) and a long-term, unsecured, unsubordinated and unguaranteed debt rating of BBB by S&P and a long-term rating of BBB by DBRS (provided that, for avoidance of doubt, the relevant rating assigned by DBRS will consist of (I) public rating assigned by DBRS, or, in the absence of such public rating, (II) a private rating assigned by DBRS) or in the absence of a rating from DBRS have an Equivalent Rating at least equal (upon conversion on the basis of the Equivalence Chart) to BBB (the Collection Account Bank Rating).</p> | <p>(b) obtain an unconditional and unlimited guarantee of the obligations of the Interim Collection Account Bank from a financial institution having the Collection Account Bank Rating; or</p> <p>(c) take any other action as the Rating Agencies may agree will not result in a downgrade of the Rated Notes,</p> <p>in each case as prescribed and within the time limits as set out in the Interim Servicing Agreement, and transfer all direct debit mandates to such replacement collection account and procure that all Monthly Payments made by a Borrower under a payment arrangement other than the Direct Debiting Scheme are made to such replacement collection account from the date on which the replacement collection account is opened.</p> <p>If the Collection Account Bank ceases to have all of the Collection Account Bank Ratings, then the Servicer shall assist the Issuer to (and the Issuer shall):</p> <p>(a) open a replacement collection account in the name of the Issuer with a financial institution (i) having the Collection Account Bank Rating, (ii) approved in writing by the Issuer and the Security Trustee and (iii) which is a bank as defined in Section 991 of the Income Tax Act 2007; or</p> <p>(b) obtain an unconditional and unlimited guarantee of the obligations of the Collection Account Bank from a financial institution having the Collection Account Bank Rating; or</p> <p>(c) take any other action as the Rating Agencies may agree will not result in a downgrade of the Rated Notes,</p> <p>in each case as prescribed and within the</p> |

| Transaction Party | Required Ratings/Triggers | Possible effects of Trigger being breached include the following: |
|------------------------------|----------------------------------|--|
| | | time limits as set out in the Servicing Agreement, and transfer all direct debit mandates to such replacement collection account and procure that all Monthly Payments made by a Borrower under a payment arrangement other than the Direct Debiting Scheme are made to such replacement collection account from the date on which the replacement collection account is opened. |

Non Rating Triggers Table

Perfection Events:

Prior to the completion of the transfer of legal title of the Loans from the Seller to the Issuer, the Issuer will be subject to certain risks as set out in the risk factor entitled “*Risk Factors—Seller to initially retain legal title to the Loans and risks relating to set-off*”. Completion of transfer of the legal title of the Loans by the Seller to the Issuer will be completed as soon as reasonably practicable, and in any case, on or before the 10th Business Day after the earliest to occur of the following:

- (a) the Seller being required to perfect legal title to the Loans and Related Security by (i) an order of a court of competent jurisdiction or (ii) by a regulatory authority which has jurisdiction over the Seller or its parent or (iii) by any organisation of which the Seller or its parent is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders with whose instructions it is customary for the Seller or its parent to comply, to perfect legal title to the Loans and Related Security;
- (b) it becoming necessary by law to perfect legal title to the Loans and their Related Security;
- (c) the security created under or pursuant to the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy and the Security Trustee being required by the Note Trustee (on behalf of the Noteholders) so long as any Notes are outstanding or by the other Secured Creditors if no Notes are then outstanding, to take action to reduce that jeopardy;
- (d) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee;
- (e) the occurrence of a Seller Insolvency Event; or
- (f) the Issuer assigning or transferring its beneficial interest in the Loans and their Related Security (or any part of them) to a third party, in which case legal title in such Loans and their Related Security shall be transferred to the relevant third party (which shall be deemed to be the nominee of the Issuer for that purpose).

Master Servicer Termination Events

The appointment of the Master Servicer may be terminated by the Issuer (subject to the prior written consent of the Security Trustee acting on the instructions of the Note Trustee) at once or at any time thereafter while such default continues upon the occurrence of the following events (the **Master Servicer Termination Events**):

- (a) material non performance of its covenants and obligations for a period of 30 Business Days after the earlier of the Master Servicer becoming aware of such default and receipt by the

Master Servicer of written notice from the Issuer or (after the delivery of a Note Acceleration Notice) the Security Trustee requiring the same to be remedied, **provided however** that where the default occurs as a result of a default by any person to whom the Master Servicer has sub-contracted or delegated part of its obligations under the Master Servicing Agreement, such default (if it would otherwise constitute a Master Servicer Termination Event) shall not constitute a Master Servicer Termination Event if within such 30 Business Days period the Master Servicer terminates the relevant sub-contracting or delegation arrangements and takes steps to (1) ensure, with immediate effect, that the services theretofore provided by that sub-contractor are replaced; (2) remedy such default or series of defaults; and (3) indemnify the relevant Noteholders against the consequences of such default; or

- (b) Master Servicer insolvency event; or
- (c) the Issuer resolves, after due consideration and acting reasonably (with the consent of the Note Trustee), that the appointment of the Master Servicer should be terminated.

The Master Servicer may also resign:

- (a) if on any Interest Payment Date, any part of the Senior Servicing Fee is not paid to the Master Servicer; or
- (b) by giving not less than 12 months' notice (provided that the date on which the resignation is to be effective must fall on or after the earlier of (x) the Interest Payment Date falling in March 2021 or (y) any Interest Payment Date on which the aggregate Principal Amount Outstanding of all of the Notes and the Overcollateralisation Amount is equal to or less than 10 per cent. of the aggregate Principal Amount outstanding of the Notes and the Overcollateralisation Amount on the Closing Date) to the Issuer and the Security Trustee and in relation to a resignation referred to in paragraph (x) above, subject to, *inter alia*, a replacement master servicer having been appointed.

In the case of a resignation referred to in paragraph (b)(x) above, the resignation of the Master Servicer is conditional on, *inter alia*:

- (a) the resignation having no adverse effect on the then current ratings of the Rated Notes;
- (b) the appointment of the substitute servicer not adversely affecting compliance with the requirements of each of Article 405 of Regulation (EU) No 575/2013, Article 51 of Regulation (EU) No 231/2013 and Article 254 of Regulation (EU) 2015/35; and
- (c) the substitute servicer assuming and performing all the duties and obligations of the Master Servicer on substantially the same terms as the Master Servicing Agreement.

See “*Summary of the Key Transaction Documents—Master Servicing Agreement*” below.

Interim Servicer Termination Events

The appointment of the Interim Servicer may be terminated by the Issuer (subject to the prior written consent of the Security Trustee) at once or at any time thereafter while such default continues and a replacement servicer shall be appointed to provide the servicing services pursuant to the Interim Servicing Agreement upon the occurrence of the following events (the **Interim Servicer Termination Events**):

- (a) the Interim Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and the Interim Servicer fails to remedy it for a period of 10 Business Days after the earlier of the Interim Servicer becoming aware of such default and receipt by the Interim Servicer of written notice from the Issuer, the Interim Legal Title Holder or (after the delivery of a Note Acceleration Notice) the Security Trustee requiring the same to be remedied;
- (b) material non performance of the Interim Servicer’s other covenants and obligations for a period of 20 Business Days after the earlier of the Interim Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer, the Interim Legal Title Holder or (after the delivery of a Note Acceleration Notice) the Security Trustee requiring the same to be remedied;
- (c) Interim Servicer insolvency event;
- (d) the Interim Servicer ceases to perform the business of mortgage administration; or
- (e) the Interim Servicer loses any regulatory approval which is necessary in order to provide some or all of the Services or any restriction is applied by a regulator which will prevent the Interim Servicer from complying with its obligations under the Servicing Agreement provided that it does not result or arise from compliance by the Interim Servicer with any instruction given by or on behalf of the Issuer or the Security Trustee.

The Interim Servicer may also resign upon giving 18 months’ written notice provided a replacement interim servicer has been appointed by the Issuer (subject to the prior written consent of the Security Trustee).

The resignation of the Interim Servicer is conditional on, *inter alia*:

- (a) the resignation having no adverse effect on the then current ratings of the Rated Notes; and
- (b) the substitute servicer assuming and performing all the duties and obligations of the Interim Servicer on substantially the same terms as the Interim Servicing Agreement.

See “*Summary of the Key Transaction Documents— Interim Servicing*”

Agreement” below.

Servicer Termination Events

The appointment of the Servicer may be terminated by the Issuer (subject to the prior written consent of the Security Trustee) at once or at any time thereafter while such default continues and the Back-up Servicer will replace the Servicer and shall provide the servicing services pursuant to the Back-up Servicing Agreement upon the occurrence of the following events (the **Servicer Termination Events**):

- (a) the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and the Servicer fails to remedy it for a period of 10 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer, the Seller or (after the delivery of a Note Acceleration Notice) the Security Trustee requiring the same to be remedied;
- (b) material non performance of the Servicer’s other covenants and obligations for a period of 20 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer, the Seller (as legal title holder) or (after the delivery of a Note Acceleration Notice) the Security Trustee requiring the same to be remedied;
- (c) Servicer insolvency event;
- (d) the Servicer ceases to perform the business of mortgage administration; or
- (e) the Servicer loses any regulatory approval which is necessary in order to provide some or all of the Services or any restriction is applied by a regulator which will prevent the Servicer from complying with its obligations under the Servicing Agreement provided that it does not result or arise from compliance by the Servicer with any instruction given by or on behalf of the Issuer or the Security Trustee.

The Servicer may also resign upon giving 18 months written notice provided a replacement servicer has been appointed by the Issuer (subject to the prior written consent of the Security Trustee).

The resignation of the Servicer is conditional on, *inter alia*:

- (a) the resignation having no adverse effect on the then current ratings of the Rated Notes; and
- (b) the substitute servicer assuming and performing all the duties and obligations of the Servicer on substantially the same terms as the Servicing Agreement or where the Back-up Servicer is appointed as substitute servicer, on the terms set out in the Back-up Servicing Agreement.

See “*Summary of the Key Transaction Documents—Servicing Agreement*” below.

FEES

The following table sets out the ongoing 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> |
|---|--|---|--|
| <i>Master Servicing Fees:</i> | | | |
| <ul style="list-style-type: none"> • Master Servicing Fee | <p>The greater of (i) the product of (A) 0.1 per cent. per annum (subject to annual indexation), (B) the actual number of days in the Collection Period immediately preceding that Interest Payment Date divided by 365 and (C) the aggregate Current Principal Balance of all Loans in the Portfolio (determined as at the beginning of the Collection Period immediately preceding that Interest Payment Date) and (ii) the Master Servicing Fee Floor in respect of the relevant Interest Payment Date (being zero until the seventh anniversary of the Master Servicing Agreement, at which time it is equal to one-quarter of the aggregate Master Servicing Fee payable to the Master Servicer for the whole of the previous year, as increased pursuant to indexation).</p> | <p>Before service of a Note Acceleration Notice on the Issuer, the Master Servicing Fee is to be paid in two parts, as the Senior Master Servicing Fee and the Subordinated Master Servicing Fee, each of which is payable in the order of priority described below.</p> <p>Following service of a Note Acceleration Notice on the Issuer, the Master Servicing Fee will rank ahead of all of the Notes and Certificates.</p> | <p>Quarterly in arrear on each Interest Payment Date</p> |
| <ul style="list-style-type: none"> • Senior Master Servicing Fee | <p>An amount equal to 0.06 per cent. per annum of the aggregate Current Principal Balance of the Loans in the Portfolio as determined as at the beginning of the Collection Period immediately preceding the relevant Interest Payment Date on which it is to be paid (inclusive of VAT).</p> | <p>The Senior Master Servicing Fee ranks ahead of all outstanding Notes and Certificates</p> | <p>Quarterly in arrear on each Interest Payment Date</p> |
| <ul style="list-style-type: none"> • Subordinated Master Servicing Fee | <p>The Master Servicer will receive such amounts as may be available for payment in respect of the Master Servicing Fee in accordance with item (c)(ii) of the Pre-Acceleration Revenue Priority of Payments.</p> | <p>The component of the Subordinated Master Servicing Fee payable in accordance with item (c)(ii) of the Pre-Acceleration Revenue Priority of Payments</p> | <p>Quarterly in arrear on each Interest Payment Date</p> |

| Type of Fee | Amount of Fee | Priority in Cashflow | Frequency |
|--|--|---|---|
| | <p>Additionally, an amount equal to all remaining Master Servicing Fees for the relevant Interest Payment Date following payment of the relevant Senior Master Servicing Fees and following payment of such amounts as may be available for payment in respect of the Master Servicing Fee in accordance with item (c)(ii) of the Pre-Acceleration Revenue Priority of Payments.</p> | <p>ranks ahead of all outstanding Notes and Certificates.</p> <p>The balance of the Subordinated Master Servicing Fee is subordinated to the Rated Notes but ranks ahead of the Class G Notes and the Certificates.</p> | |
| <ul style="list-style-type: none"> Deferred Subordinated Master Servicing Fee | <p>For so long as payment of any amount of the Subordinated Master Servicer Fee is deferred it will accrue interest on a daily basis at a rate of 3 per cent. above LIBOR per annum</p> | <p>The Deferred Subordinated Master Servicing Fee is subordinated to the Rated Notes but ranks ahead of the Class G Notes and the Certificates</p> | <p>Quarterly in arrear on each Interest Payment Date</p> |
| <ul style="list-style-type: none"> Master Servicer Make-Whole Fee | <p>An amount equal to the sum of $A \times B \times C$ where:</p> <p>$A = 0.10$ per cent. (subject to annual indexation);</p> <p>$B =$ the number of whole months from the date of termination to the Master Servicer Minimum Term Date; and</p> <p>$C =$ the aggregate Current Principal Balance of the Loans in the Portfolio as determined on the date the Calculation Date immediately preceding the date the Master Servicing Agreement is terminated</p> | <p>Subject to the Total Senior Servicing Cap, the Master Servicer Make-Whole Fee ranks ahead of all outstanding Notes and Certificates</p> | <p>On the Interest Payment Date on or immediately following the termination of the Master Servicing Agreement by the Issuer (other than as a result of a Master Servicer Termination Event or the occurrence of a force majeure event or as a result of the Master Servicing Agreement being illegal) prior to the earlier of (a) the seventh anniversary of the Closing Date and (b) the date which is one year following the exercise of the redemption of the Notes pursuant to Conditions 7.3, 7.4 or 7.5</p> |

Interim Servicing Fees:

- Interim Servicing Fee For any Interest Payment Date, the greater of (i) the **Minimum** Before service of a Note Acceleration Notice on

| Type of Fee | Amount of Fee | Priority in Cashflow | Frequency |
|--|--|---|-----------|
| | <p>Servicing Fee for an Interest Payment Date, being the product of (A) £657.53 (subject to annual indexation) and (B) the actual number of days comprised in the Collection Period immediately preceding that Interest Payment Date (or, in the case of the first Interest Payment Date only, the number of days from the Closing Date to the end of the Collection Period) (exclusive of VAT) and (ii) the aggregate of the Standard Servicing Fee, the Arrears Servicing Fee for that Interest Payment Date and the Redemption Fee for that Interest Payment Date (in each case as defined below).</p> | <p>the Issuer, the Interim Servicing Fee is to be paid in two parts, as the Senior Interim Servicing Fee and the Subordinated Interim Servicing Fee, each of which is payable in the order of priority described below.</p> <p>Following service of a Note Acceleration Notice on the Issuer, the Interim Servicing Fee will rank ahead of all of the Notes and Certificates.</p> | |
| <ul style="list-style-type: none"> Standard Servicing Fee | <p>The product of (A) the 0.125 per cent. per annum (subject to annual indexation), (B) the actual number of days in the Collection Period immediately preceding that Interest Payment Date (or, in the case of the first Interest Payment Date only, the number of days from the Closing Date to the end of the first Collection Period) divided by 365 (or over a 366 day year in a leap year) and (C) the aggregate Current Principal Balance of all Loans in the Portfolio (determined as at the beginning of the Collection Period immediately preceding that Interest Payment Date)</p> | | |
| <ul style="list-style-type: none"> Arrears Servicing Fee | <p>The product of £35 multiplied by the number of Arrears Loans during each Calculation Period in the Collection Period (or, in the case of the first Interest Payment Date only, during each Calculation Period in the period from the Closing Date to the end of the first Collection Period) immediately preceding the Interest Payment Date (subject</p> | | |

| <u>Type of Fee</u> | <u>Amount of Fee</u> | <u>Priority in Cashflow</u> | <u>Frequency</u> |
|--------------------------------------|--|--|---|
| | to annual indexation) | | |
| • Redemption Fee | £85 for each Loan which is paid out in full and discharged during the Collection Period (or, in the case of the first Interest Payment Date only, the period from the Closing Date to the end of the first Collection Period) immediately preceding the Interest Payment Date (subject to annual indexation) | | |
| • Senior Interim Servicing Fee | An amount equal to the Interim Servicing Fee for the relevant Interest Payment Date up to a capped amount equal to 0.204 per cent. per annum of the aggregate Current Principal Balance of the Loans in the Portfolio as determined as at the beginning of the Collection Period immediately preceding the relevant Interest Payment Date on which it is to be paid (inclusive of VAT). | The Senior Interim Servicing Fee ranks ahead of all outstanding Notes and Certificates | Quarterly in arrear on each Interest Payment Date |
| • Subordinated Interim Servicing Fee | The Interim Servicer will receive such amounts as may be available for payment in respect of the Interim Servicing Fee in accordance with item (c)(ii) of the Pre- Acceleration Revenue Priority of Payments. Additionally amount equal to all remaining Interim Servicing Fees for the relevant Interest Payment Date following payment of the relevant Senior Interim Servicing Fees and following payment of such amounts as may be available for payment in respect of the Interim Servicing Fee in accordance with item (c)(ii) of the Pre- Acceleration Revenue Priority of Payments. | The component of the Interim Servicing Fee payable in accordance with item (c)(ii) of the Pre- Acceleration Revenue Priority of Payments ranks ahead of all outstanding Notes and Certificates. The balance of the Subordinated Interim Servicing Fee is subordinated to the Rated Notes but ranks ahead of the Class G Notes and the Certificates. | Quarterly in arrear on each Interest Payment Date |
| • Servicing Transition Costs | Costs of the Interim Servicer as a consequence of assisting the Issuer to transfer the servicing | Before service of a Note Acceleration Notice on the Issuer, the Servicing | Quarterly in arrear on each Interest Payment Date following a |

| <u>Type of Fee</u> | <u>Amount of Fee</u> | <u>Priority in Cashflow</u> | <u>Frequency</u> |
|--------------------|---|---|--|
| | function to a substitute servicer following termination of the appointment of the Interim Servicer. | Transition Costs are subordinated to the Rated Notes but ranks ahead of the Class G Notes and the Certificates. | termination of the appointment of the Interim Servicer, to the extent only that action is required on the part of the Interim Servicer to assist the Issuer to transfer the servicing function to a substitute servicer. |

Servicing Fee

- Servicing Fee** For any Interest Payment Date, the greater of (i) the **Minimum Servicing Fee** for an Interest Payment Date, being the product of (A) £657.53 (subject to annual indexation) and (B) the actual number of days comprised in the Collection Period immediately preceding that Interest Payment Date (or, in the case of the first Interest Payment Date after the end of the Interim Period only, the number of days from the end of the Interim Period to the end of the Collection Period in which the end of the Interim Period falls) and (ii) the aggregate of the Standard Servicing Fee, the Arrears Servicing Fee for that Interest Payment Date and the Redemption Fee for that Interest Payment Date (in each case as defined below).

Before service of a Note Acceleration Notice on the Issuer, the Servicing Fee is to be paid in two parts, as the Senior Servicing Fee and the Subordinated Servicing Fee each of which is payable in the order of priority described below.

Following service of a Note Acceleration Notice on the Issuer, the Servicing Fee will rank ahead of all of the Notes and Certificates.
- Standard Servicing Fee** The product of (A) the 0.125 per cent. per annum (subject to annual indexation), (B) the actual number of days in the Collection Period immediately preceding that Interest Payment Date (or, in the case of the first Interest Payment Date after the end of the Interim Period only, the number of days from the end of the Interim Period to the end of the Collection Period in which the end of the Interim Period falls) divided by 365 (or

| Type of Fee | Amount of Fee | Priority in Cashflow | Frequency |
|---|---|--|---|
| <ul style="list-style-type: none"> Arrears Servicing Fee | <p>over a 366 day year in a leap year) and (C) the aggregate Current Principal Balance of all Loans in the Portfolio (determined as at the beginning of the Collection Period immediately preceding that Interest Payment Date)</p> <p>The product of £35 multiplied by the number of Arrears Loans during each Calculation Period in the Collection Period (or, in the case of the first Interest Payment Date after the end of the Interim Period only, during each Calculation Period in the period from the end of the Interim Period to the end of the first Collection Period in which the Interim Period falls) immediately preceding the Interest Payment Date (subject to annual indexation)</p> | | Quarterly in arrear on each Interest Payment Date |
| <ul style="list-style-type: none"> Redemption Fee | <p>£85 for each Loan which is paid out in full and discharged during the Collection Period (or, in the case of the first Interest Payment Date after the end of the Interim Period only, the period from the end of the Interim Period to the end of the first Collection Period in which the end of the Interim Period falls) immediately preceding the Interest Payment Date (subject to annual indexation)</p> | | |
| <ul style="list-style-type: none"> Senior Servicing Fee | <p>An amount equal to the Servicing Fee for the relevant Interest Payment Date up to a capped amount equal to 0.204 per cent. per annum of the aggregate Current Principal Balance of the Loans in the Portfolio as determined as at the beginning of the Collection Period immediately preceding the relevant Interest Payment Date on which it is to be paid (inclusive of VAT).</p> | <p>The Senior Servicing Fee ranks ahead of all outstanding Notes and Certificates.</p> | |

| Type of Fee | Amount of Fee | Priority in Cashflow | Frequency |
|--|---|--|---|
| <ul style="list-style-type: none"> Subordinated Servicing Fee | <p>The Servicer will receive such amounts as may be available for payment in respect of the Servicing Fee in accordance with item (c)(ii) of the Pre-Acceleration Revenue Priority of Payments.</p> <p>Additionally, an amount equal to all remaining Servicing Fees for the relevant Interest Payment Date following payment of the relevant Senior Servicing Fees and following payment of such amounts as may be available for payment in respect of the Servicing Fee in accordance with item (c)(ii) of the Pre-Acceleration Revenue Priority of Payments.</p> | <p>The component of the Servicing Fee payable in accordance with item (c)(ii) of the Pre-Acceleration Revenue Priority of Payments ranks ahead of all outstanding Notes and Certificates.</p> <p>The balance of the Subordinated Servicing Fee is subordinated to the Rated Notes but ranks ahead of the Class G Notes and the Certificates.</p> | <p>Quarterly in arrear on each Interest Payment Date</p> |
| <ul style="list-style-type: none"> Servicer Make-Whole Fee | <p>An amount equal to the Servicing Fee paid to the Servicer for the twelve months prior to a termination of the appointment of the Servicer as a consequence of a Servicer Resignation Event.</p> | <p>Before service of a Note Acceleration Notice on the Issuer, subject to the Total Senior Servicing Cap, the Servicer Make-Whole Fee ranks ahead of all outstanding Notes and Certificates.</p> <p>Following service of a Note Acceleration Notice on the Issuer, the Servicer Make-Whole Fee will rank ahead of all of the Notes and Certificates.</p> | <p>On the Interest Payment Date following a termination of the appointment of the Servicer as a consequence of a Servicer Resignation Event.</p> |
| <ul style="list-style-type: none"> Servicing Transition Costs | <p>Costs of the Servicer (determined on a time and materials basis) as a consequence of assisting the Issuer to (i) transfer the servicing function to a substitute servicer following termination of the appointment of the Servicer and (ii) transfer the back-up servicing function to a substitute back-up servicer following termination of the appointment of the Back-up</p> | <p>Before service of a Note Acceleration Notice on the Issuer, the Servicing Transition Costs are subordinated to the Rated Notes but ranks ahead of the Class G Notes and the Certificates.</p> <p>Following service of a Note Acceleration Notice on the Issuer, the</p> | <p>Quarterly in arrear on each Interest Payment Date following a termination of the appointment of the Servicer or the Back-up Servicer (as applicable), to the extent only that action is required on the part of the Servicer to assist the Issuer to transfer the servicing function to a substitute</p> |

| Type of Fee | Amount of Fee | Priority in Cashflow | Frequency |
|-------------------------------|--|--|--|
| | Servicer. | Servicing Transition Costs will rank ahead of all of the Notes and Certificates. | servicer or the back-up servicing function to a substitute back-up servicer. |
| <i>Back-up Servicing Fees</i> | The Back-up Servicing Fee is comprised of: (A) on the Closing Date, a one-off fee of £30,000, (B) from the Closing Date to (and including) the day before the Back-up Servicer Succession Date, an annual fee of £40,000 payable quarterly in arrears on each Interest Payment Date (on a pro-rata basis, determined by reference to the actual number of days in the relevant Interest Period divided by 365) in accordance with the Pre-Acceleration Revenue Priority of Payments or in accordance with the Post-Acceleration Priority of Payments, as applicable (C) a fee of £240,000 payable by the Issuer on the first Interest Payment Date following the Back-up Servicer Succession Date, in accordance with the Pre-Acceleration Revenue Priority of Payments or in accordance with the Post-Acceleration Priority of Payments, as applicable and (D) on each Interest Payment Date falling not less than twenty (20) Business Days after a demand from the Back-up Servicer for payment in accordance with the Pre-Acceleration Revenue Priority of Payments or in accordance with the Post-Acceleration Priority of Payments, as applicable, all Back-up Servicing Additional Costs provided that: (i) in respect of internal costs, the Back-up Servicer has upon written request by the Issuer, supplied the Issuer with a copy of an appropriate VAT invoice; | Ahead of all outstanding Notes and Certificates | Quarterly in arrear on each Interest Payment Date with the exception of the one-off £30,000 which is to be paid on the Closing Date. |

| <u>Type of Fee</u> | <u>Amount of Fee</u> | <u>Priority in Cashflow</u> | <u>Frequency</u> |
|--|--|---|------------------------------|
| | and (ii) in respect of any third party costs, the Back-up Servicer has upon written request by the Issuer, supplied the Issuer with a copy of an invoice issued by any third party making the supply to which such costs, expenses and/or charges relate, in each case exclusive of VAT. | | |
| <i>Expenses related to the admission to trading of the Notes</i> | Estimated at £10,000 (exclusive of VAT) | Ahead of all outstanding Notes and Certificates | On or about the Closing Date |

As at the date of this Prospectus, VAT is currently chargeable at 20 per cent.

For the purposes of this Prospectus, **Total Senior Servicing Cap** means, on any Interest Payment Date, the product of (A) the 0.26 per cent. per annum, (B) the actual number of days in the Collection Period immediately preceding that Interest Payment Date (or, in the case of the first Interest Payment Date only, the number of days from the Closing Date to the end of the first Collection Period) divided by 365 (or over a 366 day year in a leap year) and (C) the aggregate Current Principal Balance of all Loans in the Portfolio (determined as at the beginning of the Collection Period immediately preceding that Interest Payment Date);

CERTAIN REGULATORY DISCLOSURES

EU Risk Retention Requirements

OSB, as a sponsor for the purposes of the CRR, the AIFM Regulation and the Solvency II Regulation, will retain a material net economic interest of not less than 5 per cent. in the securitisation in accordance with the text of each of Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation (which, in each case, does not take into account any corresponding national measures). As at the Closing Date, such interest will be comprised of not less than 5 per cent. of randomly selected exposures (as described in the paragraph below) which would otherwise have been securitised in the transaction effected by the Issuer as required by the text of each of paragraph (c) of Article 405(1) of the CRR and paragraph (c) of Article 51(1) of the AIFM Regulation and paragraph (c) of Article 254(2) of the Solvency II Regulation. Any change to the manner in which such interest is held will be notified to Noteholders.

In addition, under the Master Servicing Agreement, OSB will be appointed as Master Servicer by the Issuer (see the section of this Prospectus entitled “*Transaction Documents–Master Servicing Agreement*” for further information). The provisions of the Master Servicing Agreement provide that OSB may resign from the role of Master Servicer in certain circumstances and subject to certain conditions, including in relation to some resignation circumstances only, a condition that the appointment of a substitute master servicer in place of OSB should not adversely affect compliance with the requirements of each of Article 405 of Regulation (EU) No 575/2013, Article 51 of Regulation (EU) No 231/2013 and Article 254 of Regulation (EU) 2015/35.

The Cut-off Date Portfolio has been identified prior to any party entering into the Mortgage Sale Agreement. Statistical and other information on the Cut-off Date Portfolio (current as at 31 January 2016) is set out in the section of this Prospectus entitled “*Characteristics of the Portfolio*”. The Loans to be comprised in the Portfolio on the Closing Date will be those remaining following (a) discharge of any Loans during the Cut-off Date and the Closing Date and (b) the removal from the Cut-off Date Portfolio of a sub-portfolio of Loans as randomly selected by (by reference to the Cut-off Date Portfolio current as at 31 January 2016) an independent third party on behalf of OSB representing not less than 5 per cent. of the nominal amount of the Cut-off Date Portfolio, which sub-portfolio will be sold by the Seller on the Closing Date to OSB and held on and from that date by OSB in compliance with paragraph (c) of Article 405(1) of the CRR and paragraph (c) of Article 51(1) of the AIFM Regulation and paragraph (c) of Article 254(2) of the Solvency II Regulation.

As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Closing Date, to the monthly investor reports provided to the Noteholders pursuant to the Cash Management Agreement and published on the following website: <http://www.osb.co.uk/#section4>.

The Retention Holder will undertake (the **Retention Undertaking**) to, among others, the Issuer and the Co-Arrangers in the Note Purchase Agreement that, for so long as any Rated Notes remain outstanding, it will:

- (a) retain a material net economic interest of not less than 5 per cent. in the nominal value of the securitisation (the **Retained Exposures**) in accordance with Article 405 of the CRR, Article 51 of the AIFM Regulation, and Article 254 of the Solvency II Regulation; and
- (b) comply with the disclosures and obligations described in Article 409 of the CRR by confirming the Retention Holder's risk retention as contemplated by Article 405 of the CRR, Article 254 of the Solvency II Regulation and Article 51 of the AIFMR through the timely provision of the information in the Prospectus, procuring disclosure in the Investor Reports (as prepared by the Cash Manager) and confirming in those Investor Reports the manner in which the Retention Holder continues to satisfy the Retention Undertaking and procuring provision to the Issuer of access to any reasonable

and relevant additional data and information referred to in Article 409 of the CRR (subject to all applicable laws).

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 CRR (including Article 405), Section Five of Chapter III of the AIFM Regulation (including Article 51) and Chapter VIII of Title I of the Solvency II Regulation (including Article 254) and any corresponding national measures which may be relevant and none of OSB, the Retention Holder, the Issuer, the Seller, the Previous Sellers, the Interim Legal Title Holder, the Cash Manager, the Master Servicer, the Interim Servicer, the Servicer, the Back-up Servicer, the Note Trustee, the Security Trustee or the Co-Arrangers makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.

The Retention Holder has the option, pursuant to the relevant Deed Poll, to require the Issuer to auction the Portfolio pursuant to the terms of the relevant Deed Poll upon the occurrence of any change in (including any change in interpretation of), or the adoption of, any new law, rule or regulation which as a matter of English law has a binding effect on the Retention Holder after the Closing Date which, when considered in the context of the Retention Holder's risk retention undertaking, would result in the Retention Holder being in breach of its risk retention undertaking or would otherwise impose a positive obligation on the Retention Holder to increase its risk retention over and above that retained by it on and from the Closing Date (see *"Early Redemption of the Notes – Retention Holder Option"* for further information).

For further information please refer to the Risk Factor entitled *"Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes"*.

WEIGHTED AVERAGE LIVES OF THE NOTES

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

- (a) the Issuer exercises its option to redeem the Rated Notes on the Step-Up Date, in the first scenario, or the Issuer does not exercise its option to redeem the Notes on or after the Step-Up Date but exercises its option to redeem the Notes on any Interest Payment Date on which the aggregate Principal Amount Outstanding of all the Notes is equal to or less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date in accordance with Condition 7.3(a)(iii)(B) (*Optional Redemption of the Notes in Full*);
- (b) the Loans are subject to a constant annual rate of prepayment (excluding scheduled principal redemptions) of between 0 and 15 per cent. per annum as shown on the table below;
- (c) the assets of the Issuer are not sold except as may be necessary to enable the Issuer to realise sufficient funds to exercise its option to redeem the Rated Notes;
- (d) no Note Acceleration Notice has been served on the Issuer and no Event of Default has occurred;
- (e) no Borrowers are offered and accept different mortgage products or Further Advances by the Seller or any of its subsidiaries and the neither the Seller nor Option Holder is required to repurchase any Loan in accordance with the Mortgage Sale Agreement;
- (f) the Security is not enforced;
- (g) the Mortgages continue to be fully performing;
- (h) the ratio of the Principal Amount Outstanding of:
 - (i) the Class A Notes to the Current Principal Balance of the Portfolio as at the Closing Date is 68.00 per cent.;
 - (ii) the Class B Notes to the Current Principal Balance of the Portfolio as at the Closing Date is 8.75 per cent.;
 - (iii) the Class C Notes to the Current Principal Balance of the Portfolio as at the Closing Date is 5.00 per cent.;
 - (iv) the Class D Notes to the Current Principal Balance of the Portfolio as at the Closing Date is 4.25 per cent.;
 - (v) the Class E Notes to the Current Principal Balance of the Portfolio as at the Closing Date is 3.50 per cent.;
 - (vi) the Class F Notes to the Current Principal Balance of the Portfolio as at the Closing Date is 2.25 per cent.; and
 - (vii) the Class G Notes to the Current Principal Balance of the Portfolio as at the Closing Date is 4.25 per cent.;

- (i) Each of (i) Three-Month Sterling LIBOR remains at a rate of 0.6 per cent., (ii) the Base Rate remain at a rate of 0.5 per cent. and (iii) SVR rate does not change unless there is a corresponding change in three month Sterling LIBOR, in each case for so long as any Notes are outstanding; and
- (j) the Notes are issued on or about 26 February 2016.

(Assuming Issuer call on Step-Up Date)

Possible Average Life (in years) of:

| Constant Annual Rate of Prepayment of the Loans | Class A Notes | Class B Notes | Class C Notes | Class D Notes | Class E Notes | Class F Notes | Class G Notes |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 0% | 4.45 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 |
| 2% | 4.13 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 |
| 4% | 3.83 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 |
| 6% | 3.54 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 |
| 8% | 3.27 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 |
| 10% | 3.00 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 |
| 12% | 2.75 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 |
| 15% | 2.40 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 | 5.05 |

(Assuming no Issuer call on Step-Up Date but the Issuer exercises its option under Condition 7.3(a)(iii)(B)) (in years) of:

| Constant Annual Rate of Prepayment of the Loans | Class A Notes | Class B Notes | Class C Notes | Class D Notes | Class E Notes | Class F Notes | Class G Notes |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 0% | 9.25 | 16.46 | 16.58 | 16.80 | 16.80 | 16.80 | 16.96 |
| 2% | 7.23 | 15.67 | 16.42 | 16.55 | 16.77 | 16.80 | 16.85 |
| 4% | 5.87 | 12.95 | 15.55 | 16.35 | 16.55 | 16.71 | 16.80 |
| 6% | 4.80 | 11.64 | 13.06 | 15.06 | 16.29 | 16.55 | 16.72 |
| 8% | 3.98 | 10.59 | 11.73 | 12.90 | 14.77 | 16.20 | 16.30 |
| 10% | 3.39 | 9.08 | 10.95 | 11.73 | 12.89 | 14.20 | 14.30 |
| 12% | 2.95 | 7.86 | 9.58 | 11.00 | 11.76 | 12.65 | 12.80 |
| 15% | 2.44 | 6.63 | 7.96 | 9.21 | 10.58 | 11.48 | 11.55 |

Assumption (a) reflects the current intention of the Issuer to exercise its option to redeem the Notes but no assurance can be given that such assumption will occur as described.

Assumption (b) is stated as an average annualised repayment rate as the repayment rate for one Interest Period may be substantially different from that for another. The constant repayment rates shown above are purely illustrative and do not represent the full range of possibilities for constant repayment rates.

Assumptions (b) to (g) (inclusive) relate to circumstances which are not predictable.

The average lives of the Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates above will prove in any way to be realistic. They must therefore be viewed with considerable caution. For more information in relation to the risks involved in the use of the average lives estimated above, see “Risk Factors—*Risk Factors relating to the Issuer—Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption*” above.

EARLY REDEMPTION OF THE NOTES

The Portfolio may be sold by the Issuer upon the exercise of the Majority Holder Option or the Retention Holder Option (each a **Portfolio Purchase Option**) pursuant to the relevant deed poll dated on or about the Closing Date, executed by the Issuer and the Legal Title Holder, in favour of the Majority Holder or the Retention Holder, as applicable, from time to time (each, a **Deed Poll**). The Issuer will undertake not to dispose of the Portfolio in any other circumstances (other than following the delivery of a Note Acceleration Notice).

Majority Holder Option

The Issuer will, pursuant to the relevant Deed Poll, grant to (a) (where the Class R Certificates are represented by Registered Definitive Class R Certificates) the holder of greater than 50 per cent. of the Class R Certificates or (where the Class R Certificates are represented by the Global Class R Certificate) the Indirect Participant who holds the beneficial interest in more than 50 per cent. of the Class R Certificates or (b) where no person holds greater than 50 per cent. of the Class R Certificates or (where the Class R Certificates are represented by the Global Class R Certificate) beneficial interest in greater than 50 per cent. of the Class R Certificates, any group of persons holding in aggregate greater than 50 per cent. of the Class R Certificates or (where the Class R Certificates are represented by the Global Class R Certificate) beneficial interest in greater than 50 per cent. of the Class R Certificates (the **Majority Holder**) an option (the **Majority Holder Option**) to require the Issuer to (i) sell and transfer to the Majority Holder or its nominee the beneficial title to all Loans and Related Security in the Portfolio (the **Majority Holder Option Loans**); (ii) transfer to the Majority Holder the right to have legal title to the Majority Holder Option Loans and their Related Security transferred to it; (iii) direct that the holder of the legal title to the Majority Holder Option Loans and the Related Security transfers legal title to the Majority Holder or its nominee specified as such in the Majority Holder Option Exercise Notice; and (iv) serve all relevant notices and take all steps (including carrying out requisite registrations and recordings) in order to vest legal title in the Majority Holder Option Loans in the Majority Holder or its nominee, in each case subject to the terms and conditions of the relevant Deed Poll. If the Majority Holder Option is exercised, all of (i) through (iv) must be effected and the Majority Holder will not be at entitled to elect that some only of (i) through (iv) are effected. In particular, an exercise of the Majority Holder Option must result in legal title in the Portfolio Option Loans being transferred to the Majority Holder or its nominee.

The Majority Holder Option may be exercised by notice (a **Majority Holder Option Exercise Notice**) to the Issuer with a copy to the Note Trustee, the Seller, S&P and DBRS at any time (a) on and following the Step-Up Date or (b) during the 20 Business Day period commencing on the date on which the Majority Holder receives a notice from the Issuer that the Retention Holder has exercised the Retention Holder Option.

The purchase price for the Portfolio under the Majority Holder Option shall be the amount (the **Majority Holder Option Purchase Price**) required on the date of completion of the relevant Majority Holder Option Sale (or if that date is not an Interest Payment Date, the next Interest Payment Date) (when aggregated with all other funds available to the Issuer, including all amounts standing to the credit of the Total Reserve Fund) to redeem all of the Notes at their respective Principal Amounts Outstanding and to pay any fees, costs and expenses of the Issuer payable senior to the Notes in the Post-Acceleration Priority of Payments on that date of completion (or if that date is not an Interest Payment Date, the next Interest Payment Date).

The Majority Holder or its nominee will be required to deposit the full amount of the Majority Holder Option Purchase Price in an escrow account no later than the day falling 2 Business Days immediately preceding the Target Majority Holder Option Sale Completion Date. The Majority Holder Option Purchase Price will be held in escrow pending completion of transfer of the beneficial title to the Majority Holder Option Loans. The full amount of the Majority Holder Option Purchase Price will be transferred to the Deposit Account upon its completion and will be applied in accordance with the Post-Acceleration Priority of Payments on the Target Majority Holder Option Sale Completion Date.

The sale to the Majority Holder (or its nominee) must result in a transfer of the legal title to the Loans to the Majority Holder or its nominee. There is no limit on the number of Majority Holder Option Exercise Notices that can be served by the Majority Holder following the Step-Up Date. Each time a new Majority Holder Option Exercise Notice specifying a new Target Majority Holder Option Sale Completion Date is received, an updated Majority Holder Option Purchase Price will be prepared.

Retention Holder Option

The Retention Holder has the option, pursuant to the relevant Deed Poll, to require the Issuer to auction the Portfolio pursuant to the terms of the relevant Deed Poll upon the occurrence of a Risk Retention Regulatory Change Event (the **Retention Holder Option**). In effecting such an auction, the Issuer must use commercially reasonable endeavours to achieve the best possible purchase price and must not, in any event, result in a purchase price below the amount (the **Retention Holder Option Purchase Price**) required on the date of completion of the relevant Retention Holder Option Sale (or if that date is not an Interest Payment Date, the next Interest Payment Date) (when aggregated with all other funds available to the Issuer, including all amounts standing to the credit of the Total Reserve Fund) to redeem all of the Notes at their respective Principal Amounts Outstanding and to pay any fees, costs and expenses of the Issuer payable senior to the Notes in the Post-Acceleration Priority of Payments on that date of completion (or if that date is not an Interest Payment Date, the next Interest Payment Date). In the event of a failed auction, the Issuer will be required to undertake a new auction every six months. OSB may bid in any such auctions.

Notwithstanding the foregoing, following the exercise of the Retention Holder Option but prior to any auction of the Portfolio, the Majority Holder may elect to purchase the Portfolio at a purchase price equal to the Majority Holder Option Purchase Price. If the Majority Holder fails to exercise this purchase option, it may still bid in the auction process described above.

The Retention Holder Option may be exercised by delivery of a Retention Holder Exercise Notice to the Issuer with a copy to the Note Trustee, the Seller, S&P and DBRS at any time following the occurrence of a Risk Retention Regulatory Change Event.

Any sale resulting from such an auction must result in the legal title to the Portfolio Option Loans and Related Security vesting in the successful bidder (or its nominee).

A **Risk Retention Regulatory Change Event** is any change in (including any change in interpretation of), or the adoption of, any new law, rule or regulation which as a matter of English law has a binding effect on the Retention Holder after the Closing Date which, when considered in the context of the Retention Holder's risk retention undertaking, would result in the Retention Holder being in breach of its risk retention undertaking or would otherwise impose a positive obligation on the Retention Holder to increase its risk retention over and above that retained by it on and from the Closing Date.

Condition to Exercise of Portfolio Purchase Options

It will be a condition of the exercise of either of the Portfolio Purchase Options that either (i) each of the purchasers of the legal (if applicable) and beneficial title in the Loans is resident for tax purposes in the United Kingdom, or (ii) each of the Issuer, OSB and the Seller (acting reasonably) having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in the form and substance satisfactory to it, or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HM Revenue and Customs), is satisfied that sale of legal (if applicable) and beneficial title in the relevant Loans will not expose the Issuer, OSB or the Seller to a risk of loss in consequence of United Kingdom income tax being required to be withheld from amounts paid in respect of the Loans. The costs relating to such tax advice will be borne by the Majority Holder (in the case of a Majority Holder Option Sale) or the Retention Holder (in the case of a Retention Holder Option Sale).

Redemption of Notes and cancellation of Certificates

On any Interest Payment Date on which all conditions to completion of a Majority Holder Option Sale or a Retention Holder Option Sale will have been satisfied, the purchase price deposited into the escrow account pending completion will be transferred into the Deposit Account and applied in accordance with the Post-Acceleration Priority of Payments and will result in the Notes being redeemed in full and (following any payment to the Class R Certificates as set out below) the Certificates being cancelled. Any funds remaining after the payment in full of all items ranking prior to (and including) item (l) of the Post-Acceleration Priority of Payments will be paid to the Class R Certificateholders.

USE OF PROCEEDS

The Issuer will use the gross proceeds of the Notes to: (a) pay the Initial Consideration payable by the Issuer for the Portfolio to be acquired from the Seller on the Closing Date, (b) establish the General Reserve Fund, (c) establish the Liquidity Reserve Fund, (d) establish the Junior Liquidity Reserve Fund and (e) fund initial expenses of the Issuer incurred in connection with the issue of the Notes and Certificates on the Closing Date.

RATINGS

The Rated Notes, on issue, (with respect to payments of interest and principal) are expected to be assigned the following ratings by S&P and DBRS. The Class G Notes and the Certificates are not rated. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if, in its judgement, circumstances (including, without limitation, a reduction in the credit rating of the Account Bank in the future) so warrant.

| Class of Notes / Certificates | S&P | DBRS |
|--------------------------------------|----------------|-------------|
| Class A Notes | AAA(sf) | AAAsf |
| Class B Notes | AA(sf) | AAsf |
| Class C Notes | A+(sf) | Asf |
| Class D Notes | A(sf) | BBBsf |
| Class E Notes | BBB+(sf) | BB(high)sf |
| Class F Notes | BBB(sf) | BB(low)sf |
| Class G Notes | Not rated | Not rated |
| Class P Certificates | Not rated | Not rated |
| Class R Certificates | Not rated | Not rated |

As of the date of this Prospectus, each of the Rating Agencies is a credit rating agency established in the European Union and is registered under the CRA Regulation.

THE ISSUER

Introduction

The Issuer was incorporated in England and Wales on 23 December 2015 (registered number 9928782) as a public limited company under the Companies Act 2006 (as amended). The registered office of the Issuer is 35 Great St. Helen's, London EC3A 6AP. The telephone number of the Issuer's registered office is +44 (0) 20 7398 6300. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each, comprising 1 fully paid up shares and 49,999 shares which are one quarter paid up and all of which are beneficially owned by Holdings (see "*Holdings*" below).

The Issuer has been established as a special purpose vehicle or entity for the purposes of issuing asset backed securities. The Issuer has no subsidiaries. The Seller does not own directly or indirectly any of the share capital of Holdings or the Issuer.

There are no restrictions on the objects of the Issuer in its Articles of Association and the Issuer is therefore permitted, amongst other things, to borrow money, grant security over its property for the performance of its obligations and to purchase property. The Issuer was established solely for the purpose of issuing asset backed notes. The activities of the Issuer will be restricted by its Articles of Association and by the Transaction Documents and will be limited to the issues of the Notes, the exercise of related rights and powers and other activities referred to herein or reasonably incidental thereto.

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

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

The Issuer has not engaged, since its incorporation, in any material activities nor commenced operations other than those incidental to its registration as a public company under the Companies Act 2006 (as amended) and to the proposed issues of the Notes and Certificates and the authorisation of the other Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing. The Issuer, as necessary, has made a notification under the Data Protection Act 1998. As at the date of this Prospectus, statutory accounts have not yet been prepared or delivered to the Registrar of Companies on behalf of the Issuer. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2016.

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

Directors

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

| <u>Name</u> | <u>Business Address</u> | <u>Business Occupation</u> |
|------------------------------|---|----------------------------|
| SFM Directors Limited | 35 Great St. Helen's, London, EC3A 6AP | Corporate Director |
| SFM Directors (No.2) Limited | 35 Great St. Helen's, | Corporate Director |

London, EC3A 6AP

| | | |
|-----------------|---|----------|
| Claudia Wallace | 35 Great St. Helen's, London, EC3A 6AP | Director |
|-----------------|---|----------|

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

| Name | Business Address | Principal Activities |
|----------------------|---|-----------------------------|
| Robert William Berry | 35 Great St. Helen's, London, EC3A 6AP | Director |
| John Paul Nowacki | 35 Great St. Helen's, London, EC3A 6AP | Director |
| Claudia Wallace | 35 Great St. Helen's, London, EC3A 6AP | Director |
| Vinoy Nursiah | 35 Great St. Helen's, London, EC3A 6AP | Director |
| Helena Whitaker | 35 Great St. Helen's, London, EC3A 6AP | Director |
| Debra Parsall | 35 Great St. Helen's, London, EC3A 6AP | Director |
| Susan Abrahams | 35 Great St. Helen's, London EC3A 6AP | Director |

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

The Issuer has no loan capital, borrowings or material contingent liabilities (including guarantees) as at the date of this Prospectus.

HOLDINGS

Introduction

Holdings was incorporated in England and Wales on 23 December 2015 (registered number 9928761) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is 35 Great St. Helen's, London EC3A 6AP. The issued share capital of Holdings comprises 1 ordinary share of £1. SFM Corporate Services Limited (the **Share Trustee**) holds the entire beneficial interest in the issued share under a discretionary trust for discretionary purposes. Holdings holds the beneficial interest in the issued share capital of the Issuer.

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

There are no restrictions on the objects of Holdings in its Articles of Association and Holdings is therefore permitted, amongst other things, to borrow money, grant security over its property for the performance of its obligations and to purchase property.

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

Directors

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

| Name | Business Address | Business Occupation |
|------------------------------|---|----------------------------|
| SFM Directors Limited | 35 Great St. Helen's, London, EC3A 6AP | Corporate Director |
| SFM Directors (No.2) Limited | 35 Great St. Helen's, London, EC3A 6AP | Corporate Director |
| Claudia Wallace | 35 Great St. Helen's, London, EC3A 6AP | Director |

The directors of SFM Directors Limited and SFM Directors (No.2) Limited and their respective occupations are:

| Name | Business Address | Principal Activities |
|----------------------|---|-----------------------------|
| Robert William Berry | 35 Great St. Helen's, London, EC3A 6AP | Director |
| John Paul Nowacki | 35 Great St. Helen's, London, EC3A 6AP | Director |
| Claudia Wallace | 35 Great St. Helen's, London, EC3A 6AP | Director |
| Vinoy Nursiah | 35 Great St. Helen's, London, EC3A 6AP | Director |

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

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

The accounting reference date of Holdings is 31 December and the first statutory accounts of Holdings will be drawn up to 31 December 2016.

Holdings has no employees.

ONESAVINGS BANK PLC

OneSavings Bank PLC (company number 07312896) (**OSB** and, together with its consolidated subsidiary undertakings, the **OSB Group**) is the Master Servicer pursuant to the Master Servicing Agreement.

Introduction and Formation

OSB's principal office is at OSB House, Quayside, Chatham Maritime, Kent ME4 4QZ (telephone number: 01634 848944; e-mail address: mail@osb.co.uk). As at 31 December 2014, the OSB Group had total assets of £4,936 million.

OSB is a specialist lending and retail savings bank authorised by the Prudential Regulation Authority, part of the Bank of England, and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. OSB began trading as a bank on 1 February 2011 following the transfer of the trade and assets of the former Kent Reliance Building Society into the business.

OSB trades under a number of different brands including Kent Reliance, InterBay Commercial, Prestige Finance and Heritable Development Finance. The principal activities of the OSB Group are to provide retail savings products, residential mortgages (comprising first charge, second charge and shared ownership), Buy-to-Let/SME mortgages and personal loans.

OSB listed on the main market of the London Stock Exchange in June 2014 and joined the FTSE 250 in June 2015.

Major shareholder

As at 11 March 2015 there were 243,079,965 ordinary shares in issue. OSB has been notified to 23 February 2016, under the provisions of the Disclosure & Transparency Rules, of the following significant interests in the voting rights of the company: JC Flowers & Co 53.78%.

Business and Strategy

The OSB Group is predominantly funded by retail savings originated via the established Kent Reliance franchise online and direct channels, as well as through a Kent Reliance branded network of six branches and two third party-operated agencies in the South East of England. Diversification of funding is currently provided by a securitisation and OSB Group joined the Bank of England's Funding for Lending Scheme in early 2014.

OSB focuses on selected sub-sectors of the lending market in which it has established expertise, platforms and capabilities, and where opportunities have been identified for both high returns on a risk-adjusted basis and strong growth.

The OSB Group offers first charge and second charge mortgage finance to consumers through its Kent Reliance brand, its subsidiaries in the Channel Islands and its Prestige Financial subsidiaries, and to SME businesses through its InterBay Commercial subsidiaries (although the Portfolio does not include any Loans originated by the OSB Group).

The OSB Group has also acquired a number of loan portfolios since its formation including the Loans comprising the Portfolio.

OSB has continued its commitment to a strategy of long-term growth since its inception. In 2014, OSB was able to grow its deposit base by 27,000 new savings customers, reflecting growth of £1,080 million in retail savings balances. Loans and advances for the OSB Group grew by 29 per cent. during 2014 to £3,919 million from £3,041 million in 2013. Profit on an after tax basis for the OSB Group grew to £51.5 million in

2014 from £26.8 million in 2013. OSB has combined its growth with a commitment to managing costs, and achieved a reduction of 10 percentage points in its cost:income ratio to 28% in 2014 from 38% in 2013. Except as otherwise stated, financial information contained herein is either (i) extracted from both of the audited consolidated annual accounts of OSB and its Subsidiaries dated 31 December 2013 and 31 December 2014 respectively and (ii) calculated using financial information extracted from such annual accounts. The contents of such consolidated annual accounts of the OSB Group (in each case audited by KPMG Audit PLC as Statutory Auditors of the OSB Group) and its subsidiaries do not form part of this Prospectus.

Constitution

OSB is authorised by the PRA and regulated by the FCA and the PRA (Registered Number 530504) and operates in accordance with the Banking Act and its Articles of Association (the **Articles**). OSB also holds interim permissions from the FCA for consumer credit business (Reference Number 0651834).

The affairs of OSB are conducted and managed by a board of directors (the **Board**). The Board currently consists of the Chairman (considered independent at appointment), two executive directors and nine non-executive directors, two of which are appointed by the majority shareholder. The Board is responsible to the members for the proper conduct of the affairs of OSB in accordance with the Articles of OSB and appoints and supervises the senior executives of OSB who are responsible to the board for the day-to-day management of OSB.

Any conflicts of interest between (i) any duties owed to OSB by any member of the Board or any of the senior executives and (ii) their private interests and/or other duties are either (i) permitted by the Articles of OSB or (ii) have been disclosed to and validly approved by the Board.

More information is available on the website of OSB located at www.osb.co.uk.

The other purposes and powers of OSB are specified in its Articles.

THE SELLER

Introduction

The Seller was incorporated in England and Wales on 23 December 2015 (registered number 9928431) as a private limited company under the Companies Act 2006 (as amended). The registered office of the Seller is Reliance House, Sun Pier, Chatham, Kent ME4 4ET. The issued share capital of the Seller comprises 1 ordinary share of £1 held by OSB.

There are no restrictions on the objects of the Seller in its Articles of Association and the Seller is therefore permitted, amongst other things, to borrow money, grant security over its property for the performance of its obligations and to purchase property.

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

The Seller is a wholly-owned subsidiary of OSB.

Directors

The directors of the Seller and their respective business addresses and occupations are:

| Name | Business Address | Business Occupation |
|-------------------------|---|----------------------------|
| Andy John Golding | Reliance House, Sun Pier, Chatham, Kent ME4 4ET | Director |
| April Carolyn Talintyre | Reliance House, Sun Pier, Chatham, Kent ME4 4ET | Director |
| Jens Bech | Reliance House, Sun Pier, Chatham, Kent ME4 4ET | Director |

The Seller has no employees.

THE INTERIM SERVICER

DB UK Bank Limited (**DB UK**) is a private limited company incorporated in England and Wales on 30 June 1936 under the Companies Act 1929 as Morgan Grenfell & Co Limited. DB UK subsequently changed its name to DB UK Bank Limited on 5 April 2004. DB UK is a wholly owned subsidiary undertaking of Deutsche Holdings Limited which is ultimately owned by Deutsche Bank AG.

The registered office of DB UK is 23 Great Winchester Street, London EC2X 2AP.

In January 2006, DB UK received permission from the Financial Services Authority to enter into the mortgage origination business. DB UK ceased its business of originating residential mortgage loans in England and Wales, Scotland and Northern Ireland in 2008. DB UK conducts businesses which include its UK wealth management business and asset protection (client money and custody) business.

In April 2007, DB UK purchased the Loans in the Money Partners portfolio from Money Partners Limited. Money Partners Limited was a private limited company incorporated in England and Wales, which was dissolved in 2012. Prior to being dissolved, among other things, Money Partners Limited operated a business of originating residential mortgage loans in England and Wales and Scotland.

On various dates in 2007 and 2008, beneficial title in the Loans in the Edeus portfolio was transferred to Edeus Mortgages 3 Limited (now known as Odin Mortgages Limited (“**Odin**”)) by Edeus Mortgage Creators Limited (in liquidation). The legal title to the Loans in the Edeus portfolio was transferred to DB UK in October 2008. Edeus Mortgage Creators Limited is a private limited company incorporated in England and Wales, which went into liquidation in 2010 and is closed for business. Prior to being placed into liquidation, among other things, Edeus Mortgage Creators Limited operated a business of originating residential mortgage loans in England and Wales, Scotland and Northern Ireland.

The Loans have been serviced by the Servicer for DB UK since 2012.

Pursuant to the Previous Mortgage Sale Agreement, DB UK and Odin will sell their interests in the Portfolio to the Seller on the Closing Date.

THE SERVICER

Target Servicing Limited (**Target**) is a private limited company incorporated in England and Wales on 10 November 2005 (registration number 05618062) under the Companies Act 1985. Among other services, Target provides third party residential mortgage administration services to its clients on mortgage loans secured by residential real estate in the United Kingdom.

Target is authorised and regulated by the Financial Conduct Authority under registration number 484078. Target holds relevant licences under the CCA and maintains applicable registrations under the Data Protection Act 1998.

The registered office of Target Services Limited is at Target House, Cowbridge Road East, Cardiff CF11 9AU.

THE BACK-UP SERVICER

Homeloan Management Limited (**HML**) is a private limited company incorporated in England and Wales.

HML, which is regulated by the FCA, has been appointed as the Back-up Servicer pursuant to the Back-up Servicing Agreement, and pursuant to which HML is responsible for the provision of certain mortgage settlement and related administration services. HML is the largest third party residential mortgage servicer in the United Kingdom. HML is currently servicing over £32 billion of mortgage assets for 33 leading financial institutions.

The registered office and principal place of business of HML are The Pavilions, Bridgwater Road, Bristol BS13 8AE and Gateway House, Gargrave Road, Skipton, North Yorkshire BD23 2HL.

HML has S&P's Primary Servicer rating of Above Average with a Stable Outlook and a residential primary servicer rating of RPS1- by Fitch Ratings Limited. The information in the preceding three paragraphs has been provided solely by HML for use in this Prospectus.

Except for the foregoing four paragraphs, HML and its affiliates do not accept responsibility for this Prospectus.

THE CASH MANAGER, ACCOUNT BANK, PRINCIPAL PAYING AGENT, AGENT BANK AND REGISTRAR

Elavon Financial Services Limited, a limited liability company registered in Ireland with the Companies Registration Office (registered number 418442), acting through its UK Branch (registered number BR009373)) will be appointed as Cash Manager pursuant to the Cash Management Agreement and as Account Bank pursuant to the Bank Account Agreement.

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

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

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

U.S. Bancorp (NYSE: USB), with \$410 billion in assets as of March 31, 2015, is the parent company of U.S. Bank National Association, the 5th largest commercial bank in the United States. The Company operates 3,172 banking offices in 25 states and 5,016 ATMs and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions. Visit U.S. Bancorp on the web at usbank.com.

THE NOTE TRUSTEE AND SECURITY TRUSTEE

U.S. Bank Trustees Limited (registered number 2379632) (**U.S. Bank**) will be appointed pursuant to the Trust Deed as Note Trustee for the Noteholders. U.S. Bank will also be appointed pursuant to the Deed of Charge as Security Trustee for the Secured Creditors.

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

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

U.S. Bancorp (NYSE: USB), with \$410 billion in assets as of March 31, 2015, is the parent company of U.S. Bank National Association, the 5th largest commercial bank in the United States. The Company operates 3,172 banking offices in 25 states and 5,016 ATMs and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions. Visit U.S. Bancorp on the web at usbank.com.

THE CORPORATE SERVICES PROVIDER

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

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

The Corporate Services Provider will be entitled to terminate its respective appointment under the Corporate Services Agreement on 30 days' written notice to the Issuer, the Security Trustee and each other party to the Corporate Services Agreement, provided that a substitute corporate services provider has been appointed on substantially the same terms as those set out in the Corporate Services Agreement.

The Security Trustee can terminate the appointment of the Corporate Services Provider on 30 days' written notice so long as a substitute corporate services provider has been appointed on substantially the same terms as those set out in the Corporate Services Agreement.

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

THE LOANS

The Portfolio

Introduction

The following is a description of some of the characteristics of the Loans comprised in the Portfolio including details of loan types and selected statistical information.

Unless otherwise indicated, the description that follows relates to types of loans that could be sold to the Issuer as part of the Portfolio as at the Closing Date.

The Portfolio

The Portfolio from time to time after the Closing Date will comprise loans advanced to the Borrowers upon the security of residential property situated in England, Wales, Northern Ireland and Scotland (each a **Borrower**) and on Closing Date will consist of the Mortgages acquired pursuant to the Mortgage Sale Agreement, other than Mortgages which have been repaid or which have been purchased from the Issuer pursuant to the Mortgage Sale Agreement.

Origination of the Portfolio

The Portfolio is comprised of Loans originated by DB UK Bank Limited (**DB UK**), Edeus Mortgage Creators Limited (**Edeus**) and Money Partners Limited (**Money Partners**), and together with DB UK and Edeus, the **Original Lending Entities**) and each an **Original Lending Entity**).

The Seller has represented to the Issuer that each Loan was made on the basis of the standard mortgage documentation of the relevant Original Lending Entity, as disclosed to the Issuer (the **Standard Mortgage Documentation**), save for those Loans where DB UK (as Previous Seller) agreed certain modifications to the Standard Mortgage Documentation and concessions on a case-by-case basis, as disclosed to the Issuer by way of the Disclosure Letter. DB UK (as Previous Seller) has further identified certain provisions of the Standard Mortgage Documentation, which are potentially unfair or in breach of MCOB if relied upon. In respect of all Loans, the Previous Sellers have represented to the Seller that they have not sought to rely on such provisions. DB UK (as a Previous Seller) has disclosed to the Seller (and the Seller has disclosed to the Issuer by way of the Disclosure Letter) that, in circumstances where a modification of terms of the Standard Mortgage Documentation has been agreed between DB UK (as a Previous Seller) and a Borrower, DB UK (as a Previous Seller) has provided a supplemental variation sheet to the Borrower, specifically varying these terms and that copies of these supplemental variation sheets have been disclosed to the Seller and the Issuer.

Characteristics of the Portfolio

The tables set out under “*Characteristics of the Portfolio*” below provide information representative of the characteristics of the Cut-off Date Portfolio (current as at 31 January 2016).

The balance of the Mortgages in the tables set out under “*Characteristics of the Portfolio*” below is based on the Cut-off Date Portfolio and is current as at 31 January 2016. The properties over which the Mortgages are secured have not been revalued for the purpose of the issue of the Notes. The valuations of such properties as set out in the tables under “*Characteristics of the Portfolio*” below relate to the date of the original initial mortgage loan valuation except to the extent that there have been Further Advances in which cases the most recent valuation is utilised. The characteristics of the Portfolio as at the Closing Date will vary from those set out in the tables as a result of, *inter alia*, (a) repayment or purchase of Mortgages prior to the Closing Date and (b) the removal from the Cut-off Date Portfolio of a sub-portfolio of Loans as randomly selected (by reference to the Cut-off Date Portfolio current as at 31 January 2016) by an independent third party in an

amount equal to at least 5% of the nominal value of the Cut-off Date Portfolio, which sub-portfolio will be sold by the Seller on the Closing Date to OSB and held on and from that date by OSB in compliance with the Retention Undertaking (see “*Certain Regulatory Disclosures*” for further information).

Security

All of the Mortgages are secured by first ranking mortgages or, as applicable, standard securities, save for certain Northern Irish Mortgages where Borrowers have failed to make payments to the Land and Property Services of the Department of Finance and Personnel (the **LPS**), the Northern Ireland Department of the Environment (the **DoE**) or the Northern Irish Housing Executive (the **NIHE**) and the LPS, DoE or NIHE have obtained a charge in respect of such unpaid amounts which ranks in priority to the relevant Mortgage.

Interest Rate Types

The Cut-off Date Portfolio consists of: Mortgages which have (currently or after a specific period) a variable interest rate (the **Floating Mortgage Rate**) that is based on Three-Month Sterling LIBOR, a standard variable rate or the Bank of England base rate (the **Base Rate**), plus, for each mortgage, a fixed margin expressed as a percentage over LIBOR or the Base Rate, as applicable.

Title to the Portfolio

Pursuant to, and under the terms of the Previous Mortgage Sale Agreement, dated on or about the Closing Date, DB UK and Odin Mortgages Limited will, on the Closing Date, transfer the beneficial title to the Mortgages to the Seller and following the Closing Date, on the Account Transfer Date, DB UK (the sole holder of legal title to the Loans as at the Closing Date) will transfer legal title to the Mortgages to the Seller.

Pursuant to, and under the terms of the Mortgage Sale Agreement, dated on or about the Closing Date, the Seller will, on the Closing Date, transfer the beneficial title to the Mortgages, with a right to call for the legal title thereto, to the Issuer.

In the case of the Mortgages over registered land in England, Wales, Northern Ireland and Scotland which will be transferred to the Issuer on the Closing Date, the Seller has agreed, following the Legal Title Transfer, to remain on the relevant Land Registry or the Registers of Scotland, as applicable as the legal mortgagee or as heritable creditor.

None of the above mentioned transfers to the Issuer is to be completed by registration at the Land Registry or the Registers of Scotland (as the case may be) or notice given to the relevant Borrowers until the occurrence of one of the events mentioned below. The English Mortgages and Northern Irish Mortgages in the Portfolio and their collateral security are accordingly owned in equity only by the Issuer pending such transfer and the Scottish Mortgages in the Portfolio and their collateral security are accordingly held in trust for the Issuer pending such transfer. Legal title in the Mortgages and their collateral security will continue to be vested in DB UK (until the Account Transfer Date) and will subsequently be vested in the Seller (on and from the Account Transfer Date). The Seller has agreed to transfer legal title to the Mortgages and their collateral security to the Issuer, and the Issuer has undertaken to seek the transfer of legal title, only upon the occurrence of a Perfection Event.

The Issuer will grant a first fixed charge in favour of the Security Trustee over its interest in the Mortgages (being, in respect of the Scottish Mortgages an assignation in security of its interests in and to the Scottish Declaration of Trust and the trust constituted thereby).

Save as mentioned below, the Security Trustee has undertaken not to effect any registration at the Land Registry or the Registers of Scotland (as the case may be) to protect the sale of the Mortgages to the Issuer or the granting of security over the Mortgages by the Issuer in favour of the Security Trustee nor, save as mentioned below, to obtain possession of title deeds to the properties the subject of the Mortgages.

Notices of the equitable assignments or declarations of trust in favour of the Issuer and the security in favour of the Security Trustee will not, save as mentioned below, be given to the Borrowers under the Mortgages.

Under the Mortgage Sale Agreement and the Deed of Charge, completion of the transfers to the Issuer will be effected and the Issuer and the Security Trustee will each be entitled to effect such registrations and give such notices as it considers necessary to protect their respective interests in the Mortgages, and to call for a legal assignment, assignation or transfer of the Mortgages in favour of the Issuer and a legal submortgage or, as applicable, sub-security over such Mortgages and collateral security in favour of the Security Trustee.

Under the Mortgage Sale Agreement and the Deed of Charge the Issuer and the Security Trustee have undertaken to take such steps only where, *inter alia*, (i) it is necessary as a result of a change in law, or required by an order of a court of competent jurisdiction or by a competent regulatory authority, (ii) the Security Trustee considers that the security under or pursuant to the Deed of Charge or any material part thereof is in jeopardy, in the reasonable opinion of the Security Trustee, and the Security Trustee being required by the Note Trustee (on behalf of the Noteholders) so long as any Notes are outstanding or the other Secured Creditors if no Notes are then outstanding to take action to reduce that jeopardy, (iii) the Seller calls for perfection of title by serving a notice to that effect on the Issuer and the Security Trustee or (iv) the occurrence of a Seller Insolvency Event. Following such legal assignment, assignation or transfer and sub charge or, as applicable, sub-security, the Issuer and the Security Trustee will each be entitled to take all necessary steps to perfect legal title to its interests in the Mortgages, including the carrying out of any necessary registrations, recordings and notifications. These rights are supported by irrevocable powers of attorney given by the Seller pursuant to the Mortgage Sale Agreement.

Warranties and Breach of Warranties in relation to the Mortgages

The Mortgage Sale Agreement contains certain warranties given by the Seller in favour of the Issuer in relation to the mortgages sold to the Issuer pursuant to the Mortgage Sale Agreement.

No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee would normally be expected to carry out have been or will be made by the Issuer. The Issuer will rely entirely on the benefit of the warranties given to it under the Mortgage Sale Agreement.

Although the Seller will give certain Loan Warranties and other representations and warranties in respect of the Loans sold by it, the Seller was not the originator of any of the Loans comprised in the Portfolio and has acquired its interest in the Loans and their Related Security under the Previous Mortgage Sale Agreement. Accordingly, since, amongst other reasons, the Seller does not have direct knowledge as to certain matters relating to the actual origination of the Loans save as disclosed to the Seller by the Previous Sellers in connection with the Previous Mortgage Sale Agreement, certain warranties are qualified by reference to the awareness of the Seller. It may be practically difficult for the Seller to detect a breach of warranty in respect of the Loans sold by it to the extent that the same relates to a matter outside of the immediate knowledge of the Seller where there is no ongoing active involvement of the relevant Original Lending Entity.

The Issuer's sole remedy against the Seller in respect of any breach of any Loan Warranty shall be its entitlement to bring a contractual claim in damages (save for the case of a breach of warranty relating to the outstanding principal balance of the Loans as at the Cut-off Date, where the Issuer's sole remedy against the Seller shall be an adjustment to the purchase price of the amount of the shortfall in such principal balance against the figure warranted), subject to the Warranty Limitations and those matters fairly disclosed to the Issuer by the Seller, including those matters disclosed in the Disclosure Letter. However, the Seller's liability in respect of any claim for a breach of a Loan Warranty is strictly limited (including as to the time during which a claim may be made and the quantum of any claim) by the terms of the Warranty Limitations. In the event that any such contractual claim is brought against the Seller, it is anticipated that the Seller would seek to rely on a back-to-back contractual claim for damages DB UK pursuant to the terms of the Previous Mortgage Sale Agreement. However, the right of the Seller to bring a claim for contractual damages against DB UK under the Previous Mortgage Sale Agreement is subject to certain limitations.

Additionally, the Mortgage Sale Agreement provides that the Seller has no liability to the Issuer in respect of any breach of any Loan Warranty to the extent that DB UK is not liable to the Seller for the same breach under the Previous Mortgage Sale Agreement.

Additionally, under the Mortgage Sale Agreement, the Seller's liability in respect of any claim for a breach of a Loan Warranty is strictly limited (including as to the time during which a claim may be made and the quantum of any claim) by the terms of the Warranty Limitations.

Accordingly, there can be no assurance that the Seller will have the resources to satisfy any such contractual claim for damages.

Without prejudice to Option Holder's right to elect to repurchase any Loan in respect of which a contractual claim for damages is brought as a consequence of a breached of a Loan Warranty in respect of that Loan, there shall be no obligation on the Seller, the Option Holder or any other person to repurchase any Loan and/or its Related Security following any breach of any Loan Warranty.

Additionally, pursuant to the terms of the Mortgage Sale Agreement and the Previous Mortgage Sale Agreement, the Option Holder may elect to repurchase any Loan in respect of which a contractual claim for damages is brought (or an intention to bring such a claim has been notified) as a consequence of a breach of a Loan Warranty in respect of that Loan. The repurchase price for such Loan shall be equal to its current unpaid principal balance as at the date of repurchase together with accrued interest and any other sum accrued but not yet paid under such Loan as at the date of repurchase (including any arrears of interest) plus an amount equal to the reasonable and proper third party costs and expenses of incurred or payable in connection with such repurchase.

Lending Criteria

The following is a short summary of selected features of the lending criteria **Lending Criteria** of DB UK, which originated more than 50 per cent. (by outstanding principal balance) of the Loans in the Portfolio.

The Issuer does not represent that all important features of DB UK's Lending Criteria are included in this section nor terms stated in this summary of DB UK's Lending Criteria were complied with correctly or at all. The Seller was not the originator of any of the Mortgages in the Portfolio and does not provide any representation or warranty as to the accuracy of the information in this section.

Information in this section in relation to DB UK has been obtained directly from DB UK, but DB UK has not verified such relevant information for the purposes of this Prospectus.

DB UK – Lending Criteria

Lending Criteria Considerations

The Loans in the DB UK portfolio were required to be underwritten generally in accordance with the following lending criteria of DB UK. On 15 December 2010, the FSA issued a final notice in respect of the mortgage origination activities of DB UK (trading as DB Mortgages), which identified certain failures by DB UK to comply with its business underwriting guidelines and other lending policies. Those failings included failing to obtain details of Borrowers' accommodation arrangements at the end of the mortgage term when entering into an interest-only Loan and failing to offer products with lower interest rates to Borrowers who applied for self-certified mortgages, where such Borrowers may have qualified for products with lower interest rates.

These lending criteria considered, among other things, a borrower's credit history, employment history, status and repayment ability, as well as the value of the property to be mortgaged.

The lending criteria contained criteria that would generally be acceptable to residential mortgage lenders lending to borrowers who have an impaired credit history or do not satisfy the standard requirements of building societies or High Street banks.

The Portfolio may consist of some Loans in the DB UK portfolio to Borrowers who have been subject to repossession in the past.

In order to obtain a mortgage loan, each prospective borrower was required to complete an application form which included information with respect to the applicant's income, then current employment details, financial commitments, then current mortgage information (if applicable) and certain other personal information. A consumer credit search was required to be made in all cases which may give details of any CCJs, BOs and IVAs and which may indicate persons who are listed on the voters' roll as being the residents of the Property.

In the first instance, applications for Loans in the DB UK portfolio were processed automatically by DB UK's decisioning system, which was required to run a credit search, conducts credit-scoring and checks the applicant's details against an external fraud detection database as well as DB UK's own records. Credit-scoring was required to apply statistical analysis to data available from outside sources and customer provided data to assess the likelihood of an account going into arrears. The system was required to apply a suite of case assessment rules to the application data and where a case did not meet published criteria, it was referred to an underwriter.

Discretion to Lend Outside Lending Criteria

Subject to approval in accordance with internal procedures, DB UK may have determined on an individual basis that, based upon compensating factors, a prospective borrower who did not strictly qualify under its lending criteria warranted an underwriting exception. Compensating factors may have included a low LTV (less than 75 per cent.), mortgage loan amount less than or equal to 2.5 times salary, no arrears in last 12 payments on secured credit and no missed instalments on unsecured credit in last 3 months, stable employment and time in residence at the applicant's current residence. This list is not exhaustive and underwriters were entitled to consider each individual application "in the round" before making a decision.

Term of the Loans

Each Loan in the DB UK portfolio had an original term of between five and thirty five years.

Amount of the Loans

DB UK would not originate a Loan that was £25,000 or less at the time of completion. A Loan, including Further Advances, would not exceed £1,000,000 at the time of completion or the Further Advance.

Loan To Value Ratio

The LTV was required to be calculated by dividing the gross principal amount (net of any fees) committed at completion of the Loan by the lower of the valuation of the Property as established by the valuer selected from the approved panel of surveyors (see "*—Valuations*" below) or, in the case of a Loan made for financing the purchase of a Property, the disclosed purchase price (except in exceptional cases, i.e. where the purchase price reflects a discount). The policy of DB UK was not to originate mortgage loans with an LTV higher than 95 per cent.

Minimum Age of Borrower

Other than in the case of Buy To Let Loans in the DB UK portfolio (see further below), all borrowers were required to be at least 18 years of age at application and no older than 75 at the end of the mortgage term.

Number of Borrowers for a Loan

No more than two borrowers were permitted to be parties to a Loan in the DB UK portfolio.

Requirements for Borrowers' Employment

The policies of DB UK in regard to the verification of the details of an applicant's income distinguish between two different categories of applicant—employed and self-employed.

The income of employed applicants was required to be confirmed by: (a) a formal reference from the applicant's employer(s) supporting 12 months' employment history; or (b) a P60 and two months'/three weeks' supporting payslips; or (c) four months'/eight weeks' payslips; or (d) self-certification by the applicant (DB UK obtained verification of applicant's employment on a sample of self certification applications).

The income of self-employed applicants was required to be confirmed by: (a) an accountant's certificate of income; or (b) an accountant's certificate of last years' trading accounts; or (c) an Inland Revenue final assessment of tax liability; or (d) self-certification by the applicant (DB UK obtained verification of applicant's self employment on a sample of self certification applications).

For the purpose of calculating an applicant's gross income, items could be considered in addition to base salary, such as guaranteed overtime, bonuses and commissions, confirmed pension income, rental income, employer subsidies, maintenance payments and fifty per cent. of regular investment income.

Income Multiples/Affordability

Other than in the case of rental based Buy To Let Loans in the DB UK portfolio (see further below), a Loan in the DB UK portfolio approved on or prior to 11 June 2007, subject to underwriter discretion, was required to not exceed, where the LTV was 75 per cent. or less, (a) the income of the primary borrower multiplied by 5.0 plus the income of any secondary borrower or (b) the borrowers' joint income multiplied by 4.25, and where the LTV was greater than 75 per cent., (a) the income of the primary borrower multiplied by 4.25 plus the income of any secondary borrower or (b) the borrowers' joint income multiplied by 3.75. These income multiples were maxima and restricted multiples applied for applicants with higher levels of adverse credit history.

Other than in the case of rental-based Buy To Let Loans in the DB UK portfolio (see further below), the maximum size of a Loan in the DB UK portfolio approved after 11 June 2007 was required to be determined by the maximum monthly payment which, in the view of DB UK, the borrower was able to afford. The maximum monthly payment was required to be calculated by (a) multiplying the annual gross income of the primary borrower and any secondary borrower by a debt to income ratio, and then (b) subtracting the annualised commitments of the primary borrower and any secondary borrower. This amount was then to be divided by twelve.

Credit History of Borrowers

In addition to employer references and valuation reports, DB UK may have, depending upon the particular circumstances, required borrowers to furnish other references, e.g. from corporate landlords (that is, local authorities, housing authorities or letting agents). DB UK might also review a borrower's bank or building society statements but only did so in limited circumstances dependent upon the borrower's credit profile. In addition, DB UK was required to undertake a credit search covering, as a minimum, the preceding three years addresses for each borrower.

DB UK generally considered the accumulated aggregate value of the CCJs lodged against a borrower in the preceding two-year period in its consideration of that borrower's mortgage loan application and/or in its

setting of the rate to be charged on the mortgage loan (but would generally disregard any CCJs which had been satisfied in full at the time of application). Where satisfaction of a CCJ was a requirement of the Mortgage Loan, any of the following were required to be provided: a certificate of satisfaction, a credit search showing the date of satisfaction or a letter from the relevant finance company confirming the debt has been satisfied.

Borrowers who were extended a mortgage loan despite being previously subject to a bankruptcy order were generally required to provide evidence of discharge. Borrowers who were subject to an IVA were generally required to provide a confirmation of satisfactory conduct of the IVA where appropriate. Where satisfaction of an IVA was a requirement of the mortgage loan, a letter from the IVA trustee, administrator or supervisor confirming satisfactory completion was required to be provided.

Repossessions of previously mortgaged property and previous mortgage or secured loan payment defaults were also considered as relevant to a borrower's application for a mortgage loan.

Property Types

DB UK's policy required that each Loan in the DB UK portfolio was secured by a first legal charge (an English and Welsh Mortgage) over a freehold or long leasehold residential property in England or Wales governed by English and Welsh law or a first ranking standard security (a Scottish Mortgage) over a heritable or long leasehold residential property located in Scotland governed by Scots law or a first legal mortgage (a Northern Irish Mortgage) over a freehold fee farm grant or long leasehold residential property in Northern Ireland. The expiry of a leasehold property that serves as security for a Loan in the DB UK portfolio was required to post-date the maturity of such Loan by at least 40 years.

Generally, only properties intended for use exclusively or at least primarily as a principal place of residence were acceptable. New build properties were generally required to have the benefit of an NHBC Buildmark guarantee, a Zurich Municipal warranty, Premier Guarantee or an architect's certificate.

Certain property types were not be considered for the purposes of providing security for a Loan in the DB UK portfolio. Examples of properties that were not deemed acceptable as security include: (a) freehold flats and freehold maisonettes in England and Wales; (b) holiday homes; (c) mobile homes, houseboats, caravans; (d) commercial property; and (e) properties in shared ownership.

Buy To Let Loans in the DB UK portfolio

DB UK offered a type of mortgage loan exclusively for investment properties (**Buy To Let Loans**). Buy To Let Loans in the DB UK portfolio fall into two categories by reference to whether the lending criteria applicable were to be determined by (a) the applicant's income; or (b) the rental income.

In the case of the former, the required income multiples or debt to income ratios were the same as those referred to under "*Income Multiples/Affordability*" above.

In the case of the latter, the required initial annual rental income for the relevant property was normally required to exceed the scheduled annual interest payment under the mortgage loan by at least 10 per cent., subject to underwriters discretion at lower LTVs, and the borrower was required to let the property within 3 months of the date of the mortgage loan. No borrower was granted Buy To Let Loans in the DB UK portfolio secured over more than 21 properties (comprising no more than 20 properties in respect of which the Buy To Let Mortgage Loan was determined by reference to the rental income of the property and 1 property in respect of which the Buy To Let Mortgage Loan was determined by reference to the borrower's income) in aggregate and the aggregate principal balance of any borrower's Buy To Let Loans in the DB UK portfolio at origination was not permitted to exceed £5,750,000.

The borrower could only let an investment property on (in England and Wales) an assured shorthold tenancy or (in Scotland) a short assured tenancy (or a similar Northern Irish tenancy) not exceeding 12 months to tenants who had demonstrated themselves to be of acceptable character and able to meet their obligations to pay rent. No sub-letting by the tenants was permitted. The borrower could not let the property to tenants with diplomatic immunity or to people in receipt of DWP Housing Benefit.

Buy To Let Loans in the DB UK portfolio were extended only with the investment properties as collateral. DB UK took no additional security for the purposes of the Buy To Let Loans in the DB UK portfolio.

The lending criteria for Buy To Let Loans in the DB UK portfolio also differed from the criteria applied to other Loans in the DB UK portfolio in certain respects, including the following:

- (a) for income based Buy To Let Loans in the DB UK portfolio, prior to applying the income multiples or affordability criteria (as applicable), the borrower's existing main residence mortgage balance would be deducted from the borrower's income at a level of 6 per cent.;
- (b) for all Buy To Let Loans in the DB UK portfolio, borrowers were required to be at least 21 years of age at application;
- (c) for rental based Buy to Let Loans in the DB UK portfolio, the applicant was required to not be over 75 at the time of the application; and
- (d) the maximum LTV for a Buy To Let Loan in the DB UK portfolio was 90 per cent. This LTV reduced dependant upon the credit profile of the borrower.

Valuations

For all Loans in the DB UK portfolio, properties were required to be valued on-site by a qualified surveyor chosen from a panel of DB UK's approved valuation firms. Valuations were required to be completed before an offer would be made.

The qualified surveyor was required to be instructed by DB UK or the packager. Following completion of the on-site valuation, a number of valuations were to be selected for audit. DB UK used an automated process as the initial check within the valuation audit process, with further investigation required to be carried out where the automated process highlighted a concern.

Retention of Loan monies

In cases where the property valuer determined that there was a need for additional remedial work to be performed on a property, DB UK was required to retain in whole or in part the monies to be extended to the borrower under the mortgage loan until such time as the work deemed to be necessary was successfully completed.

Accordingly, the completion of the work serves as a condition for the release of the retained funds under the mortgage loan. The retention is required to be released when the required work is completed to a satisfactory standard and if DB UK requires, it has been reinspected by a valuer. The Interim Servicer (during the Interim Period) and the Servicer (following the Interim Period) will be responsible for releasing any existing outstanding retentions on Loans in the DB UK portfolio.

As at 31 October 2015, approximately £44,825 in retention monies relating to the Loans in the DB UK portfolio were being held by DB UK awaiting the completion of required works on the Properties.

Maintenance Covenants

In relation to each of the Loans in the DB UK portfolio, the relevant Borrower has covenanted to keep the Property in a good state of repair, to comply with all covenants and statutory requirements in respect of the Property and to pay in a timely fashion all taxes and other amounts required to be paid in connection with the Property. The relevant Borrower was required to also agree to allow DB UK to enter the Property at any reasonable time to inspect it and to carry out work which DB UK requested the relevant Borrower to do and which the Borrower has failed to do within a reasonable time. If DB UK became aware that the relevant Borrower is in violation of his covenants, statutory requirements or other obligations, DB UK was required to take appropriate action to protect its security.

Buildings Insurance

It was a condition of each Loan in the DB UK portfolio that each Property be insured for its full (index linked) re-instatement value (as stated in the valuation report in respect of the Property) with a reputable insurance company and at the Borrower's cost (subject to certain exceptions in the case of leasehold properties). DB UK required that the firm of solicitors acting on behalf of the Borrower informs it prior to completion if the insurance policy does not cover all required risks. Insurance policies were required to be in the joint names of DB UK and the Borrower (subject to certain exceptions in the case of leasehold properties). DB UK had the option to use any monies received under any insurance policy affecting the property to make good the loss or damage in respect of which the monies were received or to use them to reduce or repay the relevant Loan.

Title Insurance

DB UK permitted a solicitor to arrange local search insurance on a case by case basis where no local search was carried out by the solicitors involved in the mortgaging of a Property.

DB UK might have required its solicitors to obtain a title insurance policy for a particular Property if a title issue had been identified in relation to that Property. For example, a Property may only have had good leasehold title or may have been subject to a suspected transfer at an undervalue in the past. DB UK was required to request its solicitors to check each policy to ensure that the limit on cover was at least 100 per cent. of the valuation of the Property and that all policies were assignable.

The Mortgage Sale Agreement will contain a general assignment of any title policies linked to an individual Property.

Solicitors

The borrower would instruct a firm of solicitors to act on its behalf as well as on behalf of DB UK on the origination of the mortgage loan. The nominated firm was required to meet certain minimum requirements. For instance, the solicitors' firm acting on behalf of DB UK was required to have a minimum of two registered partners. If the nominated firm of solicitors did not meet the minimum requirements, DB UK was entitled to instruct other solicitors to act on its behalf at the expense of the borrower. DB UK did not admit licensed or in the case of Scottish Loans in the DB UK portfolio, qualified conveyancers to its panel. The nominated firm may also have acted for the borrower.

Fraud Prevention

DB UK had a risk management team whose primary focus was on preventing fraud and maintaining the quality of the loan book. Fraud prevention measures used by the team included (a) the use of automated credit and fraud alert systems, including CIFAS, Hunter and Detect; (b) periodic staff training in identifying suspicious activity; and (c) borrower identification verification systems.

Origination Procedures and Monitoring of Packagers

None of the Loans in the DB UK portfolio were derived from direct dealings with Borrowers.

DB UK initially sourced its mortgage business through approved packagers (the **Packagers**). The Packagers marketed DB UK's mortgage products to intermediaries who dealt directly with potential applicants. From June 2007 DB UK opened distribution to also include direct origination from brokers. DB UK's mortgage origination business was undertaken centrally from its offices in Chester.

DB UK required Packagers to enter into a packaging agreement before submitting mortgage applications. By signing the Packaging Agreement the Packager confirms, *inter alia*, that (a) it would comply with all legal and regulatory requirements applicable to its activities and (b) it would exercise its duties with due care and diligence.

DB UK actively monitored Packagers' compliance with the terms of the packaging agreement.

Servicing of the Portfolio

During the Interim Period, the Interim Servicer will be required to service the Portfolio as an agent of the Issuer and the Security Trustee and where applicable the Interim Legal Title Holder under and in accordance with the terms of the Interim Servicing Agreement. The duties of the Interim Servicer will include amongst other things:

- operating the Interim Collection Account(s) and ensuring that payments are made into and from the Interim Collection Account(s) in accordance with the Interim Servicing Agreement;
- notifying the Borrowers of any change in their monthly payments or in the premium payable on any buildings insurance policy;
- providing a redemption statement upon the request of a Borrower's solicitor or licensed or qualified conveyancer;
- taking all reasonable steps to recover all sums due to the Issuer, including, without limitation, by the institution of proceedings and/or the enforcement of any Mortgage or any related security;
- taking all action and doing all things which it would be reasonable to expect a prudent residential mortgage servicer to do in administering its mortgages; and
- paying on behalf of the Issuer all the out of pocket expenses of the Interim Servicer incurred in the performance of the Interim Servicer's duties under the Interim Servicing Agreement.

Following the Interim Period, the Servicer will be appointed to service the Portfolio as an agent of the Issuer and the Security Trustee and where applicable the Seller under and in accordance with the terms of the Servicing Agreement. The duties of the Servicer will include amongst other things:

- operating the Collection Account(s) and ensuring that payments are made into and from the Collection Account(s) in accordance with the Servicing Agreement;
- notifying the Borrowers of any change in their monthly payments or in the premium payable on any buildings insurance policy;
- providing a redemption statement upon the request of a Borrower's solicitor or licensed or qualified conveyancer;

- taking all reasonable steps to recover all sums due to the Issuer, including, without limitation, by the institution of proceedings and/or the enforcement of any Mortgage or any related security;
- taking all action and doing all things which it would be reasonable to expect a prudent residential mortgage servicer to do in administering its mortgages; and
- paying on behalf of the Issuer all the out of pocket expenses of the Servicer incurred in the performance of the Servicer's duties under the Servicing Agreement.

In addition, both during and following the Interim Period, the Master Servicer will be obliged to consult with the Interim Servicer or the Servicer (as applicable) in respect of certain matters relating to the servicing of the Portfolio.

Interim Collection Account(s) means the collection accounts held by the Interim Legal Title Holder at the Interim Collection Account Bank. No collections account trust has been declared over the Interim Collection Accounts in favour of the Issuer or the Security Trustee.

Interim Collection Account Bank means Deutsche Bank AG, London Branch.

Collection Account(s) means the collection accounts held by the Issuer at the Collection Account Bank.

Collection Account Bank means National Westminster Bank PLC.

See "*Summary of the Key Transaction Documents—Servicing Agreement*" for more detail.

Enforcement Procedures

Each of the Interim Servicer and the Servicer has established procedures for managing loans which are in arrear, including early contact with Borrowers in order to find a solution to any financial difficulties they may be experiencing. The procedures permit discretion to be exercised by the appropriate officer of the Interim Servicer (or any sub servicer of the Interim Servicer) or the Servicer (or any sub servicer of the Servicer), as applicable, in many circumstances. These procedures, as from time to time varied in accordance with legislative and regulatory requirements, are required to be used by the Servicer in respect of arrears arising on the Mortgages.

In order to realise its security in respect of a Property, the relevant mortgagee or, in Scotland, heritable creditor (be it the legal owner (following the Legal Title Transfer, the Seller), the beneficial owner (the Issuer), the Security Trustee or its appointee (if the Security Trustee has taken enforcement action against the Issuer)) will need to obtain possession. There are two means of obtaining possession for this purpose; first, by taking physical possession (seldom done in practice), and second, by obtaining a court order.

If a mortgagee or, in Scotland, heritable creditor takes physical possession it will, as mortgagee or, as applicable, heritable creditor in possession, have an obligation to account to the Borrower for the income obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property and, in certain circumstances, may be obliged to make improvements.

Actions for possession are regulated by statute and the courts have certain powers to adjourn possession proceedings, to stay any possession order or postpone the date for delivery of possession. The court will exercise such powers in favour of a Borrower, broadly, where it appears to the court that such Borrower is likely to be able, within a reasonable period, to pay any sums due under the loan or to remedy any default consisting of a breach of any other obligation arising under or by virtue of the loan and/or mortgage.

The court has a very wide discretion and may adopt a sympathetic attitude towards a Borrower faced with eviction. If a possession order in favour of the relevant mortgagee or, as applicable, heritable creditor is

granted, it may be suspended to allow the Borrower more time to pay. Once possession of the Property has been obtained, the relevant mortgagee or, in Scotland, heritable creditor has a duty to the Borrower to take reasonable care to obtain a proper price for the Property. Any failure to do so will put the relevant mortgagee at risk of an action for breach of such duty by the Borrower, although it is for the Borrower to prove breach of such duty. There is also a risk that a Borrower may also take court action to force the relevant mortgagee or, as applicable, heritable creditor to sell the Property within a reasonable time.

Insurance Contracts

Buildings Insurance

Generally, the terms and conditions of the Loans require Borrowers to insure the relevant Property, although in the case of some Loans, the terms and conditions either explicitly or implicitly do not require the relevant Borrowers to insure the relevant Property. An insurance policy that is arranged by the Borrower selecting an insurer and arranging cover is referred to as a **Third Party Buildings Policy**.

Governing law

Each of the Loans and any non-contractual obligations arising out of or in connection with them are governed by English law, or in respect of the Northern Irish loans, Northern Irish law, or in respect of the Scottish loans, Scots law.

CHARACTERISTICS OF THE PORTFOLIO

Unless stated otherwise, the statistical and other information contained in this Prospectus has been compiled by reference to certain Loans in a portfolio as at 31 January 2015 (the **Cut-off Date** and such portfolio, the **Cut-off Date Portfolio**), with the exception that while the statistical and other information contained in the tables below have been compiled by reference to the Cut-off Date Portfolio, they are current as at 31 January 2016 rather than as at the Cut-off Date. The Cut-off Date Portfolio consisted of 3,227 Loans originated by the Original Lending Entities between 2006 and 2015 and secured over properties located in England, Wales, Northern Ireland and Scotland. The Current Principal Balance of the Cut-off Date Portfolio as at the Cut-off Date was £403,215,540.14. The Portfolio that will be sold to the Issuer on the Closing Date will be those Loans in the Cut-off Date Portfolio remaining following (a) discharge of any Loans during the Cut-off Date and the Closing Date and (b) the removal from the Cut-off Date Portfolio of a sub-portfolio of Loans as randomly selected (by reference to the Cut-off Date Portfolio current as at 31 January 2016) by an independent third party in an amount equal to at least 5% of the nominal value of the Cut-off Date Portfolio, which sub-portfolio will be sold by the Seller on the Closing Date to OSB and held on and from that date by OSB in compliance with the Retention (see “*Certain Regulatory Disclosures*” for further information).

Columns may not add up to 100 per cent. due to rounding. The characteristics of the Portfolio will differ from that set out below as a result of, *inter alia*, repayments and redemptions of the Loans. If a Loan selected for the Portfolio is repaid in full between the start of the first Collection Period and the Closing Date, the principal recoveries from that Loan will form part of Available Principal Receipts. Except as otherwise indicated, these tables have been prepared using the Current Principal Balance as at the Cut-off Date, which includes all principal and accrued interest for the Loans in the Portfolio.

In this section **Mortgage Accounts** means the totality of the relevant Loans granted by the relevant Original Lending Entity or, in respect of any Further Advances, the Seller secured on the same Property and their Related Security.

WHOLE POOL

Summary Table

| Originators: DB UK, Edeus and Mortgage Partners | |
|--|-----------------|
| Total Current Principal Balance | £396,309,256.91 |
| Total Original Balance | £435,308,333.66 |
| Number of Borrowers | 5,003 |
| Number of Loans | 3,227 |
| Average Loan Balance | £122,810.43 |
| W.A. OLTV | 77.59% |
| W.A. CLTV | 74.18% |
| W.A. Coupon | 3.29% |
| W.A. Margin | 2.72% |
| Interest-Only | 83.37% |
| Buy To Let | 17.13% |
| Right-to-buy | 0.62% |
| First time buyers | 7.38% |
| Self-certification | 73.89% |
| Self-employed | 51.64% |

Current Principal Balances as at 31 January 2016

The following table shows the range of Current Principal Balances (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees and incorporating all Loans secured on the same Property) as at 31 January 2016.

| Range of Current Principal Balances* | Aggregate Current Principal Balance as at 31 January 2016 | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| £0 – £24,999.99 | 1,112,047.97 | 0.28% | 129 | 4.00% |
| £25,000 – £49,999.99 | 10,524,931.12 | 2.66% | 266 | 8.24% |
| £50,000 – £74,999.99 | 32,239,782.78 | 8.14% | 506 | 15.68% |
| £75,000 – £99,999.99 | 47,267,540.51 | 11.93% | 542 | 16.80% |
| £100,000 – £124,999.99 | 62,603,775.43 | 15.80% | 556 | 17.23% |
| £125,000 – £149,999.99 | 56,705,446.60 | 14.31% | 414 | 12.83% |
| £150,000 – £174,999.99 | 39,195,693.74 | 9.89% | 244 | 7.56% |
| £175,000 – £199,999.99 | 33,973,520.97 | 8.57% | 182 | 5.64% |
| £200,000 – £299,999.99 | 63,426,756.16 | 16.00% | 271 | 8.40% |
| £300,000 – £399,999.99 | 25,210,263.08 | 6.36% | 74 | 2.29% |
| £400,000 – £499,999.99 | 7,984,959.83 | 2.01% | 18 | 0.56% |
| £500,000 – £599,999.99 | 8,175,349.21 | 2.06% | 15 | 0.46% |
| £600,000 – £699,999.99 | 1,263,235.83 | 0.32% | 2 | 0.06% |
| £700,000 – £799,999.99 | 2,891,888.42 | 0.73% | 4 | 0.12% |
| £800,000 – £899,999.99 | 1,747,618.39 | 0.44% | 2 | 0.06% |
| £900,000 – £999,999.99 | 1,986,446.87 | 0.50% | 2 | 0.06% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

* Includes capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The maximum, minimum and average Current Principal Balance of the Loans as at 31 January 2016 is £999,937.34, £0.00 and £122,810.43, respectively.

Loan to Value Ratios at Origination

The following table shows the range of **Loan to Value Ratios** or **LTV Ratios**, which express the outstanding balance of the aggregate of Loans in the Mortgage Accounts (which incorporate all Loans secured on the same Property) as at 31 January 2016 based on the aggregate amount of the initial advances and any further advances on the later of the date of origination and the date of the further advance of the Loan divided by the value of the Property securing the Loans in the Mortgage Account either (i) as at that date or (ii) in the event there has been any variation in the mortgage contract, the date of such variation. The Seller has not revalued any of the mortgaged properties on acquisition of the relevant loan by the Seller or thereafter and the relevant mortgage property may therefore not have been revalued since the date of the origination of the related Loan other than in certain instances where additional lending has been applied for or advanced, and in certain product switch application cases (where such case is completed or not). In these cases the original valuation may have been updated with a more recent valuation. However, other than as set out above, the revised valuation has not been used in formulating this data.

| Range of LTV Ratios at Origination* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--|--|-------------------|------------------------------------|-------------------|
| 0% – 24.99% | 1,102,150.87 | 0.28% | 27 | 0.84% |
| 25% – 49.99% | 15,591,970.58 | 3.93% | 247 | 7.65% |
| 50% – 74.99% | 117,069,252.05 | 29.54% | 1,051 | 32.57% |
| 75% – 79.99% | 44,843,764.87 | 11.32% | 337 | 10.44% |
| 80% – 84.99% | 60,069,497.36 | 15.16% | 415 | 12.86% |
| 85% – 89.99% | 82,398,118.06 | 20.79% | 605 | 18.75% |
| 90% – 94.99% | 68,728,170.01 | 17.34% | 493 | 15.28% |
| 95% – 99.99% | 6,312,225.80 | 1.59% | 51 | 1.58% |
| >100% | 194,107.31 | 0.05% | 1 | 0.03% |
| Totals..... | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

* Including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The original maximum, minimum and weighted average Loan to Value Ratio as at 31 January 2016 of the Loans in the Portfolio is 100 per cent., 7.8 per cent. and 77.6 per cent., respectively.

Current Loan to Value Ratios

The following table shows the range of Loan to Value Ratios, which are calculated by dividing the Current Principal Balance of a Loan as at 31 January 2016 by the original valuation of the Property securing that Loan at the same date.

| Range of LTV Ratios at Origination* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--|--|-------------------|------------------------------------|-------------------|
| 0%–24.99% | 4,123,612.74 | 1.04% | 172 | 5.33% |
| 25%–49.99% | 30,738,350.00 | 7.76% | 433 | 13.42% |
| 50%–74.99% | 136,193,995.63 | 34.37% | 1,141 | 35.36% |
| 75%–79.99% | 45,102,631.75 | 11.38% | 306 | 9.48% |
| 80%–84.99% | 50,126,853.25 | 12.65% | 333 | 10.32% |
| 85%–89.99% | 72,932,134.49 | 18.40% | 474 | 14.69% |
| 90%–94.99% | 48,496,387.73 | 12.24% | 315 | 9.76% |
| 95%–99.99% | 7,725,061.99 | 1.95% | 47 | 1.46% |
| >100% | 870,229.33 | 0.22% | 6 | 0.19% |
| Totals..... | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

* Including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The maximum, minimum and weighted average current Loan to Value Ratio as at 31 January 2016 of all the Loans (including any capitalised interest, capitalised high LTV fees, insurance fees, valuation fees and booking fees) is 104.4 per cent., 0.0 per cent. and 74.2 per cent., respectively.

Current AVM Loan to Value Ratios

The following table shows the range of Loan to Value Ratios, which are calculated by dividing the Current Principal Balance of a Loan as at 31 January 2016 by the AVM valuation of the Property securing that Loan at 30 July 2015.

| Range of Current AVM LTV Ratios* | Aggregate Current Principal Balance as at 31 January 2016 (£) | | Number of Mortgage Accounts | |
|----------------------------------|---|----------------|-----------------------------|----------------|
| | | % of Total | | % of Total |
| 0% – 24.99% | 5,668,143.90 | 1.43% | 189 | 5.86% |
| 25% – 49.99% | 39,654,138.81 | 10.01% | 461 | 14.29% |
| 50% – 74.99% | 180,736,708.20 | 45.60% | 1,301 | 40.32% |
| 75% – 79.99% | 41,427,512.22 | 10.45% | 291 | 9.02% |
| 80% – 84.99% | 31,707,591.21 | 8.00% | 234 | 7.25% |
| 85% – 89.99% | 34,328,541.66 | 8.66% | 258 | 8.00% |
| 90% – 94.99% | 28,337,959.04 | 7.15% | 222 | 6.88% |
| 95% – 99.99% | 17,018,387.25 | 4.29% | 139 | 4.31% |
| >100% | 17,430,274.62 | 4.40% | 132 | 4.09% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

* AVM was undertaken through Hometrack as at 30 July 2015.

** Including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The maximum, minimum and weighted average current Loan to Value Ratio as at 31 January 2016 of all the Loans (including any capitalised interest, capitalised high LTV fees, insurance fees, valuation fees and booking fees) is 170.6 per cent., 0.0 per cent. and 72.0 per cent., respectively.

Arrears Analysis of Non Repossessed Mortgage Accounts

| Month(s) in Arrears* ** | Aggregate Current Principal Balance as at 31 January 2016 (£) | | Number of Mortgage Accounts | |
|-------------------------|---|----------------|-----------------------------|----------------|
| | | % of Total | | % of Total |
| 0 | 317,675,248.20 | 85.05% | 2,657 | 86.35% |
| <1 month | 27,920,744.88 | 7.47% | 220 | 7.15% |
| 1 month | 27,937,499.66 | 7.48% | 200 | 6.50% |
| Totals | 373,533,492.74 | 100.00% | 3,077 | 100.00% |

* Arrears are calculated in accordance with standard market practice in the UK. A mortgage is identified as being in arrears when, on any due date, the overdue amounts which were due on previous due dates equal, in the aggregate, one or more full monthly payments. In making an arrears determination, the interim servicer or the servicer, as applicable, calculates as of the date of determination the difference between the sum of all monthly payments that were due and payable by a borrower on any due date up to that date of determination and the sum of all payments actually made by that borrower up to that date of determination. The resulting number of months in arrears is arrived at by dividing that difference (if any) by the amount of the required monthly payment.

** With the exception of two Loans identified in the Disclosure Letter which are in default for failure to repay principal, no Loan that was more than three months in arrears as at the Cut-off Date will be sold to the Issuer by the Seller on the Closing Date.

Maximum Arrears status over the past two years

| Month(s) in Arrears* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|-----------------------------|--|-------------------|------------------------------------|-------------------|
| 0 to <1 | 255,891,738.48 | 64.57% | 2,186 | 67.74% |
| 1 to <2 | 52,593,041.79 | 13.27% | 401 | 12.43% |
| 2 to <3 | 24,305,468.50 | 6.13% | 186 | 5.76% |
| >=3 | 63,519,008.14 | 16.03% | 454 | 14.07% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Maximum Arrears status over the past five years

| Month(s) in Arrears* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|-----------------------------|--|-------------------|------------------------------------|-------------------|
| 0 to <1 | 201,510,475.62 | 50.85% | 1,747 | 54.14% |
| 1 to <2 | 62,259,506.04 | 15.71% | 505 | 15.65% |
| 2 to <3 | 28,830,197.76 | 7.27% | 226 | 7.00% |
| >=3 | 103,709,077.49 | 26.17% | 749 | 23.21% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (0-12 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payments applicable at the time of in the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 0 months from 31 January 2016 and finishing 12 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 396,309,256.91 | 100.00% | 3,227 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals..... | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (12-24 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payments applicable at the time of in the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 12 months from 31 January 2016 and finishing 24 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 396,309,256.91 | 100.00% | 3,227 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (24-36 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payments applicable at the time of in the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 24 months from 31 January 2016 and finishing 36 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 396,309,256.91 | 100.00% | 3,227 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (36-48 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payments applicable at the time of in the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 36 months from 31 January 2016 and finishing 48 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 396,309,256.91 | 100.00% | 3,227 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Balance Increase as % of scheduled monthly payment (48-60 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payments applicable at the time of in the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 48 months from 31 January 2016 and finishing 60 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 395,876,542.11 | 99.89% | 3,225 | 99.94% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | 432,714.80 | 0.11% | 2 | 0.06% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Geographical Distribution

The following table shows the distribution of Properties securing the Loans throughout England, Wales, Northern Ireland and Scotland as at 31 January 2016.

| Region | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|------------------------------------|-------------------|
| East Anglia | 11,908,044.73 | 3.00% | 111 | 3.44% |
| East Midlands | 20,820,991.44 | 5.25% | 186 | 5.76% |
| Greater London | 82,872,918.96 | 20.91% | 450 | 13.94% |
| North | 14,465,196.03 | 3.65% | 169 | 5.24% |
| Northern Ireland | 11,849,231.45 | 2.99% | 108 | 3.35% |
| North West | 42,684,951.04 | 10.77% | 424 | 13.14% |
| Scotland | 14,526,469.56 | 3.67% | 173 | 5.36% |
| South East | 63,906,914.34 | 16.13% | 432 | 13.39% |
| South West | 53,269,200.15 | 13.44% | 378 | 11.71% |
| Wales | 22,008,406.91 | 5.55% | 211 | 6.54% |
| West Midlands | 31,826,000.35 | 8.03% | 302 | 9.36% |
| Yorkshire Humber | 26,170,931.95 | 6.60% | 283 | 8.77% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Seasoning of Loans

The following table shows the number of months since the date of origination of the initial Loan. The ages of the Loans in this table have been taken as at 31 January 2016 and are calculated with respect to the initial advance.

| Seasoning (months) | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------------|--|-------------------|------------------------------------|-------------------|
| 0 to <12 | 281,709.85 | 0.07% | 4 | 0.12% |
| 12 to <24 | 808,813.05 | 0.20% | 7 | 0.22% |
| 24 to <36 | 109,227.44 | 0.03% | 2 | 0.06% |
| 36 to <48 | - | 0.00% | - | 0.00% |
| 48 to <60 | 489,686.47 | 0.12% | 4 | 0.12% |
| 60 to <72 | 372,049.29 | 0.09% | 3 | 0.09% |
| 72 to <84 | 114,890.18 | 0.03% | 2 | 0.06% |
| 84 to <96 | 443,934.93 | 0.11% | 11 | 0.34% |
| ≥96 months | 393,688,945.70 | 99.34% | 3,194 | 98.98% |

| | | | | |
|---------------------|-----------------------|----------------|--------------|----------------|
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |
|---------------------|-----------------------|----------------|--------------|----------------|

The maximum, minimum and weighted average seasoning of Loans in the Portfolio as at 31 January 2016 is 115.75, 5.42 and 101.74 months, respectively.

Years to Maturity of Loans

The following table shows the number of remaining years of the term of the Loans in a Mortgage Account as at 31 January 2016 and are calculated with respect to the initial advance.

| Years to Maturity | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--------------------------|--|-------------------|--|-------------------|
| 0 to <5 | 29,406,728.09 | 7.42% | 250 | 7.75% |
| 5 to <10 | 60,325,086.54 | 15.22% | 517 | 16.02% |
| 10 to <15 | 111,109,843.75 | 28.04% | 873 | 27.05% |
| 15 to <20 | 164,153,016.64 | 41.42% | 1,312 | 40.66% |
| 20 to <25 | 25,933,801.53 | 6.54% | 230 | 7.13% |
| 25 to <30 | 4,264,020.21 | 1.08% | 39 | 1.21% |
| Expired | 1,116,760.15 | 0.28% | 6 | 0.19% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

The maximum, minimum and weighted average remaining term of the Loans in the Portfolio as at 31 January 2016 is 26.80, -1.61 and 13.22 years, respectively.

Purpose of Loan

The following table shows whether the purpose of the initial Loan in a Mortgage Account on origination was to finance the purchase of a new Property or to remortgage a Property already owned by the borrower.

| Use of Proceeds | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|------------------------|--|-------------------|--|-------------------|
| Purchase | 118,522,854.82 | 29.91% | 890 | 27.58% |
| Remortgage | 277,786,402.09 | 70.09% | 2,337 | 72.42% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Buy to Let/Owner-Occupied Loans

| Buy to Let/Owner-Occupied Loans | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--|--|-------------------|--|-------------------|
| Buy to Let | 67,879,005.94 | 17.13% | 560 | 17.35% |
| Owner-Occupied | 328,430,250.97 | 82.87% | 2,667 | 82.65% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Repayment Terms

The following table shows the repayment terms for the Loans in a Mortgage Account as at 31 January 2016.

| Repayment Terms | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|------------------------|--|-------------------|--|-------------------|
| Interest Only | 330,399,207.07 | 83.4% | 2,328 | 72.1% |
| Repayment | 65,910,049.84 | 16.6% | 899 | 27.9% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Original Valuation Method

The following table shows the original valuation method used.

| Original Valuation Method | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|----------------------------------|--|-------------------|--|-------------------|
| AVM | 7,085,249.86 | 1.79% | 117 | 3.63% |
| Full | 389,224,007.05 | 98.21% | 3,110 | 96.37% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Product Types

The following table shows the distribution of special rate loans as at 31 January 2016.

| Product Type | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|--|-------------------|
| Libor | 210,189,777.75 | 53.04% | 1,669 | 51.72% |
| BBR | 68,787,315.07 | 17.36% | 496 | 15.37% |
| SVR | 117,332,164.09 | 29.61% | 1,062 | 32.91% |
| Fixed | - | 0.00% | - | 0.00% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Libor-Linked Loans: Current Interest Rate

| Libor | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|--|-------------------|
| 2% to <3% | 57,692,104.42 | 27.45% | 563 | 33.73% |
| 3% to <4% | 100,433,111.72 | 47.78% | 758 | 45.42% |
| 4% to <5% | 51,261,943.04 | 24.39% | 344 | 20.61% |
| 5% to <6% | 802,618.57 | 0.38% | 4 | 0.24% |
| 6% to <7% | - | 0.00% | - | 0.00% |
| 7% to <8% | - | 0.00% | - | 0.00% |
| Totals | 210,189,777.75 | 100.00% | 1,669 | 100.00% |

BBR-Linked Loans: Current Interest Rate

| BBR | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|--|-------------------|
| 1% to <2% | 115,985.20 | 0.17% | 1 | 0.20% |
| 2% to <3% | 57,328,036.42 | 83.34% | 420 | 84.68% |
| 3% to <4% | 8,989,724.80 | 13.07% | 64 | 12.90% |
| 4% to <5% | 2,353,568.65 | 3.42% | 11 | 2.22% |
| 5% to <6% | - | 0.00% | - | 0.00% |
| Totals | 68,787,315.07 | 100.00% | 496 | 100.00% |

SVR-Linked Loans: Current Interest Rate

| SVR | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|--|-------------------|
| 1% to <2% | 13,971,394.61 | 11.91% | 156 | 14.69% |
| 2% to <3% | 38,437,993.22 | 32.76% | 343 | 32.30% |
| 3% to <4% | 42,376,531.35 | 36.12% | 353 | 33.24% |
| 4% to <5% | 17,086,430.66 | 14.56% | 159 | 14.97% |
| 5% to <6% | 5,459,814.25 | 4.65% | 51 | 4.80% |
| Totals | 117,332,164.09 | 100.00% | 1,062 | 100.00% |

Previous CCJs

The following table is based on a combination of data recorded at loan origination and data recorded from a credit bureau agency at the time of due diligence prior to acquisition of the Loans by the Seller. The credit bureau agency test covered a 6 year period prior to the due diligence date.

| Previous CCJs | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|----------------------|--|-------------------|--|-------------------|
| No | 290,614,991.56 | 73.33% | 2,339 | 72.48% |
| Yes | 105,694,265.35 | 26.67% | 888 | 27.52% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Previous Bankruptcy(ies) / Individual Voluntary Arrangements

The following table is based on a combination of data recorded at loan origination and data recorded from a credit bureau agency at the time of due diligence prior to acquisition of the Loans by the Seller. The credit bureau agency test covered a 6 year period prior to the due diligence date.

| Bankruptcy / Individual Voluntary Arrangements | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| No | 385,617,309.35 | 97.30% | 3,144 | 97.43% |
| Yes | 10,691,947.56 | 2.70% | 83 | 2.57% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Right to Buy

| Right to Buy | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|------------------------------------|-------------------|
| No | 393,848,977.55 | 99.38% | 3,194 | 98.98% |
| Yes | 2,460,279.36 | 0.62% | 33 | 1.02% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Income Verification

| Income Verification | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|----------------------------|--|-------------------|------------------------------------|-------------------|
| Self-certified | 292,821,269.28 | 73.89% | 2,182 | 67.62% |
| Verified | 103,487,987.63 | 26.11% | 1,045 | 32.38% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

Employment Type

| Employment Type | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|------------------------|--|-------------------|------------------------------------|-------------------|
| Employed Full | 186,804,066.00 | 47.14% | 1,789 | 55.44% |
| Pensioner | 1,099,680.78 | 0.28% | 15 | 0.46% |
| Self-employed | 204,639,845.81 | 51.64% | 1,389 | 43.04% |
| Unemployed | 3,765,664.32 | 0.95% | 34 | 1.05% |
| Totals | 396,309,256.91 | 100.00% | 3,227 | 100.00% |

LOANS ORIGINATED BY DB UK

Summary Table

Original Lending Entity: DB UK

| | |
|---------------------------------|-----------------|
| Total Current Principal Balance | £272,241,754.94 |
| Total Original Balance | £296,048,019.27 |
| Number of Borrowers | 3,152 |
| Number of Loans | 2,126 |
| Average Loan Balance | £128,053.51 |
| W.A. OLTV | 77.40% |
| W.A. CLTV | 74.62% |
| W.A. Coupon | 3.35% |
| W.A. Margin | 2.79% |
| Interest-Only | 85.77% |
| Buy To Let | 22.38% |
| Right-to-buy | 0.00% |
| First time buyers | 7.24% |
| Self-certification | 81.31% |
| Self-employed | 52.58% |

The following table shows the range of Current Principal Balances of the Loans originated by DB UK (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees and incorporating all Loans secured on the same Property) as at 31 January 2016.

| Range of Current Principal Balances* | Aggregate Current Principal Balance as at 31 January 2016 (£) | | Number of Mortgage Accounts | |
|--------------------------------------|---|----------------|-----------------------------|----------------|
| | | % of Total | | % of Total |
| £0 – £24,999.99 | 788,067.83 | 0.29% | 95 | 4.47% |
| £25,000 – £49,999.99 | 5,643,891.05 | 2.07% | 145 | 6.82% |
| £50,000 – £74,999.99 | 18,661,643.77 | 6.85% | 292 | 13.73% |
| £75,000 – £99,999.99 | 29,551,777.66 | 10.85% | 339 | 15.95% |
| £100,000 – £124,999.99 | 44,404,672.87 | 16.31% | 393 | 18.49% |
| £125,000 – £149,999.99 | 39,903,160.38 | 14.66% | 291 | 13.69% |
| £150,000 – £174,999.99 | 28,422,094.80 | 10.44% | 177 | 8.33% |
| £175,000 – £199,999.99 | 21,512,599.59 | 7.90% | 115 | 5.41% |
| £200,000 – £299,999.99 | 42,933,585.46 | 15.77% | 184 | 8.65% |
| £300,000 – £399,999.99 | 20,147,484.06 | 7.40% | 59 | 2.78% |
| £400,000 – £499,999.99 | 7,167,928.04 | 2.63% | 16 | 0.75% |
| £500,000 – £599,999.99 | 5,953,282.77 | 2.19% | 11 | 0.52% |
| £600,000 – £699,999.99 | 1,263,235.83 | 0.46% | 2 | 0.09% |
| £700,000 – £799,999.99 | 2,154,265.57 | 0.79% | 3 | 0.14% |
| £800,000 – £899,999.99 | 1,747,618.39 | 0.64% | 2 | 0.09% |
| £900,000 – £999,999.99 | 1,986,446.87 | 0.73% | 2 | 0.09% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

* Includes capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The maximum, minimum and average Current Principal Balance of the Loans originated by DB UK as of 31 January 2016 is £999,937.34, £0.00 and £128,053.51, respectively.

Loan to Value Ratios at Origination

The following table shows the range of **Loan to Value Ratios** or **LTV Ratios**, which express the outstanding balance of the aggregate of Loans originated by DB UK in the Mortgage Accounts (which incorporate all Loans secured on the same Property) as at 31 January 2016 based on the aggregate amount of the initial advances and any further advances on the later of the date of origination and the date of the further advance of the Loan divided by the value of the Property securing the Loans in the Mortgage Account either (i) as at that date or (ii) in the event there has been any variation in the mortgage contract, the date of such variation. The Seller has not revalued any of the mortgaged properties on acquisition of the relevant loan by the Seller or thereafter and the relevant mortgage property may therefore not have been revalued since the date of the origination of the related Loan other than in certain instances where additional lending has been applied for or advanced, and in certain product switch application cases (where such case is completed or not). In these cases the original valuation may have been updated with a more recent valuation. However, other than as set out above, the revised valuation has not been used in formulating this data.

| Range of LTV Ratios at Origination* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--|--|-------------------|------------------------------------|-------------------|
| 0% – 24.99% | 625,079.97 | 0.23% | 20 | 0.94% |
| 25% – 49.99% | 9,807,672.12 | 3.60% | 159 | 7.48% |
| 50% – 74.99% | 80,359,927.85 | 29.52% | 684 | 32.17% |
| 75% – 79.99% | 34,828,686.22 | 12.79% | 247 | 11.62% |
| 80% – 84.99% | 40,436,056.79 | 14.85% | 268 | 12.61% |
| 85% – 89.99% | 56,771,723.16 | 20.85% | 407 | 19.14% |
| 90% – 94.99% | 44,394,141.89 | 16.31% | 300 | 14.11% |
| 95% – 99.99% | 5,018,466.94 | 1.84% | 41 | 1.93% |
| >100% | - | 0.00% | - | 0.00% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

* Including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The original maximum, minimum and weighted average Loan to Value Ratio as at 31 January 2016 of the Loans in the Portfolio is 95.0 per cent., 7.8 per cent. and 77.4 per cent., respectively.

Current Loan to Value Ratios

The following table shows the range of Loan to Value Ratios, which are calculated by dividing the Current Principal Balance of a Loan originated by DB UK as at 31 January 2016 by the original valuation of the Property securing that Loan at the same date.

| Range of Current LTV Ratios* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|-------------------------------------|--|-------------------|------------------------------------|-------------------|
| 0% – 24.99% | 2,654,495.74 | 0.98% | 116 | 5.46% |
| 25% – 49.99% | 17,486,747.27 | 6.42% | 238 | 11.19% |
| 50% – 74.99% | 92,650,692.83 | 34.03% | 749 | 35.23% |
| 75% – 79.99% | 35,184,975.94 | 12.92% | 225 | 10.58% |
| 80% – 84.99% | 32,526,910.07 | 11.95% | 211 | 9.92% |
| 85% – 89.99% | 54,296,164.92 | 19.94% | 349 | 16.42% |
| 90% – 94.99% | 30,746,475.11 | 11.29% | 199 | 9.36% |
| 95% – 99.99% | 5,936,368.24 | 2.18% | 34 | 1.60% |
| >100% | 758,924.82 | 0.28% | 5 | 0.24% |

| | | | | |
|---------------------|-----------------------|----------------|--------------|----------------|
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |
|---------------------|-----------------------|----------------|--------------|----------------|

* Including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The maximum, minimum and weighted average current Loan to Value Ratio as at 31 January 2016 of all the Loans (including any capitalised interest, capitalised high LTV fees, insurance fees, valuation fees and booking fees) is 104.4 per cent., 0.0 per cent. and 74.6 per cent., respectively.

Current AVM Loan to Value Ratios

The following table shows the range of Loan to Value Ratios, which are calculated by dividing the Current Principal Balance of a Loan originated by DB UK as at 31 January 2016 by the AVM valuation of the Property securing that Loan at 30 July 2015.

| Range of Current AVM LTV Ratios* ** | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--|--|-------------------|------------------------------------|-------------------|
| 0% – 24.99% | 3,246,894.27 | 1.19% | 119 | 5.60% |
| 25% – 49.99% | 25,160,532.39 | 9.24% | 271 | 12.75% |
| 50% – 74.99% | 132,034,158.55 | 48.50% | 914 | 42.99% |
| 75% – 79.99% | 27,918,945.44 | 10.26% | 192 | 9.03% |
| 80% – 84.99% | 19,509,057.45 | 7.17% | 143 | 6.73% |
| 85% – 89.99% | 24,086,190.06 | 8.85% | 174 | 8.18% |
| 90% – 94.99% | 19,200,427.68 | 7.05% | 152 | 7.15% |
| 95% – 99.99% | 8,933,687.63 | 3.28% | 71 | 3.34% |
| >100% | 12,151,861.47 | 4.46% | 90 | 4.23% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

* AVM was undertaken through Hometrack as at 30 July 2015.

** Including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The maximum, minimum and weighted average current Loan to Value Ratio as at 31 January 2016 of all the Loans originated by DB UK (including any capitalised interest, capitalised high LTV fees, insurance fees, valuation fees and booking fees) is 170.6 per cent., 0 per cent. and 72.2 per cent., respectively.

Arrears Analysis of Non Repossessed Mortgage Accounts

| Month(s) in Arrears* ** | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--------------------------------|--|-------------------|------------------------------------|-------------------|
| 0 | 218,783,384.91 | 85.52% | 1,766 | 86.78% |
| <1 month | 19,016,561.30 | 7.43% | 145 | 7.13% |
| 1 month | 18,033,925.37 | 7.05% | 124 | 6.09% |
| Totals | 255,833,871.58 | 100.00% | 2,035 | 100.00% |

* Arrears are calculated in accordance with standard market practice in the UK. A mortgage is identified as being in arrears when, on any due date, the overdue amounts which were due on previous due dates equal, in the aggregate, one or more full monthly payments. In making an arrears determination, the interim servicer or the servicer, as applicable calculates as of the date of determination the difference between the sum of all monthly payments that were due and payable by a borrower on any due date up to that date of determination and the sum of all payments actually

made by that borrower up to that date of determination. The resulting number of months in arrears is arrived at by dividing that difference (if any) by the amount of the required monthly payment

** With the exception of two Loans identified in the Disclosure Letter which are in default for failure to repay principal, no Loan which was more than three months in arrears as at the Cut-off Date will be sold to the Issuer by the Seller on the Closing Date.

Maximum Arrears status over the past two years

| Month(s) in Arrears* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|-----------------------------|--|-------------------|------------------------------------|-------------------|
| 0 to <1 | 177,069,830.06 | 65.04% | 1,466 | 68.96% |
| 1 to <2 | 35,949,452.01 | 13.20% | 266 | 12.51% |
| 2 to <3 | 16,834,501.61 | 6.18% | 116 | 5.46% |
| >=3 | 42,387,971.26 | 15.57% | 278 | 13.08% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Maximum Arrears status over the past five years

| Month(s) in Arrears* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|-----------------------------|--|-------------------|------------------------------------|-------------------|
| 0 to <1 | 137,431,072.62 | 50.48% | 1,163 | 54.70% |
| 1 to <2 | 44,957,500.99 | 16.51% | 344 | 16.18% |
| 2 to <3 | 19,977,147.76 | 7.34% | 150 | 7.06% |
| >=3 | 69,876,033.57 | 25.67% | 469 | 22.06% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (0-12 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payment applicable at the time of the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 0 months from 31 January 2016 and finishing 12 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 272,241,754.94 | 100.00% | 2,126 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals..... | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (12-24 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payment applicable at the time of the increase in the Current Principal Balance. The

period in which the increase in the Current Principal Balance occurred is defined as starting 12 months from 31 January 2016 and finishing 24 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 272,241,754.94 | 100.00% | 2,126 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (24-36 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payment applicable at the time of the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 24 months from 31 January 2016 and finishing 36 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 272,241,754.94 | 100.00% | 2,126 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (36-48 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payment applicable at the time of the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 36 months from 31 January 2016 and finishing 48 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 272,241,754.94 | 100.00% | 2,126 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (48-60 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payment applicable at the time of the increase in the Current Principal Balance. The

period in which the increase in the Current Principal Balance occurred is defined as starting 48 months from 31 January 2016 and finishing 60 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 272,103,454.26 | 99.95% | 2,125 | 99.95% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | 138,300.68 | 0.05% | 1 | 0.05% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Geographical Distribution

The following table shows the distribution of Properties securing the Loans throughout England, Wales, Northern Ireland and Scotland as at 31 January 2016.

| Region | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|------------------------------------|-------------------|
| East Anglia | 6,656,870.48 | 2.45% | 60 | 2.82% |
| East Midlands | 14,053,821.12 | 5.16% | 118 | 5.55% |
| Greater London | 60,717,386.90 | 22.30% | 321 | 15.10% |
| North | 6,825,092.53 | 2.51% | 77 | 3.62% |
| Northern Ireland | 11,181,328.72 | 4.11% | 103 | 4.84% |
| North West | 29,383,529.59 | 10.79% | 281 | 13.22% |
| Scotland | 9,496,070.75 | 3.49% | 110 | 5.17% |
| South East | 43,232,238.47 | 15.88% | 297 | 13.97% |
| South West | 41,781,338.59 | 15.35% | 294 | 13.83% |
| Wales | 13,971,427.92 | 5.13% | 131 | 6.16% |
| West Midlands | 21,337,452.55 | 7.84% | 192 | 9.03% |
| Yorkshire Humber | 13,605,197.32 | 5.00% | 142 | 6.68% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Seasoning of Loans

The following table shows the number of months since the date of origination of the initial Loan. The ages of the Loans in this table have been taken as at 31 January 2016 and are calculated with respect to the initial advance.

| Seasoning (months) | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------------|--|-------------------|------------------------------------|-------------------|
| 0 to <12 | 281,709.85 | 0.10% | 4 | 0.19% |
| 12 to <24 | 808,813.05 | 0.30% | 7 | 0.33% |
| 24 to <36 | 109,227.44 | 0.04% | 2 | 0.09% |
| 36 to <48 | - | 0.00% | - | 0.00% |
| 48 to <60 | 489,686.47 | 0.18% | 4 | 0.19% |
| 60 to <72 | 372,049.29 | 0.14% | 3 | 0.14% |
| 72 to <84 | 114,890.18 | 0.04% | 2 | 0.09% |

| | | | | |
|---------------------|-----------------------|----------------|--------------|----------------|
| 84 to <96 | 389,587.95 | 0.14% | 10 | 0.47% |
| ≥96 months | 269,675,790.71 | 99.06% | 2,094 | 98.49% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

The maximum, minimum and weighted average seasoning of Loans in the Portfolio originated by DB UK as at 31 January 2016 is 115.75, 5.42 and 101.89 months, respectively.

Years to Maturity of Loans

The following table shows the number of remaining years of the term of the Loans in a Mortgage Account as at 31 January 2016 and are calculated with respect to the initial advance.

| Years to Maturity | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--------------------------|--|-------------------|--|-------------------|
| 0 to <5 | 20,972,886.63 | 7.70% | 158 | 7.43% |
| 5 to <10 | 39,465,324.23 | 14.50% | 315 | 14.82% |
| 10 to <15 | 79,894,703.64 | 29.35% | 606 | 28.50% |
| 15 to <20 | 113,844,039.68 | 41.82% | 881 | 41.44% |
| 20 to <25 | 13,059,878.45 | 4.80% | 122 | 5.74% |
| 25 to <30 | 4,264,020.21 | 1.57% | 39 | 1.83% |
| Expired | 740,902.10 | 0.27% | 5 | 0.24% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

The maximum, minimum and weighted average remaining term of the Loans in the Portfolio originated by DB UK as at 31 January 2016 is 26.80, -1.61 and 13.14 years, respectively.

Purpose of Loan

The following table shows whether the purpose of the initial Loan originated by DB UK in a Mortgage Account on origination was to finance the purchase of a new Property or to remortgage a Property already owned by the borrower.

| Use of Proceeds | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|------------------------|--|-------------------|--|-------------------|
| Purchase | 92,304,980.66 | 33.91% | 702 | 33.02% |
| Remortgage | 179,936,774.28 | 66.09% | 1,424 | 66.98% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Buy to Let/Owner-Occupied Loans

| Buy to Let/Owner-Occupied Loans | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--|--|-------------------|--|-------------------|
| Buy to Let | 60,916,269.05 | 22.38% | 503 | 23.66% |
| Owner-Occupied | 211,325,485.89 | 77.62% | 1,623 | 76.34% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Repayment Terms

The following table shows the repayment terms for the Loans in a Mortgage Account as at 31 January 2016.

| Repayment Terms | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|------------------------|--|-------------------|--|-------------------|
| Interest Only | 233,506,593.42 | 85.8% | 1,617 | 76.1% |
| Repayment | 38,735,161.52 | 14.2% | 509 | 23.9% |
| Totals | 272,241,754.94 | 100.0% | 2,126 | 100.0% |

Original Valuation Method

The following table shows the original valuation method used.

| Original Valuation Method | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|----------------------------------|--|-------------------|--|-------------------|
| AVM | 0 | 0.00% | 0 | 0.00% |
| Full | 272,241,754.94 | 100.00% | 2,126 | 100.00% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Product Types

The following table shows the distribution of special rate loans as at 31 January 2016.

| Product Type | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|--|-------------------|
| Libor | 210,189,777.75 | 77.21% | 1,669 | 78.50% |
| BBR | 61,737,105.29 | 22.68% | 454 | 21.35% |
| SVR | 314,871.90 | 0.12% | 3 | 0.14% |
| Fixed | - | 0.00% | - | 0.00% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Libor-Linked Loans: Current Interest Rate

| Libor | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|--|-------------------|
| 2% to <3% | 57,692,104.42 | 27.45% | 563 | 33.73% |
| 3% to <4% | 100,433,111.72 | 47.78% | 758 | 45.42% |
| 4% to <5% | 51,261,943.04 | 24.39% | 344 | 20.61% |
| 5% to <6% | 802,618.57 | 0.38% | 4 | 0.24% |
| 6% to <7% | - | 0.00% | - | 0.00% |
| 7% to <8% | - | 0.00% | - | 0.00% |
| Totals | 210,189,777.75 | 100.00% | 1,669 | 100.00% |

BBR-Linked Loans: Current Interest Rate

| BBR | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|--|-------------------|
| 1% to <2% | 115,985.20 | 0.19% | 1 | 0.22% |
| 2% to <3% | 55,905,449.17 | 90.55% | 410 | 90.31% |
| 3% to <4% | 5,460,452.65 | 8.84% | 42 | 9.25% |
| 4% to <5% | 255,218.27 | 0.41% | 1 | 0.22% |
| 5% to <6% | - | 0.00% | - | 0.00% |
| Totals | 61,737,105.29 | 100.00% | 454 | 100.00% |

SVR-Linked Loans: Current Interest Rate

| SVR | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|--|-------------------|
| 1% to <2% | 38,838.57 | 12.33% | 1 | 33.33% |
| 2% to <3% | - | 0.00% | - | 0.00% |
| 3% to <4% | 170,039.71 | 54.00% | 1 | 33.33% |
| 4% to <5% | - | 0.00% | - | 0.00% |
| 5% to <6% | 105,993.62 | 33.66% | 1 | 33.33% |
| Totals | 314,871.90 | 100.00% | 3 | 100.00% |

Previous CCJs

The following table is based on a credit bureau agency test at the time of due diligence prior to acquisition of DB UK portfolio by the Seller. The credit bureau agency test covered a 6 year period prior to the due diligence date.

| Previous CCJs | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|----------------------|--|-------------------|--|-------------------|
| No | 199,323,235.20 | 73.22% | 1,561 | 73.42% |
| Yes | 72,918,519.74 | 26.78% | 565 | 26.58% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Previous Bankruptcy(ies) / Individual Voluntary Arrangements

The following table is based on a credit bureau agency test at the time of due diligence prior to acquisition of DB UK portfolio by the Seller. The credit bureau agency test covered a 6 year period prior to the due diligence date.

| Bankruptcy / Individual Voluntary Arrangements | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| No | 262,944,424.93 | 96.58% | 2,055 | 96.66% |
| Yes | 9,297,330.01 | 3.42% | 71 | 3.34% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Right to Buy

| Right to Buy | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|------------------------------------|-------------------|
| No | 272,241,754.94 | 100.00% | 2,126 | 100.00% |
| Yes | - | 0.00% | - | 0.00% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Income Verification

| Income Verification | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|----------------------------|--|-------------------|------------------------------------|-------------------|
| Self-certified | 221,365,516.90 | 81.31% | 1,625 | 76.43% |
| Verified | 50,876,238.04 | 18.69% | 501 | 23.57% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

Employment Type

| Employment Type | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|------------------------|--|-------------------|------------------------------------|-------------------|
| Employed Full | 127,165,356.74 | 46.71% | 1,190 | 55.97% |
| Pensioner | 680,423.89 | 0.25% | 9 | 0.42% |
| Self-employed | 143,146,169.49 | 52.58% | 916 | 43.09% |
| Unemployed | 1,249,804.82 | 0.46% | 11 | 0.52% |
| Totals | 272,241,754.94 | 100.00% | 2,126 | 100.00% |

LOANS ORIGINATED BY EDEUS

Summary Table

Original Lending Entity: Edeus

| | |
|---------------------------------|---------------|
| Total Current Principal Balance | £7,050,209.78 |
| Total Original Balance | £7,393,635.00 |
| Number of Borrowers | 67 |
| Number of Loans | 42 |
| Average Loan Balance | £167,862.14 |

| | |
|--------------------|--------|
| W.A. OLTV | 81.50% |
| W.A. CLTV | 80.85% |
| W.A. Coupon | 3.30% |
| W.A. Margin | 2.80% |
| Interest-Only | 95.00% |
| Buy To Let | 5.93% |
| Right-to-buy | 0.00% |
| First time buyers | 25.04% |
| Self-certification | 76.51% |
| Self-employed | 55.90% |

The following table shows the range of Current Principal Balances of the Loans originated by Edeus (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees and incorporating all Loans secured on the same Property) as at 31 January 2016.

| Range of Current Principal Balances* | Aggregate Current Principal Balance as at 31 January 2016 (£) | | Number of Mortgage Accounts | |
|--------------------------------------|---|----------------|-----------------------------|----------------|
| | | % of Total | | % of Total |
| £0 – £24,999.99 | - | 0.00% | 2 | 4.76% |
| £25,000 – £49,999.99 | 49,609.79 | 0.70% | 1 | 2.38% |
| £50,000 – £74,999.99 | 297,560.65 | 4.22% | 5 | 11.90% |
| £75,000 – £99,999.99 | 87,435.07 | 1.24% | 1 | 2.38% |
| £100,000 – £124,999.99 | 333,058.07 | 4.72% | 3 | 7.14% |
| £125,000 – £149,999.99 | 961,325.78 | 13.64% | 7 | 16.67% |
| £150,000 – £174,999.99 | 1,129,883.42 | 16.03% | 7 | 16.67% |
| £175,000 – £199,999.99 | 719,946.18 | 10.21% | 4 | 9.52% |
| £200,000 – £299,999.99 | 1,534,573.33 | 21.77% | 7 | 16.67% |
| £300,000 – £399,999.99 | 1,396,495.48 | 19.81% | 4 | 9.52% |
| £400,000 – £499,999.99 | - | 0.00% | - | 0.00% |
| £500,000 – £599,999.99 | 540,322.01 | 7.66% | 1 | 2.38% |
| £600,000 – £699,999.99 | - | 0.00% | - | 0.00% |
| £700,000 – £799,999.99 | - | 0.00% | - | 0.00% |
| £800,000 – £899,999.99 | - | 0.00% | - | 0.00% |
| £900,000 – £999,999.99 | - | 0.00% | - | 0.00% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

* Includes capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The maximum, minimum and average Current Principal Balance of the Loans originated by Edeus as of 31 January 2016 is £540,322.01, £0.00 and £167,862.14, respectively.

Loan to Value Ratios at Origination

The following table shows the range of **Loan to Value Ratios** or **LTV Ratios**, which express the outstanding balance of the aggregate of Loans originated by Edeus in the Mortgage Accounts (which incorporate all Loans secured on the same Property) as at 31 January 2016 based on the aggregate amount of the initial advances and any further advances on the later of the date of origination and the date of the further advance of the Loan divided by the value of the Property securing the Loans in the Mortgage Account either (i) as at that date or (ii) in the event there has been any variation in the mortgage contract, the date of such variation. The Seller has not revalued any of the mortgaged properties on acquisition of the relevant loan by the Seller or thereafter and the relevant mortgage property may therefore not have been revalued since the date of the origination of the related Loan other than in certain instances where additional lending has been

applied for or advanced, and in certain product switch application cases (where such case is completed or not). In these cases the original valuation may have been updated with a more recent valuation. However, other than as set out above, the revised valuation has not been used in formulating this data.

| Range of LTV Ratios at Origination* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--|--|-------------------|------------------------------------|-------------------|
| 0% – 24.99% | - | 0.00% | - | 0.00% |
| 25% – 49.99% | 100,623.31 | 1.43% | 3 | 7.14% |
| 50% – 74.99% | 1,390,578.21 | 19.72% | 9 | 21.43% |
| 75% – 79.99% | 281,601.07 | 3.99% | 2 | 4.76% |
| 80% – 84.99% | 911,566.78 | 12.93% | 7 | 16.67% |
| 85% – 89.99% | 2,273,313.14 | 32.24% | 9 | 21.43% |
| 90% – 94.99% | 2,092,527.27 | 29.68% | 12 | 28.57% |
| 95% – 99.99% | - | 0.00% | - | 0.00% |
| >100% | - | 0.00% | - | 0.00% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

* Including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The original maximum, minimum and weighted average Loan to Value Ratio as at 31 January 2016 of the Loans in the Portfolio is 94.9 per cent., 26.8 per cent. and 81.5 per cent., respectively.

Current Loan to Value Ratios

The following table shows the range of Loan to Value Ratios, which are calculated by dividing the Current Principal Balance of a Loan originated by Edeus as at 31 January 2016 by the original valuation of the Property securing that Loan at the same date.

| Range of Current LTV Ratios* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|-------------------------------------|--|-------------------|------------------------------------|-------------------|
| 0% – 24.99% | 102,225.47 | 1.45% | 4 | 9.52% |
| 25% – 49.99% | 49,609.79 | 0.70% | 1 | 2.38% |
| 50% – 74.99% | 1,789,647.69 | 25.38% | 11 | 26.19% |
| 75% – 79.99% | 133,953.62 | 1.90% | 1 | 2.38% |
| 80% – 84.99% | 767,402.81 | 10.88% | 5 | 11.90% |
| 85% – 89.99% | 2,004,620.57 | 28.43% | 8 | 19.05% |
| 90% – 94.99% | 2,066,081.13 | 29.31% | 11 | 26.19% |
| 95% – 99.99% | 136,668.70 | 1.94% | 1 | 2.38% |
| >100% | - | 0.00% | - | 0.00% |
| Totals..... | 7,050,209.78 | 100.00% | 42 | 100.00% |

* Including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The maximum, minimum and weighted average current Loan to Value Ratio as at 31 January 2016 of all the Loans (including any capitalised interest, capitalised high LTV fees, insurance fees, valuation fees and booking fees) is 97.6 per cent., 0 per cent. and 80.9 per cent., respectively.

Current AVM Loan to Value Ratios

The following table shows the range of Loan to Value Ratios, which are calculated by dividing the Current Principal Balance of a Loan originated by Edeus as at 31 January 2016 by the AVM valuation of the Property securing that Loan at 30 July 2015.

| Range of Current AVM LTV Ratios* ** | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--|--|-------------------|------------------------------------|-------------------|
| 0% – 24.99% | 100,821.74 | 1.43% | 4 | 9.52% |
| 25% – 49.99% | 51,013.52 | 0.72% | 1 | 2.38% |
| 50% – 74.99% | 2,525,674.79 | 35.82% | 13 | 30.95% |
| 75% – 79.99% | 1,407,130.93 | 19.96% | 6 | 14.29% |
| 80% – 84.99% | 384,696.18 | 5.46% | 1 | 2.38% |
| 85% – 89.99% | 655,733.98 | 9.30% | 4 | 9.52% |
| 90% – 94.99% | 638,981.67 | 9.06% | 4 | 9.52% |
| 95% – 99.99% | 708,309.82 | 10.05% | 5 | 11.90% |
| >100% | 577,847.15 | 8.20% | 4 | 9.52% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

* AVM was undertaken through Hometrack as at 30 July 2015.

** Including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The maximum, minimum and weighted average current Loan to Value Ratio as at 31 January 2016 of all the Loans originated by Edeus (including any capitalised interest, capitalised high LTV fees, insurance fees, valuation fees and booking fees) is 160.6 per cent., 0 per cent. and 80.5 per cent., respectively.

Arrears Analysis of Non Repossessed Mortgage Accounts

| Month(s) in Arrears* ** | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--------------------------------|--|-------------------|------------------------------------|-------------------|
| 0 | 3,882,364.52 | 65.59% | 22 | 64.71% |
| <1 month | 753,244.80 | 12.73% | 4 | 11.76% |
| 1 month | 1,283,485.49 | 21.68% | 8 | 23.53% |
| Totals | 5,919,094.81 | 100.00% | 34 | 100.00% |

* Arrears are calculated in accordance with standard market practice in the UK. A mortgage is identified as being in arrears when, on any due date, the overdue amounts which were due on previous due dates equal, in the aggregate, one or more full monthly payments. In making an arrears determination, the interim servicer or the servicer, as applicable, calculates as of the date of determination the difference between the sum of all monthly payments that were due and payable by a borrower on any due date up to that date of determination and the sum of all payments actually made by that borrower up to that date of determination. The resulting number of months in arrears is arrived at by dividing that difference (if any) by the amount of the required monthly payment

** No Loan which was more than three months in arrears as at the Cut-off Date will be sold to the Issuer by the Seller on the Closing Date.

Maximum Arrears status over the past two years

| Month(s) in Arrears* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|-----------------------------|--|-------------------|------------------------------------|-------------------|
| 0 to <1 | - | 0.00% | - | 0.00% |
| 1 to <2 | 211,581.00 | 3.00% | 1 | 2.38% |
| 2 to <3 | - | 0.00% | - | 0.00% |
| >=3 | 6,838,628.78 | 97.06% | 41 | 97.62% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

Maximum Arrears status over the past five years

| Month(s) in Arrears* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|-----------------------------|--|-------------------|------------------------------------|-------------------|
| 0 to <1 | - | 0.00% | - | 0.00% |
| 1 to <2 | 211,581.00 | 3.00% | 1 | 2.38% |
| 2 to <3 | - | 0.00% | - | 0.00% |
| >=3 | 6,838,628.78 | 97.00% | 41 | 97.62% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (0-12 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payment applicable at the time of the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 0 months from 31 January 2016 and finishing 12 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 7,050,209.78 | 100.00% | 42 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals..... | 7,050,209.78 | 100.00% | 42 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (12-24 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payment applicable at the time of the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 12 months from 31 January 2016 and finishing 24 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
|---|--|-------------------|------------------------------------|-------------------|

| | (£) | | | |
|---------------------|---------------------|----------------|-----------|----------------|
| 0% to <100% | 7,050,209.78 | 100.00% | 42 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (24-36 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payment applicable at the time of the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 24 months from 31 January 2016 and finishing 36 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 7,050,209.78 | 100.00% | 42 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (36-48 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payment applicable at the time of the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 36 months from 31 January 2016 and finishing 48 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 7,050,209.78 | 100.00% | 42 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (48-60 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payment applicable at the time of the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 48 months from 31 January 2016 and finishing 60 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 7,050,209.78 | 100.00% | 42 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

| | | | | |
|---------------------|---------------------|----------------|-----------|----------------|
| 0% to <100% | 7,050,209.78 | 100.00% | 42 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

Geographical Distribution

The following table shows the distribution of Properties securing the Loans throughout England, Wales, Northern Ireland and Scotland as at 31 January 2016.

| Region | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|--|-------------------|
| East Anglia | 198,859.40 | 2.82% | 3 | 7.14% |
| East Midlands | 157,890.02 | 2.24% | 1 | 2.38% |
| Greater London | 1,817,511.73 | 25.78% | 7 | 16.67% |
| North | 452,350.93 | 6.42% | 3 | 7.14% |
| Northern Ireland | 667,902.73 | 9.47% | 5 | 11.90% |
| North West | 131,495.05 | 1.87% | 1 | 2.38% |
| Scotland | 397,184.11 | 5.63% | 4 | 9.52% |
| South East | 1,260,030.33 | 17.87% | 6 | 14.29% |
| South West | 752,088.07 | 10.67% | 3 | 7.14% |
| Wales | 364,191.06 | 5.17% | 2 | 4.76% |
| West Midlands | 69,264.54 | 0.98% | 2 | 4.76% |
| Yorkshire Humber | 781,441.81 | 11.08% | 5 | 11.90% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

Seasoning of Loans

The following table shows the number of months since the date of origination of the initial Loan. The ages of the Loans in this table have been taken as at 31 January 2016 and are calculated with respect to the initial advance.

| Seasoning (months) | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------------|--|-------------------|--|-------------------|
| 0 to <12 | - | 0.00% | - | 0.00% |
| 12 to <24 | - | 0.00% | - | 0.00% |
| 24 to <36 | - | 0.00% | - | 0.00% |
| 36 to <48 | - | 0.00% | - | 0.00% |
| 48 to <60 | - | 0.00% | - | 0.00% |
| 60 to <72 | - | 0.00% | - | 0.00% |
| 72 to <84 | - | 0.00% | - | 0.00% |
| 84 to <96 | 54,346.98 | 0.77% | 1 | 2.38% |
| ≥96 months | 6,995,862.80 | 99.23% | 41 | 97.62% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

The maximum, minimum and weighted average seasoning of Loans in the Portfolio originated by Edeus as at 31 January 2016 is 102.87, 95.51 and 100.12 months, respectively.

Years to Maturity of Loans

The following table shows the number of remaining years of the term of the Loans in a Mortgage Account as at 31 January 2016 and are calculated with respect to the initial advance.

| Years to Maturity | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--------------------------|--|-------------------|--|-------------------|
| 0 to <5 | 734,370.12 | 10.42% | 5 | 11.90% |
| 5 to <10 | 1,185,635.39 | 16.82% | 8 | 19.05% |
| 10 to <15 | 1,793,570.61 | 25.44% | 9 | 21.43% |
| 15 to <20 | 2,262,933.79 | 32.10% | 14 | 33.33% |
| 20 to <25 | 697,841.82 | 9.90% | 5 | 11.90% |
| 25 to <30 | - | 0.00% | - | 0.00% |
| Expired | 375,858.05 | 5.33% | 1 | 2.38% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

The maximum, minimum and weighted average remaining term of the Loans in the Portfolio originated by Edeus as at 31 January 2016 is 22.00, -0.25 and 12.12 years, respectively.

Purpose of Loan

The following table shows whether the purpose of the initial Loan originated by Edeus in a Mortgage Account on origination was to finance the purchase of a new Property or to remortgage a Property already owned by the borrower.

| Use of Proceeds | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|------------------------|--|-------------------|--|-------------------|
| Purchase | 3,428,171.71 | 48.63% | 20 | 47.62% |
| Remortgage | 3,622,038.07 | 51.37% | 22 | 52.38% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

Buy to Let/Owner-Occupied Loans

| Buy to Let/Owner-Occupied Loans | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--|--|-------------------|--|-------------------|
| Buy to Let | 418,270.14 | 5.93% | 3 | 7.14% |
| Owner-Occupied | 6,631,939.64 | 94.07% | 39 | 92.86% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

Repayment Terms

The following table shows the repayment terms for the Loans in a Mortgage Account as at 31 January 2016.

| Repayment Terms | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|------------------------|--|-------------------|--|-------------------|
| Interest Only | 6,697,966.01 | 95.0% | 37 | 88.1% |
| Repayment | 352,243.77 | 5.0% | 5 | 11.9% |
| Totals | 7,050,209.78 | 100.0% | 42 | 100.0% |

Original Valuation Method

The following table shows the original valuation method used.

| Original Valuation Method | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|----------------------------------|--|-------------------|--|-------------------|
| AVM | 100,821.74 | 1.43% | 3 | 7.14% |
| Full | 6,949,388.04 | 98.57% | 39 | 92.86% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

Product Types

The following table shows the distribution of special rate loans as at 31 January 2016.

| Product Type | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|--|-------------------|
| Libor | - | 0.00% | - | 0.00% |
| BBR | 7,050,209.78 | 100.00% | 42 | 100.00% |
| SVR | - | 0.00% | - | 0.00% |
| Fixed | - | 0.00% | - | 0.00% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

BBR-Linked Loans: Current Interest Rate

| BBR | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|--|-------------------|
| 1% to <2% | - | 0.00% | - | 0.00% |
| 2% to <3% | 1,422,587.25 | 20.18% | 10 | 23.81% |
| 3% to <4% | 3,529,272.15 | 50.06% | 22 | 52.38% |
| 4% to <5% | 2,098,350.38 | 29.76% | 10 | 23.81% |
| 5% to <6% | - | 0.00% | - | 0.00% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

Previous CCJs

The following table is based on a credit bureau agency test at the time of due diligence prior to acquisition of Edeus portfolio by the Seller. The credit bureau agency test covered a 6 year period prior to the due diligence date.

| Previous CCJs | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|----------------------|--|-------------------|------------------------------------|-------------------|
| No | 6,039,735.22 | 85.67% | 34 | 80.95% |
| Yes | 1,010,474.56 | 14.33% | 8 | 19.05% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

Previous Bankruptcy(ies) / Individual Voluntary Arrangements

The following table is based on a credit bureau agency test at the time of due diligence prior to acquisition of Edeus portfolio by the Seller. The credit bureau agency test covered a 6 year period prior to the due diligence date.

| Bankruptcy / Individual Voluntary Arrangements | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| No | 7,050,209.78 | 100.00% | 42 | 100.00% |
| Yes | - | 0.00% | - | 0.00% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

Right to Buy

| Right to Buy | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|------------------------------------|-------------------|
| No | 7,050,209.78 | 100.00% | 42 | 100.00% |
| Yes | - | 0.00% | - | 0.00% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

Income Verification

| Income Verification | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|----------------------------|--|-------------------|------------------------------------|-------------------|
| Self-certified | 5,394,085.65 | 76.51% | 31 | 73.81% |
| Verified | 1,656,124.13 | 23.49% | 11 | 26.19% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

Employment Type

| Employment Type | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|------------------------|--|-------------------|------------------------------------|-------------------|
| Employed Full | 3,109,305.92 | 44.10% | 20 | 47.62% |
| Pensioner | - | 0.00% | - | 0.00% |
| Self-employed | 3,940,903.86 | 55.90% | 22 | 52.38% |
| Unemployed | - | 0.00% | - | 0.00% |
| Totals | 7,050,209.78 | 100.00% | 42 | 100.00% |

LOANS ORIGINATED BY MONEY PARTNERS

Summary Table

Original Lending Entity: Money Partners

| | |
|---------------------------------|-----------------|
| Total Current Principal Balance | £117,017,292.19 |
| Total Original Balance | £131,866,679.39 |
| Number of Borrowers | 1,784 |
| Number of Loans | 1,059 |
| Average Loan Balance | £110,497.92 |
| W.A. OLTV | 77.79% |
| W.A. CLTV | 72.77% |
| W.A. Coupon | 3.13% |
| W.A. Margin | 2.55% |
| Interest-Only | 77.08% |
| Buy To Let | 5.59% |
| Right-to-buy | 2.10% |
| First time buyers | 6.63% |
| Self-certification | 56.45% |
| Self-employed | 49.18% |

The following table shows the range of Current Principal Balances of the Loans originated by Money Partners (including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees and incorporating all Loans secured on the same Property) as at 31 January 2016.

| Range of Current Principal Balances* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| £0 – £24,999.99 | 323,980.14 | 0.28% | 32 | 3.02% |
| £25,000 – £49,999.99 | 4,831,430.28 | 4.13% | 120 | 11.33% |
| £50,000 – £74,999.99 | 13,280,578.36 | 11.35% | 209 | 19.74% |
| £75,000 – £99,999.99 | 17,628,327.78 | 15.06% | 202 | 19.07% |
| £100,000 – £124,999.99 | 17,866,044.49 | 15.27% | 160 | 15.11% |
| £125,000 – £149,999.99 | 15,840,960.44 | 13.54% | 116 | 10.95% |
| £150,000 – £174,999.99 | 9,643,715.52 | 8.24% | 60 | 5.67% |
| £175,000 – £199,999.99 | 11,740,975.20 | 10.03% | 63 | 5.95% |
| £200,000 – £299,999.99 | 18,958,597.37 | 16.20% | 80 | 7.55% |
| £300,000 – £399,999.99 | 3,666,283.54 | 3.13% | 11 | 1.04% |
| £400,000 – £499,999.99 | 817,031.79 | 0.70% | 2 | 0.19% |

| Range of Current Principal Balances* | Aggregate Current Principal Balance as at 31 January 2016 (£) | | Number of Mortgage Accounts | |
|--------------------------------------|---|----------------|-----------------------------|----------------|
| | | % of Total | | % of Total |
| £500,000 – £599,999.99 | 1,681,744.43 | 1.44% | 3 | 0.28% |
| £600,000 – £699,999.99 | - | 0.00% | - | 0.00% |
| £700,000 – £799,999.99 | 737,622.85 | 0.63% | 1 | 0.09% |
| £800,000 – £899,999.99 | - | 0.00% | - | 0.00% |
| £900,000 – £999,999.99 | - | 0.00% | - | 0.00% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

* Includes capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The maximum, minimum and average Current Principal Balance of the Loans originated by Money Partners as of 31 January 2016 is £737,622.85, £0.00 and £110,497.92, respectively.

Loan to Value Ratios at Origination

The following table shows the range of **Loan to Value Ratios** or **LTV Ratios**, which express the outstanding balance of the aggregate of Loans originated by Money Partners in the Mortgage Accounts (which incorporate all Loans secured on the same Property) as at 31 January 2016 based on the aggregate amount of the initial advances and any further advances on the later of the date of origination and the date of the further advance of the Loan divided by the value of the Property securing the Loans in the Mortgage Account either (i) as at that date or (ii) in the event there has been any variation in the mortgage contract, the date of such variation. The Seller has not revalued any of the mortgaged properties on acquisition of the relevant loan by the Seller or thereafter and the relevant mortgage property may therefore not have been revalued since the date of the origination of the related Loan other than in certain instances where additional lending has been applied for or advanced, and in certain product switch application cases (where such case is completed or not). In these cases the original valuation may have been updated with a more recent valuation. However, other than as set out above, the revised valuation has not been used in formulating this data.

| Range of LTV Ratios at Origination* | Aggregate Current Principal Balance as at 31 January 2016 (£) | | Number of Mortgage Accounts | |
|-------------------------------------|---|----------------|-----------------------------|----------------|
| | | % of Total | | % of Total |
| 0% – 24.99% | 477,070.90 | 0.41% | 7 | 0.66% |
| 25% – 49.99% | 5,683,675.15 | 4.86% | 85 | 8.03% |
| 50% – 74.99% | 35,318,745.99 | 30.18% | 358 | 33.81% |
| 75% – 79.99% | 9,733,477.58 | 8.32% | 88 | 8.31% |
| 80% – 84.99% | 18,721,873.79 | 16.00% | 140 | 13.22% |
| 85% – 89.99% | 23,353,081.76 | 19.96% | 189 | 17.85% |
| 90% – 94.99% | 22,241,500.85 | 19.01% | 181 | 17.09% |
| 95% – 99.99% | 1,293,758.86 | 1.11% | 10 | 0.94% |
| >100% | 194,107.31 | 0.17% | 1 | 0.09% |
| Totals..... | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

* Including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The original maximum, minimum and weighted average Loan to Value Ratio as at 31 January 2016 of the Loans in the Portfolio is 100.0 per cent., 16.6 per cent. and 77.8 per cent., respectively.

Current Loan to Value Ratios

The following table shows the range of Loan to Value Ratios, which are calculated by dividing the Current Principal Balance of a Loan originated by Money Partners as at 31 January 2016 by the original valuation of the Property securing that Loan at the same date.

| Range of Current LTV Ratios* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|-------------------------------------|--|-------------------|------------------------------------|-------------------|
| 0% – 24.99% | 1,366,891.53 | 1.17% | 52 | 4.91% |
| 25% – 49.99% | 13,201,992.94 | 11.28% | 194 | 18.32% |
| 50% – 74.99% | 41,753,655.11 | 35.68% | 381 | 35.98% |
| 75% – 79.99% | 9,783,702.19 | 8.36% | 80 | 7.55% |
| 80% – 84.99% | 16,832,540.37 | 14.38% | 117 | 11.05% |
| 85% – 89.99% | 16,631,349.00 | 14.21% | 117 | 11.05% |
| 90% – 94.99% | 15,683,831.49 | 13.40% | 105 | 9.92% |
| 95% – 99.99% | 1,652,025.05 | 1.41% | 12 | 1.13% |
| >100% | 111,304.51 | 0.10% | 1 | 0.09% |
| Totals..... | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

* Including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The maximum, minimum and weighted average current Loan to Value Ratio as at 31 January 2016 of all the Loans (including any capitalised interest, capitalised high LTV fees, insurance fees, valuation fees and booking fees) is 101.2 per cent., 0.0 per cent. and 72.8 per cent., respectively.

Current AVM Loan to Value Ratios

The following table shows the range of Loan to Value Ratios, which are calculated by dividing the Current Principal Balance of a Loan originated by Money Partners as at 31 January 2016 by the AVM valuation of the Property securing that Loan at 30 July 2015.

| Range of Current AVM LTV Ratios* ** | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--|--|-------------------|------------------------------------|-------------------|
| 0% – 24.99% | 2,320,427.89 | 1.98% | 66 | 6.23% |
| 25% – 49.99% | 14,442,592.90 | 12.34% | 189 | 17.85% |
| 50% – 74.99% | 46,176,874.86 | 39.46% | 374 | 35.32% |
| 75% – 79.99% | 12,101,435.85 | 10.34% | 93 | 8.78% |
| 80% – 84.99% | 11,813,837.58 | 10.10% | 90 | 8.50% |
| 85% – 89.99% | 9,586,617.62 | 8.19% | 80 | 7.55% |
| 90% – 94.99% | 8,498,549.69 | 7.26% | 66 | 6.23% |
| 95% – 99.99% | 7,376,389.80 | 6.30% | 63 | 5.95% |
| >100% | 4,700,566.00 | 4.02% | 38 | 3.59% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

* AVM was undertaken through Hometrack as at 30 July 2015.

** Including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees.

The maximum, minimum and weighted average current Loan to Value Ratio as at 31 January 2016 of all the Loans originated by Money Partners (including any capitalised interest, capitalised high LTV fees, insurance fees, valuation fees and booking fees) is 122.9 per cent., 0 per cent. and 71.2 per cent., respectively.

Arrears Analysis of Non Repossessed Mortgage Accounts

| Month(s) in Arrears* ** | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--------------------------------|--|-------------------|------------------------------------|-------------------|
| 0 | 95,009,498.77 | 85.00% | 869 | 86.21% |
| <1 month | 8,150,938.78 | 7.29% | 71 | 7.04% |
| 1 month | 8,620,088.80 | 7.71% | 68 | 6.75% |
| Totals | 111,780,526.35 | 100.00% | 1,023 | 100.00% |

* *Arrears are calculated in accordance with standard market practice in the UK. A mortgage is identified as being in arrears when, on any due date, the overdue amounts which were due on previous due dates equal, in the aggregate, one or more full monthly payments. In making an arrears determination, the interim servicer or the servicer, as applicable, calculates as of the date of determination the difference between the sum of all monthly payments that were due and payable by a borrower on any due date up to that date of determination and the sum of all payments actually made by that borrower up to that date of determination. The resulting number of months in arrears is arrived at by dividing that difference (if any) by the amount of the required monthly payment*

** *No Loan which was more than three months in arrears as at the Cut-off Date will be sold to the Issuer by the Seller on the Closing Date.*

Maximum Arrears status over the past two years

| Month(s) in Arrears* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|-----------------------------|--|-------------------|------------------------------------|-------------------|
| 0 to <1 | 78,821,908.42 | 67.36% | 720 | 67.99% |
| 1 to <2 | 16,432,008.78 | 14.04% | 134 | 12.65% |
| 2 to <3 | 7,470,966.89 | 6.38% | 70 | 6.61% |
| >=3 | 14,292,408.10 | 12.21% | 135 | 12.75% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

Maximum Arrears status over the past five years

| Month(s) in Arrears* | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|-----------------------------|--|-------------------|------------------------------------|-------------------|
| 0 to <1 | 64,079,403.00 | 54.76% | 584 | 55.15% |
| 1 to <2 | 17,090,424.05 | 14.61% | 160 | 15.11% |
| 2 to <3 | 8,853,050.00 | 7.57% | 76 | 7.18% |
| >=3 | 26,994,415.14 | 23.07% | 239 | 22.57% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (0-12 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payment applicable at the time of the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 0 months from 31 January 2016 and finishing 12 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 117,017,292.19 | 100.00% | 1,059 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals..... | 117,017,292.19 | 100.00% | 1,059 | 100% |

Balance Increase as per cent. of scheduled monthly payment (12-24 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payment applicable at the time of the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 12 months from 31 January 2016 and finishing 24 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 117,017,292.19 | 100.00% | 1,059 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (24-36 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payment applicable at the time of the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 24 months from 31 January 2016 and finishing 36 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 117,017,292.19 | 100.00% | 1,059 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (36-48 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payment applicable at the time of the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 36 months from 31 January 2016 and finishing 48 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 117,017,292.19 | 100.00% | 1,059 | 100.00% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | - | 0.00% | - | 0.00% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

Balance Increase as per cent. of scheduled monthly payment (48-60 months)

The following table shows the increase in the Current Principal Balance of the Loans as a percentage of the scheduled monthly payment applicable at the time of the increase in the Current Principal Balance. The period in which the increase in the Current Principal Balance occurred is defined as starting 48 months from 31 January 2016 and finishing 60 months from 31 January 2016.

| Balance Increase as % of scheduled monthly payment | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| 0% to <100% | 116,722,878.07 | 99.75% | 1,058 | 99.91% |
| 100% to <200% | - | 0.00% | - | 0.00% |
| 200% to <300% | - | 0.00% | - | 0.00% |
| >=300% | 294,414.12 | 0.25% | 1 | 0.09% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

Geographical Distribution

The following table shows the distribution of Properties securing the Loans throughout England, Wales, Northern Ireland and Scotland as at 31 January 2016.

| Region | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|------------------|--|-------------------|------------------------------------|-------------------|
| East Anglia | 5,052,314.85 | 4.32% | 48 | 4.53% |
| East Midlands | 6,609,280.30 | 5.65% | 67 | 6.33% |
| Greater London | 20,338,020.33 | 17.38% | 122 | 11.52% |
| North | 7,187,752.57 | 6.14% | 89 | 8.40% |
| Northern Ireland | - | 0.00% | - | 0.00% |
| North West | 13,169,926.40 | 11.25% | 142 | 13.41% |
| Scotland | 4,633,214.70 | 3.96% | 59 | 5.57% |
| South East | 19,414,645.54 | 16.59% | 129 | 12.18% |
| South West | 10,735,773.49 | 9.17% | 81 | 7.65% |
| Wales | 7,672,787.93 | 6.56% | 78 | 7.37% |

| Region | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|--|-------------------|
| West Midlands | 10,419,283.26 | 8.90% | 108 | 10.20% |
| Yorkshire Humber | 11,784,292.82 | 10.07% | 136 | 12.84% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

Seasoning of Loans

The following table shows the number of months since the date of origination of the initial Loan. The ages of the Loans in this table have been taken as at 31 January 2016 and are calculated with respect to the initial advance.

| Seasoning (months) | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------------|--|-------------------|--|-------------------|
| 0 to <12 | - | 0.00% | - | 0.00% |
| 12 to <24 | - | 0.00% | - | 0.00% |
| 24 to <36 | - | 0.00% | - | 0.00% |
| 36 to <48 | - | 0.00% | - | 0.00% |
| 48 to <60 | - | 0.00% | - | 0.00% |
| 60 to <72 | - | 0.00% | - | 0.00% |
| 72 to <84 | - | 0.00% | - | 0.00% |
| 84 to <96 | - | 0.00% | - | 0.00% |
| ≥96 months | 117,017,292.19 | 100.00% | 1,059 | 100.00% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

The maximum, minimum and weighted average seasoning of Loans in the Portfolio originated by Money Partners as at 31 January 2016 is 104.94 , 96.92 and 101.46 months, respectively.

Years to Maturity of Loans

The following table shows the number of remaining years of the term of the Loans in a Mortgage Account as at 31 January 2016 and are calculated with respect to the initial advance.

| Years to Maturity | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--------------------------|--|-------------------|--|-------------------|
| 0 to <5 | 7,699,471.34 | 6.58% | 87 | 8.22% |
| 5 to <10 | 19,674,126.92 | 16.81% | 194 | 18.32% |
| 10 to <15 | 29,421,569.50 | 25.14% | 258 | 24.36% |
| 15 to <20 | 48,046,043.17 | 41.06% | 417 | 39.38% |
| 20 to <25 | 12,176,081.26 | 10.41% | 103 | 9.73% |
| 25 to <30 | - | 0.00% | - | 0.00% |
| Expired | - | 0.00% | - | 0.00% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

The maximum, minimum and weighted average remaining term of the Loans in the Portfolio originated by Money Partners as at 31 January 2016 is 21.83, 1.33 and 13.45 years, respectively.

Purpose of Loan

The following table shows whether the purpose of the initial Loan originated by Money Partners in a Mortgage Account on origination was to finance the purchase of a new Property or to remortgage a Property already owned by the borrower.

| Use of Proceeds | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|------------------------|--|-------------------|------------------------------------|-------------------|
| Purchase | 22,789,702.45 | 19.48% | 168 | 15.86% |
| Remortgage | 94,227,589.74 | 80.52% | 891 | 84.14% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

Buy to Let/Owner-Occupied Loans

| Buy to Let/Owner-Occupied Loans | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|--|--|-------------------|------------------------------------|-------------------|
| Buy to Let | 6,544,466.75 | 5.59% | 54 | 5.10% |
| Owner-Occupied | 110,472,825.44 | 94.41% | 1,005 | 94.90% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

Repayment Terms

The following table shows the repayment terms for the Loans in a Mortgage Account as at 31 January 2016.

| Repayment Terms | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|------------------------|--|-------------------|------------------------------------|-------------------|
| Interest Only | 90,194,647.64 | 77.1% | 674 | 63.6% |
| Repayment | 26,822,644.55 | 22.9% | 385 | 36.4% |
| Totals | 117,017,292.19 | 100.0% | 1,059 | 100.0% |

Original Valuation Method

The following table shows the original valuation method used.

| Original Valuation Method | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|----------------------------------|--|-------------------|------------------------------------|-------------------|
| AVM | 6,984,428.12 | 5.97% | 114 | 10.76% |
| Full | 110,032,864.07 | 94.03% | 945 | 89.24% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

Product Types

The following table shows the distribution of special rate loans as at 31 January 2016.

| Product Type | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|------------------------------------|-------------------|
| Libor | - | 0.00% | - | 0.00% |
| BBR | - | 0.00% | - | 0.00% |
| SVR | 117,017,292.19 | 100.00% | 1,059 | 100.00% |
| Fixed | - | 0.00% | - | 0.00% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

SVR-Linked Loans: Current Interest Rate

| SVR | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|------------------------------------|-------------------|
| 1% to <2% | 13,932,556.04 | 11.91% | 155 | 14.64% |
| 2% to <3% | 38,437,993.22 | 32.85% | 343 | 32.39% |
| 3% to <4% | 42,206,491.64 | 36.07% | 352 | 33.24% |
| 4% to <5% | 17,086,430.66 | 14.60% | 159 | 15.01% |
| 5% to <6% | 5,353,820.63 | 4.58% | 50 | 4.72% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

Previous CCJs

The following table is based on a credit bureau agency test at the time of due diligence prior to acquisition of the Money Partners portfolio by the Seller. The credit bureau agency test covered a 6 year period prior to the due diligence date.

| Previous CCJs | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|----------------------|--|-------------------|------------------------------------|-------------------|
| No | 85,252,021.14 | 72.85% | 744 | 70.25% |
| Yes | 31,765,271.05 | 27.15% | 315 | 29.75% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

Previous Bankruptcy(ies) / Individual Voluntary Arrangements

The following table is based on a credit bureau agency test at the time of due diligence prior to acquisition of the Money Partners portfolio by the Seller. The credit bureau agency test covered a 6 year period prior to the due diligence date.

| Bankruptcy / Individual Voluntary Arrangements | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---|--|-------------------|------------------------------------|-------------------|
| No | 115,622,674.64 | 98.81% | 1,047 | 98.87% |

| | | | | |
|---------------------|-----------------------|----------------|--------------|----------------|
| Yes | 1,394,617.55 | 1.19% | 12 | 1.13% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

Right to Buy

| Right to Buy | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|---------------------|--|-------------------|--|-------------------|
| No | 114,557,012.83 | 97.90% | 1,026 | 96.88% |
| Yes | 2,460,279.36 | 2.10% | 33 | 3.12% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

Income Verification

| Income Verification | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|----------------------------|--|-------------------|--|-------------------|
| Self-certified | 66,061,666.73 | 56.45% | 526 | 49.67% |
| Verified | 50,955,625.46 | 43.55% | 533 | 50.33% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

Employment Type

| Employment Type | Aggregate Current Principal Balance as at 31 January 2016 (£) | % of Total | Number of Mortgage Accounts | % of Total |
|------------------------|--|-------------------|--|-------------------|
| Employed Full | 56,529,403.34 | 48.31% | 579 | 54.67% |
| Pensioner | 419,256.89 | 0.36% | 6 | 0.57% |
| Self-employed | 57,552,772.46 | 49.18% | 451 | 42.59% |
| Unemployed | 2,515,859.50 | 2.15% | 23 | 2.17% |
| Totals | 117,017,292.19 | 100.00% | 1,059 | 100.00% |

SUMMARY OF THE KEY TRANSACTION DOCUMENTS

Mortgage Sale Agreement

Portfolio

Under the Mortgage Sale Agreement, on the Closing Date the Issuer will pay the Initial Consideration to the Seller and:

- (a) the Seller will sell, assign or otherwise transfer to the Issuer pursuant to the Mortgage Sale Agreement a portfolio of English and Welsh residential mortgage loans and their associated mortgages (the **English Mortgages**) and other Related Security (together, the **English Loans**);
- (b) the Seller will sell, assign or otherwise transfer to the Issuer pursuant to the Mortgage Sale Agreement a portfolio of Northern Irish residential mortgage loans and their associated mortgages (the **Northern Irish Mortgages**) and other Related Security (together, the **Northern Irish Loans**); and
- (c) the portfolio of Scottish residential mortgage loans will be held on trust under the Scottish Declaration of Trust for the benefit of the Issuer (together, the **Scottish Loans** and together with the above portfolio of English and the Northern Irish Loans, the **Loans**) and associated first ranking standard securities (the **Scottish Mortgages** and together with the English Mortgages and the Northern Irish Mortgages, the **Mortgages** and, together with the other security for the Loans, the **Related Security**),

in each case referred to as the sale by the Seller to the Issuer of the Loans and Related Security.

The Loans and Related Security and all monies derived therefrom from time to time are referred to herein as the **Portfolio**.

The consideration due to the Seller in respect of the sale of the Portfolio is due and payable on the Closing Date and is the aggregate of:

- (a) an amount equal to £348,383,785.20 (the **Initial Consideration**);
- (b) deferred consideration consisting of Class P Certificate Payments (up to a maximum amount of the Overcollateralisation Amount) in respect of the Portfolio pursuant to the applicable Priority of Payments, the right to such Class P Certificate Payments being represented by the Class P Certificates to be issued by the Issuer to (or at the direction of) the Seller on the Closing Date; and
- (c) deferred consideration consisting of Residual Payments in respect of the Portfolio pursuant to the applicable Priority of Payments, the right to such Residual Payments being represented by the Class R Certificates to be issued by the Issuer to (or at the direction of) the Seller on the Closing Date.

Any Class P Certificate Payments payable pursuant to the Class P Certificates and any Residual Payment payable pursuant to the Class R Certificates will be paid (subject to the relevant Interest Payment Date not falling in a Determination Period) in accordance with the priority of payments set out in the section headed “*Cashflows—Application of Available Revenue Receipts Prior to the Service of a Note Acceleration Notice on the Issuer*” and “*—Distribution of Available Redemption Receipts and Available Revenue Receipts Following the Service of a Note Acceleration Notice on the Issuer*” below.

Title to the Mortgages, registration and notifications

The Loans will be sold by DB UK and Odin Mortgages Limited to the Seller pursuant to a mortgage sale agreement dated on or prior to the Closing Date and initially only the beneficial interest in such Loans will be transferred to the Seller. Following the Closing Date, on the Account Transfer Date, DB UK (the sole holder of legal title to the Loans as at the Closing Date) will transfer legal title to the Loans to the Seller (the **Legal Title Transfer**). Notice of the transfer of legal title to the Loans and their Related Security to the Seller will be given to the Borrowers on or after the Account Transfer Date.

The completion of the transfer, or, in the case of Scottish Loans and their Related Security, assignment, of the Loans and Related Security (and where appropriate their registration or recording) from the Seller to the Issuer is, save in the limited circumstances referred to below, deferred. Legal title to the Loans and Related Security will therefore, following the Legal Title Transfer, remain with the Seller and be held by the Seller on trust for the Issuer. Notice of the sale of the Loans and their Related Security by the Seller to the Issuer will not be given to any Borrower until the occurrence of a Perfection Event as described below.

The transfer, or, in the case of the Scottish Loans and their Related Security, assignment of the Loans and Related Security from the Seller to the Issuer will be completed as soon as reasonably practicable, and in any case, on or before the 10th Business Day after the earliest to occur of the following:

- (a) the Seller being required to perfect legal title to the Loans and the Related Securities (i) by an order of a court of competent jurisdiction; (ii) by a regulatory authority which has jurisdiction over the Seller or its parent; or (iii) by any organisation of which the Seller or its parent is a member, or whose members comprise, but are not necessarily limited to, mortgage lenders with whose instructions it is customary for the Seller or its parent to comply;
- (b) it becoming necessary by law to perfect legal title to the Loans and their Related Security;
- (c) the security created under or pursuant to the Deed of Charge or any material part of that security being, in the opinion of the Security Trustee, in jeopardy and the Security Trustee being required by the Note Trustee (on behalf of the Noteholders) so long as any Notes are outstanding or the other Secured Creditors if no Notes are then outstanding to take action to reduce that jeopardy;
- (d) the Seller calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee;
- (e) the occurrence of a Seller Insolvency Event; or
- (f) the Issuer assigning or transferring its beneficial interest in the Loans and their Related Security (or any part of them) to a third party, in which case legal title in such Loans and their Related Security shall be transferred to the relevant third party (which shall be deemed to be the nominee of the Issuer for that purpose),

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

A **Seller Insolvency Event** will occur in the following circumstances:

- (a) an order is made or an effective resolution passed for the winding up of the Seller; or
- (b) the Seller stops or threatens to stop payment to its creditors generally or the relevant entity ceases or threatens to cease to carry on its business or substantially the whole of its business; or
- (c) an encumbrancer takes possession or a receiver, administrator, administrative receiver or other similar officer is appointed to the whole or any material part of the undertaking, property and assets of the Seller or a distress, diligence or execution is levied or enforced upon or sued out against the

whole or any material part of the chattels or property of the relevant entity and, in the case of any of the foregoing events, is not discharged within 30 days; or

- (d) the Seller is unable to pay its debts as they fall due.

The Title Deeds and Loan Files relating to the Portfolio will, following the Account Transfer Date, be transferred to or to the order of the Seller save in respect of such Title Deeds or Loan Files where the Previous Sellers do not hold such Title Deeds or Loan Files (or such Title Deeds or Loan Files are not held to the order of the Previous Sellers). The Seller will undertake that from the date of any Perfection Event all the Title Deeds and Loan Files relating to the Portfolio which are at any time in its possession or under its control or held to its order will be held to the order of the Issuer.

The Issuer has made or has not caused to be made on its behalf any enquiries, searches or investigations, but is relying entirely on the Loan Warranties and other representations and warranties made by the Seller contained in the Mortgage Sale Agreement.

On the Closing Date, the Loan Warranties (described below in “—*Representations and Warranties*”) will be given by the Seller in respect of the Loans and their Related Security sold by the Seller to the Issuer.

No searches, enquiries or independent investigations have been made by the Issuer, the Security Trustee or the Note Trustee, each of whom is relying on the Loan Warranties and other representations and warranties given by the Seller to the Issuer contained in the Mortgage Sale Agreement. See further “*Risk Factors—Searches, Investigations and Warranties*” above.

Representations and Warranties

The warranties (the **Loan Warranties** and each, a **Loan Warranty**) that will be given on the Closing Date to the Issuer by the Seller pursuant to the Mortgage Sale Agreement include, *inter alia*, similar statements to the following effect (defined terms having the meaning given to them in the Mortgage Sale Agreement):

- (a) As of the Cut-off Date, the information relating to each Loan in respect of the outstanding principal balance of that Loan set out in Schedule 7 to the Mortgage Sale Agreement is true and accurate in all respects.
- (b) As of the Cut-off Date, the information relating to each Loan in respect of originator, origination date, maturity date, interest rate type (including margin), current monthly payment due, arrears status/last 12 months payments and postcode of the Mortgaged Property and account number set out in Schedule 7 to the Mortgage Sale Agreement is true and accurate in all respects.
- (c) As of the Cut-off Date, no Loan has outstanding on it an amount in excess of three monthly payments.
- (d) Each Loan and its related Mortgage was made on the basis of the Standard Mortgage Documentation without any material variation thereto or, where there were any changes, those changes would have been acceptable to a Comparable Mortgage Lender.
- (e) Each Loan is at least secured by a valid and subsisting first ranking legal mortgage (or, (i) in Scotland, first ranking standard security, or (ii) in Northern Ireland, first ranking legal mortgage or charge) over the Mortgaged Property to which it relates (subject to completion of any registration or recording requirements at the Land Registry of England and Wales, the Registers of Scotland or the Land Registers of Northern Ireland (as applicable) and (in those cases) there is nothing to prevent that registration or recording being effected).

- (f) Each Loan and the related Mortgage constitute a legal, valid, binding non-cancellable, non-voidable, obligation of the relevant Borrower enforceable in accordance with its terms (except that (1) enforceability may be limited by the bankruptcy or insolvency of the Borrower and the court's discretion in relation to equitable remedies or by the application of the UTCCR and (2) no warranty is given under this paragraph (f) in relation to any obligation of the Borrower to pay future early prepayment charges, mortgage administration exit fees or charges payable in the event of Borrower default).
- (g) All Loans and Related Security are freely assignable and no formal approvals, consents or other steps are necessary to permit a legal or an equitable or beneficial transfer of the Loans and Related Security, no notifications to any Borrower is required to effect any equitable or beneficial transfer of the Loans and Related Security to the Issuer pursuant to the Mortgage Sale Agreement and the Loans and Related Security are not subject to any contractual confidentiality restrictions which may restrict the ability of the Issuer to acquire or dispose of the same or exercise its rights or discharge its obligations under the Transaction Documents.
- (h) The legal title to all the Loans and their Related Security is freely transferrable, and no formal approvals, consents or other steps are necessary to permit a legal transfer of the Loans and their Related Security (subject to making appropriate registrations with the relevant Land Registry).
- (i) Immediately prior to the transfer of the Loans under the Mortgage Sale Agreement, DB UK (as a Previous Seller) held or would have held upon completion of any pending applications for registration or recording of DB UK (as a Previous Seller) as legal title holder of any Mortgages at the Land Registry of England and Wales, or heritable creditor at the Registers of Scotland or the Land Registers of Northern Ireland (as applicable), legal title to all Loans and related Mortgages and the Related Security.
- (j) Immediately prior to the transfer of the Loans under the Mortgage Sale Agreement, the Seller was the absolute beneficial owner of all of such Loans and the related Mortgages and the Related Security to be sold by it to the Issuer thereunder on the Closing Date.
- (k) No lien or right of set-off or counterclaim has been created or arisen between the Borrower and the Seller or either Previous Seller which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Loan.
- (l) The amount of each Loan has been fully advanced to the Borrower and the Mortgage Documents contain no obligation on the part of the Seller or either Previous Seller to make any further advance.
- (m) Prior to making a Loan, so far as the Seller and each Previous Seller is aware, the requirements of the relevant Original Lending Entity's lending criteria were met in all cases, subject only to exceptions made on a case by case basis and in accordance with the relevant Original Lending Entity's internal policies.
- (n) Save for title deeds held at the Land Registry or the Registers of Scotland and title deeds existing in dematerialised form, the customer file, the deed constituting the relevant Mortgage (if any) and any documents of title to the relevant Mortgaged Property for each Loan and all other Title Deeds and Mortgage Documentation necessary to transfer the relevant Mortgage is held by or to the order (or is in the process of being arranged to be held to the order) of either: (i) the Seller; or (ii) DB UK (as a Previous Seller) in accordance with the terms of the Previous Mortgage Sale Agreement.
- (o) All things necessary to perfect the vesting of the legal title to each Loan and the related Mortgage in the Seller or DB UK (as a Previous Seller) have been duly done except in the case of ports or, where a port has occurred, are in the process of being done.

- (p) Other than when acting as a Comparable Mortgage Lender or where required to comply with any applicable law, regulation or requirement of any governmental, tax or regulatory body, neither the Seller nor either Previous Seller has, in writing, waived or acquiesced in any breach of any of its rights in respect of a Loan or its related Mortgage which would materially reduce the value of a Loan, other than in relation to any payment default in respect of those Loans.
- (q) In relation to any Loan which is a regulated Loan within the meaning of the Regulated Activities Order, so far as the Seller and each Previous Seller is aware, all then applicable requirements of MCOB have been complied with in all material respects in connection with the origination (including in respect of any further advance), documentation and administration of such Loan that are material to the value, recoverability or enforcement of the Loans and their related Mortgages (as applicable).
- (r) No agreement for any Loan is or includes a regulated credit agreement (as defined in Article 60B(3) of the Regulated Activities Order) or constitutes any other agreement regulated or partly regulated by the CCA (other than Sections 137 to 140 of the CCA) or any modification or re-enactment thereof and no circumstances exist which are capable of making the relationship between the Seller or either Previous Seller and the customer unfair under section 140A of the CCA.
- (s) Interest on each Loan and all other sums charged in connection with such Loan have been charged in accordance with the provisions of the Loan (except in respect of the switch of monthly interest payments from being payable monthly in advance to monthly in arrears and except where a requirement of law otherwise require).
- (t) Except in the case of a Loan which is the subject of a policy of insurance in respect of title (howsoever described) to a relevant Mortgaged Property issued by a provider of such policies, so far as the Seller and each Previous Seller is aware, each Original Lending Entity received from its solicitors a certificate of title or report on title to the relevant Mortgaged Property addressed to the relevant Original Lending Entity and the certificate of title or report on title disclosed nothing which would, if applicable, after further investigation, cause a Comparable Mortgage Lender to decline to proceed with the Loan on the proposed terms.
- (u) The Seller and each Previous Seller has not received written notice of any litigation or claim calling into question in any material way the legal and/or beneficial title to any Loan and the related Mortgage or Related Security of the Seller or either Previous Seller respectively or its ability to fully and effectively enforce the same.
- (v) So far as the Seller and each Previous Seller is aware, no Borrower is in breach of any material obligation owed in relation to that Loan and/or its related Mortgage (other than in relation to any payment default in respect of those Loans).
- (w) Each Borrower is a natural legal person and was aged 18 years or older at the date that he or she executed the relevant Mortgage.
- (x) Each Loan was originated in, is denominated in, and all amounts in respect of such Loan are payable in, sterling and may not be changed by the relevant Borrower to any other currency.
- (y) No borrower is an employee of the Seller, either Previous Seller or any Original Lending Entity.
- (z) Each related Mortgage secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower (other than, in relation to any prepayment charges) in priority to any other mortgage or security.

- (aa) To the extent that any Loan and related Mortgage is subject to the UTCCR, no action whether formal or informal has been taken by the Office of Fair Trading, the FCA or a “qualifying body” as defined in the UTCCR, against the Seller or either Previous Seller pursuant to the UTCCR or otherwise which might restrict or prevent the use in any Loan and related Mortgage of any material term or the enforcement of such terms.
- (bb) So far as the Seller and each Previous Seller is aware, in respect of every person (save for children of Borrowers and children of someone living with the Borrower) who, at the date upon which the relevant Loan was granted, had attained the age of 18 and who had been notified to the Original Lending Entity as being in or about to be in actual occupation of the relevant Mortgaged Property: (i) in respect of a Mortgage over a Mortgaged Property situated in England and Wales or Northern Ireland, such person was either named as a Borrower under the Loan or the Original Lending Entity obtained a Deed of Consent from such person; and (ii) in relation to each Mortgage over a Mortgaged Property situated in Scotland, the Original Lending Entity obtained all necessary MHA/CPA Documentation so as to ensure that neither the relevant Mortgaged Property nor the relevant Mortgage is subject to or affected by any statutory right of occupancy in favour of such person under the Matrimonial Homes (Family Protection) (Scotland) Act 1981 or (as applicable) the Civil Partnership Act 2004.
- (cc) The terms of each Loan require the Borrower to insure the relevant Mortgaged Property against loss and damage for an amount no less than its full reinstatement value.
- (dd) So far as the Seller and each Previous Seller is aware, since the making of each Loan, such accounts, books and records as are necessary to show all material transactions, payment, receipts and proceeds relating to that Loan have been kept and all such accounts, books and records are in the possession of the Seller.
- (ee) Each Loan has a term ending no later than December 2042.
- (ff) Each Mortgaged Property is located in England, Wales, Northern Ireland or Scotland.
- (gg) Each Mortgaged Property is a residential property.
- (hh) The Seller and each Previous Seller has not assigned (whether by way of absolute assignment or by way of security only), transferred, charged, released, disposed of or dealt with the benefit of any of the Loans or their related Mortgages, the Related Security or any of the property, rights, title, interest or benefit to be sold or assigned pursuant to the Mortgage Sale Agreement in any way whatsoever other than (i) (in respect of the Loans in the Edeus portfolio only) pursuant to various security documents in respect of the acquisition or financing in connection with the acquisition of the Portfolio by the Previous Sellers, each of which will be released immediately prior to the transfer of the Loans and their Related Security under the Mortgage Sale Agreement and (ii) pursuant to the Mortgage Sale Agreement.
- (ii) In relation to each Mortgage over a Mortgaged Property, (i) where such Mortgaged Property is in England, Wales and Northern Ireland, the Borrower has a good and marketable title to the relevant Mortgaged Property, (ii) where such Mortgaged Property is in Scotland, the Borrower has a valid and marketable title to the relevant Mortgaged Property, and (iii) the relevant Mortgaged Property has been registered or recorded or is in the course of registration with such title as would be acceptable to a Comparable Mortgage Lender.
- (jj) All the Loans in respect of Mortgaged Properties located in (i) England and Wales are governed by English law, (ii) Scotland are governed by Scots law, and (iii) Northern Ireland are governed by Northern Irish law.

- (kk) Neither the Seller nor either Previous Seller nor, as far as the Seller and each Previous Seller is aware, the relevant Original Lending Entity, has waived or agreed to waive any of its rights against any valuer, solicitor or other professional who has provided information, carried out work or given advice in connection with any Loan and the related Mortgage other than waivers such as a Comparable Mortgage Lender might make on a case by case basis.
- (ll) So far as the Seller and each Previous Seller is aware, it being acknowledged that the Seller and each Previous Seller is not under a duty to make any enquiry or investigation in order to satisfy itself of the same, no fraud, misrepresentation or concealment has been perpetrated in respect of any Loan by: (i) any person who prepared a valuation of a Mortgaged Property; or (ii) any solicitors who acted for the Seller in relation to any Loan; or (iii) any insurance broker or agent in relation to any insurance contract relating to a Loan; or (iv) any Borrower of any Loan; or (v) any other party within the knowledge of the Seller or either Previous Seller, which would result in any monies owed by any of the Borrowers not being unlikely to be repaid in full under the terms of any of the Loans.
- (mm) Other than the Seller or either Previous Seller, no third party has an interest in such Loan, the related Mortgages and other rights granted to or held for the Seller or either Previous Seller and being the subject of the Mortgage Sale Agreement.
- (nn) In relation to the Loans in the DB UK portfolio, and so far as the Seller and each Previous Seller is aware in relation to the Loans in the Edeus portfolio and the Loans in the Money Partners portfolio, in the case of a Loan secured by a leasehold Mortgaged Property, solicitors were instructed at origination to check that:
 - (i) the lease cannot be forfeited on the bankruptcy of the tenant; and
 - (ii) any requisite consent of the landlord to or notice to the landlord of, the creation of the Related Security had been obtained or given.
- (oo) No Borrower has been offered, and no Borrower has the right to benefit from, any of the “Flexible Features” referred to in part 4 of the DB UK Bank Limited mortgage conditions (England and Wales) April 2007 edition, the DB UK Bank Limited mortgage conditions (Scotland) April 2007 edition or the DB UK Bank Limited mortgage conditions (Northern Ireland) April 2007 edition.
- (pp) Each Loan is a “financial asset” as defined in International Accounting Standard 32 (IAS32).
- (qq) No Loan or Related Security consists of stock or marketable securities (in either case for the purposes of Section 125 of the Finance Act 2003), chargeable securities (for the purposes of Section 99 of the Finance Act 1986) or a chargeable interest for the purposes of Section 48 of the Finance Act 2003.
- (rr) DB UK (as a Previous Seller) and the Seller have not sold, and so far as the Seller and each Previous Seller is aware the relevant Original Lending Entity has not sold, any payment protection insurance or similar to a Borrower in respect of any Loan.

Neither the Security Trustee nor the Co-Arrangers has undertaken any additional due diligence in respect of the application of the Lending Criteria and have relied entirely upon the warranties referred to above which will be made by the Seller to the Issuer and the Security Trustee pursuant to the Mortgage Sale Agreement.

Pursuant to the Mortgage Sale Agreement, the Issuer and the Seller will enter into the Disclosure Letter on or about the Closing Date. Pursuant to the Disclosure Letter, the Seller shall disclose certain matters relating to the Loans and the Loan Warranties that have in turn been disclosed to it by the Previous Sellers in accordance with the Previous Mortgage Sale Agreement. The Seller shall not be liable under the Loan

Warranties in relation to any matter disclosed to the Issuer in the Disclosure Letter, or otherwise fairly disclosed to the Issuer.

Interest-only Loan means a Loan where the Borrower is only required to pay interest during the term of the Loan, with the capital being repaid in a lump sum at the end of the term;

Loan Files means the file or files relating to each Loan (including files kept in microfiche format or similar electronic data retrieval system or the substance of which is transcribed and held on an electronic data retrieval system) containing *inter alia* correspondence between the Borrower and the Seller and including mortgage documentation applicable to the Loan, each letter of offer for that Loan, the Valuation Report (if applicable) and, to that extent available, the solicitor's or licensed conveyancer's certificate of title, or (in Scotland) qualified conveyancer's certificate of title and any MHA/CPA Documentation;

Mortgage Conditions means all the terms and conditions applicable to a Loan, including without limitation those set out in the relevant mortgage conditions booklet and the relevant general conditions of the relevant Original Lending Entity, each as varied from time to time by the relevant Loan Agreement and the relevant Mortgage Deed;

Portfolio means the portfolio comprising mortgage loans (and all monies derived therefrom from time to time) originated by the relevant Original Lending Entity and secured over residential properties located in England, Wales, Northern Ireland and Scotland, which will be sold to the Issuer on the Closing Date.

Right to Buy Loan means a Loan in respect of a Property made in whole or in part to a Borrower for the purpose of enabling that Borrower to exercise his right to buy the relevant Property under section 156 of the Housing Act 1985 (the **1985 Act**) excluding however such Loans in respect of which the statutory charge referred to in section 155 of the Housing Act 1985 has expired (in the case of English Mortgages) or the Housing (Scotland) Act 1987 (as amended the **1987 Act**) (in the case of Scottish Mortgages) excluding however any such Loans in respect of which the period during which the standard security in favour of the seller of the Property referred to in section 72 of the 1987 Act is of effect has expired.

Self-Certified Loan means a Loan in relation to which income and employment details of the Borrower are not substantiated by supporting documentation; and

Valuation Report means in respect of a Property secured by a Mortgage, a valuation report obtained in connection with the origination of the relevant Loan from a qualified valuer of such experience or qualification as would be acceptable to a reasonable, prudent mortgage lender, the contents of which were such as would be acceptable to a reasonable, prudent mortgage lender.

Purchase by the Option Holder for breach of Loan Warranties

Pursuant to the terms of the Mortgage Sale Agreement and the Previous Mortgage Sale Agreement, Deutsche Bank AG, London Branch (as **Option Holder**) may elect to purchase (or to nominate an entity to purchase) any Loan in the Portfolio in respect of which a contractual claim for damages is brought (or an intention to bring such a claim has been notified) against the Seller or the Previous Sellers as a consequence of a breach of a Loan Warranty in respect of that Loan. The purchase price for such Loan shall be equal to its current unpaid principal balance as at the date of repurchase together with accrued interest and any other sum accrued but not yet paid under such Loan as at the date of purchase (including any arrears of interest) plus an amount equal to the reasonable and proper third party costs and expenses of incurred or payable in connection with such purchase.

Further Advances, Ports and Product Switches

Pursuant to the Mortgage Sale Agreement, the Seller undertakes that it will not accept a request from, or make an offer to, a Borrower for Further Advances in respect of a Loan in the Portfolio. Each of the Interim

Servicer and the Servicer, under the Interim Servicing Agreement and the Servicing Agreement, respectively, undertakes with the Issuer and the Security Trustee that it will not agree to grant any Further Advance in respect of a Loan in the Portfolio. Additionally, under the Interim Servicing Agreement, the Interim Servicer undertakes with the Issuer and the Security Trustee that if it receives an application from a Borrower requesting a Port, or Product Switch it shall: (a) consider that application on a case-by-case basis in accordance with the relevant Mortgage Conditions and any applicable law or guidelines (including the requirement to treat customers fairly) or to comply with any applicable law or guidelines (including the requirement to treat customers fairly) (**Interim Ports** and **Interim Product Switches**, respectively); and (b) consider and deal with applications for Interim Ports and Interim Product Switches in accordance with the relevant Mortgage Conditions. Under the Servicing Agreement, the Servicer undertakes with the Issuer and the Security Trustee that if it receives an application from a Borrower requesting a Port, or Product Switch it shall: (a) not agree to grant a Port or Product Switch unless required to do so under the relevant Mortgage Conditions or to comply with any applicable law or guidelines (including the requirement to treat customers fairly) (**Required Ports** and **Required Product Switches**, respectively); and (b) consider and deal with applications for Required Ports and Required Product Switches in accordance with the relevant Mortgage Conditions.

Business Day means a day (other than a Saturday or Sunday) on which banks are generally open for business in London.

Calculation Date means the 7th calendar day prior to each Interest Payment Date or, if such day is not a Business Day, the immediately preceding Business Day.

Collection Period means the quarterly period commencing on and including the Collection Period Start Date and ending on and including the last calendar day before the immediately following Collection Period Start Date (provided that the first Collection Period will commence on 1 November 2015 and end on 31 May 2016).

Collection Period End Date means the last day of the calendar quarter immediately preceding the immediately following Calculation Date.

Collection Period Start Date means the 1st calendar day of March, June, September and December (provided that the first Collection Period Start Date will be 1 November 2015, the second Collection Period Start Date will be 1 June 2016 and the third Collection Period Start Date will be 1 September 2016).

Current Principal Balance means, on any date, the aggregate balance of the Loan at such date (but avoiding double counting) including:

- (a) the original principal amount advanced to the relevant Borrower and any further amount advanced on or before the given date to the relevant Borrower secured or intended to be secured by the related Mortgage; and
- (b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been properly capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent and added to the amounts secured or intended to be secured by the related Mortgage,

as at the end of the Business Day immediately preceding that given date less any repayment or payment of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any retentions made but not released by the end of the Business Day immediately preceding that given date.

Further Advance means, in relation to a Loan, any advance of further money to the relevant Borrower following the making of the Initial Advance, which is secured by the same Mortgage as the Initial Advance,

but does not include the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage.

Initial Advance means all amounts advanced by the Seller to a Borrower under a Loan other than a Further Advance.

MHA/CPA Documentation means an affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 and/or (as applicable) the Civil Partnership Act 2004 in connection with a Scottish Mortgage or property secured thereby.

Monthly Period means the monthly period commencing on and including the first calendar day of each month and ending on and including the last calendar day of each month (for the avoidance of doubt the first Monthly Period will commence on the Closing Date and end on the last calendar day of February 2016).

Monthly Period End Date means the last day of the calendar month.

Monthly Pool Date means (a) the first day of the calendar month immediately following each Monthly Period End Date where the first day of the calendar month is not a Saturday or a Sunday, (b) the second day of the calendar month immediately following each Monthly Period End Date where the first day of the calendar month is a Sunday, or (c) the third day of the calendar month immediately following each Monthly Period End Date where the first day of the calendar month is a Saturday.

Mortgage means in respect of any English Loan and Northern Irish Loan, each first fixed charge by way of legal mortgage or in respect of any Scottish Loan each first ranking standard security which is, or is to be, sold, assigned or transferred by the Seller to the Issuer pursuant to the Mortgage Sale Agreement or, in respect of a Scottish Mortgage, the Scottish Declaration of Trust which secures the repayment of the relevant Loan including the Mortgage Conditions applicable to it.

Mortgage Deed means, in respect of any Mortgage, the deed in written form creating that Mortgage (being in respect of any Scottish Loans, a standard security).

Port means the transfer of the Mortgage in respect of a Loan from an existing Property to a new Property where the new Property provides replacement security for the repayment by the Borrower of the relevant Loan.

Product Switch means any variation in the financial terms and conditions applicable to a Loan other than any variation:

- (a) agreed with a Borrower to control or manage arrears on the Loan;
- (b) in the maturity date of the Loan unless the maturity date would be extended to a date later than three years before the Final Maturity Date of the Notes;
- (c) imposed by statute; or
- (d) in the frequency with which the interest payable in respect of the Loan is charged.

Property means (in England and Wales) a freehold, leasehold or commonhold property or (in Scotland) a heritable property or property held under a long lease or (in Northern Ireland) a freehold or leasehold property, which is, in each case, subject to a Mortgage and together, the **Properties**.

Related Security means, in relation to a Loan, the security granted for the repayment of that Loan by the relevant Borrower including the relevant Mortgage and all other matters applicable thereto acquired as part of any Portfolio sold to the Issuer pursuant to the Mortgage Sale Agreement.

Governing Law

The Mortgage Sale Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law (other than certain aspects relating to the Northern Irish Loans and their Related Security which are governed by Northern Irish law and certain aspects relating to the Scottish Loans and their Related Security which are governed by Scots law).

Master Servicing Agreement

Introduction

The Issuer will enter into the Master Servicing Agreement with, inter alia, the Security Trustee, the Seller and the Master Servicer (the **Master Servicing Agreement**) on or about the Closing Date.

On and from the Closing Date and until and including the Account Transfer Date, each of the Issuer and the Interim Legal Title Holder appoints the Master Servicer as its agent on its behalf to provide the services set out therein (the **Interim Master Services**), which include:

- (a) consulting with the Legal Title Holder, the Interim Legal Title Holder and the Servicer on the transition of the legal title in respect of the Loans and their Related Security from the Interim Legal Title Holder to the Legal Title Holder;
- (b) consulting with the Interim Servicer and the Servicer on the transfer of the servicing to the Servicer;
- (c) consulting with the Interim Servicer, the Servicer and the Interim Collection Account Bank on the transfer of collection account arrangements to the Collection Account Bank.

Following the Account Transfer Date, the Master Servicer will be appointed by the Issuer and the Seller, to act as Master Servicer with respect to the Loans and their Related Security and to provide the services set out in the Master Servicing Agreement (the **Full Master Services**, and together with the Interim Master Services, the **Master Services**), which include:

- (a) consulting with the Servicer in accordance with the Servicing Agreement as to any variation of any Service Specification relating to the settlement and administration of the Loans and their Related Security by the Servicer;
- (b) consulting with the Servicer in accordance with the Servicing Agreement as to any variation of the Service Specification applicable to Loans that are in arrears from time to time and in respect of the Servicer's undertaking in relation to certain discretionary elements of enforcement procedures in accordance with the terms of the Servicing Agreement;
- (c) carrying out an audit of the Servicer in accordance with the Servicing Agreement;
- (d) attending meetings with the Servicer;
- (e) reviewing complaints received by the Servicer or the Legal Title Holder from the Borrowers;
- (f) reviewing the Service Specification in relation to the Loans in the Portfolio with the Servicer in order to determine if changes are required to the Service Specification in order to, inter alia, comply with applicable law or guidelines (including the requirement to treat customers fairly);
- (g) notifying the Issuer and the Class R Certificateholders of any fall in the level of servicing provided by the Servicer below the level which would be provided by a prudent residential mortgage servicer;

- (h) reviewing the reports produced by the Servicer in accordance with the Servicing Agreement and, if required, notifying the Issuer, the Servicer, the Legal Title Holder and the Security Trustee of any manifest errors in such reports; and
- (i) providing, where required, prompt and all reasonable assistance to the Servicer and any direction or any consultation that may be reasonably be required by the Servicer.

In the performance of certain of the key Full Master Services, the Master Servicer must act in a manner consistent with that of a prudent residential mortgage servicer.

The Master Servicer must comply with any proper directions, orders and instructions that the Issuer or, following service of a Note Acceleration Notice, the Security Trustee, may from time to time give to it in accordance with the provisions of the Master Servicing Agreement.

The Master Servicer's actions in acting as Master Servicer with respect to the Loans and their Related Security in accordance with its procedures are binding on the Issuer. The Master Servicer may delegate all or any of its obligations as Master Servicer subject to and in accordance with the terms thereof. However, the Master Servicer remains liable at all times for the performance of all of the obligations of the Master Servicer under the Master Servicing Agreement and for the acts or omissions of any delegate or sub-contractor.

Interest rate setting

From the Closing Date to the Account Transfer Date, the Interim Servicer shall set the rates of interest or margins applicable in relation to the Loans. In setting the standard variable rates in relation to the Portfolio, the Interim Servicer has agreed to set such standard variable rate at 3 month Sterling LIBOR.

Following the Account Transfer Date, the Master Servicer shall have the full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine and set in relation to the Loans sold by the Seller to the Issuer or, in respect of the Scottish Loans, held in trust under the Scottish Trust, the rates of interest or margins applicable in relation to the Loans save that in setting the standard variable rate in relation to the Portfolio the Master Servicer has agreed to set such standard variable rate at 3 month Sterling LIBOR. The Master Servicer will also be required to notify the Servicer of any changes in such rates of interest or margins applicable to the Loans.

Replacement of Interim Collection Account Bank and Collection Account Bank

If the rating of the Interim Collection Account Bank (during the Interim Period) or the Collection Account Bank (following the Interim Period) falls below the Collection Account Bank Rating, the Master Servicer will, within 30 days of such occurrence, use reasonable endeavours to:

- (a) procure that DB UK (as a Previous Seller) (in the case of a downgrade of the Interim Collection Account Bank) or the Issuer (in the case of a downgrade of the Collection Account Bank), as applicable, opens a replacement collection account in the name of DB UK (as a Previous Seller) (in the case of a downgrade of the Interim Collection Account Bank) or the Issuer (in the case of a downgrade of the Collection Account Bank) with a financial institution (x) having a rating of at least the Collection Account Bank Rating, (y) approved in writing by the Issuer and the Security Trustee and (z) which is a bank as defined in Section 991 of the Income Tax Act 2007; or
- (b) procure an unconditional and unlimited guarantee of the obligations of the Interim Collection Account Bank or Collection Account Bank, as applicable, from a financial institution having the Collection Account Bank Rating; or

- (c) take any other action as the Rating Agencies may agree will not result in a downgrade of the Rated Notes.

In the event a replacement collection account is opened, the Interim Servicer or, following the Account Transfer Date, the Servicer shall (in accordance with the Interim Servicing Agreement or the Servicing Agreement, as applicable) (A) transfer all direct debit mandates to such replacement collection account and (B) notify Borrowers that all Monthly Payments made by a Borrower under a payment arrangement other than by way of direct debit are made to such replacement collection account from the date on which the replacement collection account opened. The Servicer shall take such action as is reasonably required by the Master Servicer in order to effect such arrangements in accordance with the Servicing Agreement.

Compensation of the Master Servicer and Make-Whole Fee

The Issuer shall, on each Interest Payment Date, pay to the Master Servicer the Master Servicing Fee for its services under the Master Servicing Agreement plus applicable VAT.

The **Master Servicing Fee** for an Interest Payment Date is equal to the greater of:

- (a) the product of (A) the Master Servicing Fee Rate applicable for that Interest Payment Date, (B) the actual number of days in the Collection Period immediately preceding that Interest Payment Date divided by 365 and (C) the aggregate Current Principal Balance of all Loans in the Portfolio (determined as at the beginning of the Collection Period immediately preceding that Interest Payment Date); and
- (b) the Master Servicing Fee Floor in respect of the relevant Interest Payment Date.

The **Master Servicing Fee Floor** in respect of each Interest Payment Date falling:

- (a) on and from a particular anniversary of the Master Servicing Agreement (commencing on the seventh anniversary of the Master Servicing Agreement) to but excluding the next anniversary of the Master Servicing Agreement (each such annual period being an **Indexation Period**) is equal to one-quarter of the aggregate Master Servicing Fee (in Pounds Sterling) that was payable to the Master Servicer for the whole of the previous Indexation Period (or in the case of the first Indexation Period, for the whole of the twelve month period ending on the seventh anniversary of the Master Servicing Agreement), as increased on the first day of the relevant Indexation Period by way of indexation (but, for the avoidance of doubt, not decreased if the relevant RPI is negative) by reference to the lesser of:
 - (i) 5%; and
 - (ii) the then most recent annual RPI (“All items index”) data as published by the Office for National Statistics.
- (b) before the seventh anniversary of the Master Servicing Agreement is zero.

Master Servicing Fee Rate for an Interest Period means 0.1 per cent. per annum subject to an annual increase by way of indexation (but, for the avoidance of doubt, not to any decrease if the relevant RPI is negative) by reference to the lesser of:

- (a) on each of the first to fifth (inclusive) anniversaries of the Master Servicing Agreement, 2% or on the sixth and each subsequent anniversary of the Master Servicing Agreement, 5%; and
- (b) the then most recent annual RPI (“All items index”) data as published by the Office for National Statistics.

Subject to and in accordance with the Pre-Acceleration Revenue Priority of Payments, on each Interest Payment Date the Master Servicing Fee will be paid in two parts as follows:

- (a) a senior fee in an amount equal to 0.06 per cent. per annum of the aggregate Current Principal Balance of all Loans in the Portfolio as determined as at the beginning of the Collection Period immediately preceding the relevant Interest Payment Date (inclusive of any applicable VAT) (the **Senior Master Servicing Fee**); and
- (b) a subordinated fee (the **Subordinated Master Servicing Fee**) in an amount equal to the greater of:
 - (i) (x) the Master Servicing Fee for the relevant Interest Payment Date *minus* (y) the aggregate of the Senior Master Servicing Fee for relevant Interest Payment Date; and
 - (ii) zero.

To the extent that, on any Interest Payment Date, the Issuer has insufficient Available Revenue Receipts to pay any part of the Subordinated Master Servicing Fee in accordance with the Pre-Acceleration Revenue Priority of Payments, the relevant unpayable amount of the Subordinated Master Servicing Fee will not be due or payable by the Issuer on that Interest Payment Date but will instead be deferred until the next Interest Payment Date on which the Issuer does have sufficient Available Revenue Receipts to pay the relevant amount, at which time it will become due and payable. For so long as payment of any amount of the Subordinated Master Servicer Fee is deferred in accordance with the foregoing it will accrue interest on a daily basis at a rate of 3 per cent. above LIBOR per annum (any such amount of deferred fee, together with any such interest accrued thereon, the **Deferred Subordinated Master Servicer Fee**).

No element of the Master Servicing Fee will be subordinated following the service of a Note Acceleration Notice on the Issuer, subject to and in accordance with the Post-Acceleration Priority of Payments.

If the Master Servicing Agreement is terminated by the Issuer (other than as a result of a Master Servicer Termination Event or the occurrence of a force majeure event or as a result of the Master Servicing Agreement being illegal) prior to the earlier of (a) the seventh anniversary of the Closing Date and (b) the date which is one year following the exercise of the redemption of the Notes pursuant to Condition 7.3 (*Optional Redemption of the Notes in Full*), 7.4 (*Optional Redemption for Taxation Reasons*) or 7.5 (*Mandatory Redemption in full following a Majority Holder Option Sale or a Retention Holder Option Sale*) (the **Master Servicer Minimum Term Date**), then the Issuer shall pay a make-whole fee (plus VAT) (the **Master Servicer Make-Whole Fee**) to the Master Servicer equal to the sum of $A \times B \times C$ where:

1. A = the then applicable Master Servicing Fee Rate;
2. B = the number of whole months from the date of termination to the Master Servicer Minimum Term Date; and
3. C = the aggregate Current Principal Balance of the Loans in the Portfolio as determined on the date the Calculation Date immediately preceding the date the Master Servicing Agreement is terminated.

For circumstances under which the Master Servicing Agreement may be terminated, see “—*Removal or Resignation of the Master Servicer*” below.

Removal or Resignation of the Master Servicer

The Issuer (subject to the prior written consent of the Security Trustee acting on the instructions of the Note Trustee) or, following the service of a Note Acceleration Notice, the Security Trustee (acting on the instructions of the Note Trustee) may terminate the Master Servicer’s appointment under the Master

Servicing Agreement if any of the following events (each a **Master Servicer Termination Event**) occurs and while such event continues:

- default is made by the Master Servicer in the performance or observance of any of its other covenants and obligations under the Master Servicing Agreement, which default in the opinion of the Security Trustee (acting on the instructions of the Note Trustee) is materially prejudicial to the interests of the Noteholders (which determinations shall be conclusive and binding on all other Secured Creditors) and such default continues unremedied for a period of 30 Business Days after the earlier of: (i) the Master Servicer becoming aware of such default; or (ii) receipt by the Master Servicer of written notice from the Issuer or, after the delivery of a Note Acceleration Notice, the Security Trustee requiring the same to be remedied, provided that where the relevant default occurs as a result of a default by any person to whom the Master Servicer has sub-contracted or delegated part of its obligations under the Master Servicing Agreement, such default shall not constitute a Servicer Termination Event if, within such period of 30 Business Days of receipt of such notice from the Issuer and/or (as the case may be) after the delivery of a Note Acceleration Notice, the Security Trustee, the Master Servicer terminates the relevant sub-contracting or delegation arrangements and takes such steps as the Issuer and/or, as the case may be, after the delivery of a Note Acceleration Notice, the Security Trustee may in their absolute discretion (in the case of the Security Trustee, acting on the instruction of the Note Trustee) specify to remedy such default or to indemnify and/or secure and/or prefund the Issuer and/or the Security Trustee against the consequences of such default;
- the occurrence of an Insolvency Event in respect of the Master Servicer; or
- the Issuer resolves, after due consideration and acting reasonably (with the consent of the Note Trustee), that the appointment of the Master Servicer should be terminated.

The appointment of the Master Servicer under the Master Servicing Agreement may be terminated by the Master Servicer:

- (a) if on any Interest Payment Date any part of the Senior Master Servicing Fee is not paid to the Master Servicer in accordance with the Pre-Acceleration Revenue Priority of Payments, by written notice of termination given by the Master Servicer to the Issuer and Security Trustee (which notice will be effective immediately or on such later date as may be specified therein) with a copy to the Rating Agencies; or
- (b) by giving not less than 12 months' notice (provided that the date on which the resignation is to be effective must fall on or after the earlier of (x) the Interest Payment Date falling in March 2021 or (y) any Interest Payment Date on which the aggregate Principal Amount Outstanding of all of the Notes and the Overcollateralisation Amount is equal to or less than 10 per cent. of the aggregate Principal Amount outstanding of the Notes and the Overcollateralisation Amount on the Closing Date) to the Issuer and the Security Trustee and in relation to a resignation referred to in paragraph (x) above, subject to, *inter alia*, a replacement master servicer having been appointed.

In the case of a resignation referred to in paragraph (b)(x) above, the resignation of the Master Servicer is conditional on, *inter alia*:

- (a) the resignation having no adverse effect on the then current ratings of the Rated Notes;
- (b) the appointment of the substitute servicer not adversely affecting compliance with the requirements of each of Article 405 of Regulation (EU) No 575/2013, Article 51 of Regulation (EU) No 231/2013 and Article 254 of Regulation (EU) 2015/35; and

- (c) the substitute servicer assuming and performing all the duties and obligations of the Master Servicer on substantially the same terms as the Master Servicing Agreement (with certain limited exceptions where the substitute servicer and the Issuer agree that this is not practicable and instead determine reasonable commercial terms taking into account the then prevailing current market conditions).

The scope of the services to be provided by a substitute servicer shall be no narrower than those provided by the Master Servicer.

Liability of the Master Servicer

The Master Servicer has agreed to indemnify each of the Issuer, the Interim Servicer, the Servicer, the Interim Legal Title Holder, the Legal Title Holder, the Security Trustee and DB UK (in respect of certain limited obligations owed by the Master Servicer to DB UK under the Master Servicing Agreement) on demand, and on an after tax basis, for any losses suffered or incurred by them in respect of gross negligence, fraud or wilful default of the Master Servicer under the Master Servicing Agreement.

The aggregate liability of the Master Servicer arising out of or in connection with its obligations under the Master Servicing Agreement and any other Transaction Document is limited to, in each 12-month period commencing on the Closing Date and on each subsequent anniversary, 100 per cent. of the Master Servicing Fee for that period and to an aggregate amount of £600,000.

Governing Law

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

Interim Servicing Agreement

Introduction

The Issuer, the Security Trustee, the Master Servicer and the Interim Servicer will enter into the Interim Servicing Agreement (the **Interim Servicing Agreement** on or about the Closing Date.

With effect from Closing Date to the end of the Interim Period, the Interim Servicer will be appointed by each of the Issuer and the Legal Title Holder to be its agent to service the Loans and their Related Security (such services to be provided by the Interim Servicer under the Interim Servicing Agreement being the **Interim Services**). The Interim Servicer must comply with any proper directions, orders and instructions that the Issuer or, following service of a Note Acceleration Notice, the Security Trustee may from time to time give to it in accordance with the provisions of the Interim Servicing Agreement.

The Interim Servicer's actions in servicing the Loans and their Related Security in accordance with its procedures are binding on the Issuer. The Interim Servicer may delegate all or any of its obligations as Interim Servicer subject to and in accordance with the terms thereof. However, the Interim Servicer remains liable at all times for servicing the Loans and their Related Security and for the acts or omissions of any delegate or sub-contractor.

Powers

Subject to the guidelines for servicing set forth in the Interim Servicing Agreement, the Interim Servicer has the power to service the Portfolio in accordance with the servicing specification set out in the Interim Servicing Agreement.

Undertakings by the Interim Servicer

The Interim Servicer has undertaken, among other things, to, in accordance with its existing policy as at the date of the date of the Interim Servicing Agreement and with the same level of care, skill and diligence which it applies to its own assets:

- (a) devote such time and attention to and will provide the Interim Services in such manner and with the same level of skill, care and diligence as would a prudent residential mortgage servicer;
- (b) comply with any proper directions, orders and instructions which the Issuer or the Security Trustee may from time to time give to it in accordance with the provisions of the Interim Servicing Agreement;
- (c) maintain and keep in force all approvals, authorisations, permissions, consents and licences required in order properly to service the Loans and their Related Security and to perform or comply with its obligations under the Interim Servicing Agreement, and to prepare and submit all necessary applications and requests for any further approvals, authorisations, permissions, registrations, consents and licences required in connection with the performance of the Interim Services under the Interim Servicing Agreement and in particular any necessary notification under the Data Protection Act 1998, licence under the CCA and any authorisation and permissions under the FSMA;
- (d) not knowingly fail to comply with any legal or regulatory requirements in the performance of the Interim Services;
- (e) make all payments required to be made by it pursuant to the Interim Servicing Agreement on the due date for payment thereof in Sterling (or as otherwise required under the Transaction Documents) in immediately available funds for value on such day without set-off (including, without limitation, in respect of any fees owed to it) or counterclaim but subject to any deductions required by law;
- (f) other than to the extent previously disclosed by the Previous Sellers to the Seller in connection with the Previous Mortgage Sale Agreement, as soon as reasonably practicable upon becoming aware of any fact or circumstance which may have a material adverse effect on any Loan or Loans through performing the Interim Services under the Interim Servicing Agreement, notify the Issuer and Master Servicer in writing of such event;
- (g) notify the Issuer (with a copy to the Seller) upon becoming aware of any legal proceedings being taken against it or of any judgment or decree being given against it in any proceedings, which would, in each case materially and adversely affect its ability to perform its obligations under the Interim Servicing Agreement or which may materially and adversely affect either the Issuer or the Seller; and
- (h) as soon as reasonably practicable upon becoming aware of any failure to comply with any of its material obligations under the Interim Servicing Agreement, notify the Issuer and the Security Trustee of such failure.

Interest rate setting

The Interim Servicer has the full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine and set in relation to the Loans sold by the Seller to the Issuer or, in respect of the Scottish Loans, held in trust under the Scottish Trust, the rates of interest or margins applicable in relation to the Loans. In setting the standard variable rates in relation to the Portfolio, the Interim Servicer has agreed to set such standard variable rate at 3 month Sterling LIBOR. Upon effecting any change in such rates of interest or margins, the Interim Servicer will be required to notify Borrowers of any changes in monthly payments in relation to the relevant Loans in accordance with the Mortgage Conditions.

Cash Management obligations of the Interim Servicer

The Interim Servicer shall instruct the Interim Collection Account Bank to automatically or otherwise, transfer, at the end of each Business Day, all cleared funds received from the Borrowers and credited to the relevant Interim Collection Accounts from such Interim Collection Accounts to the Deposit Account.

Additionally the Interim Servicer shall:

- (a) use reasonable endeavours (determined by reference to the existing policy of the Interim Servicer as at the date of the Interim Servicing Agreement) to recover all sums due from the Borrowers under or in connection with the Portfolio, including taking all necessary steps to collect (subject to satisfaction by the Issuer and/or the Legal Title Holder (as applicable) of all requirements under the Direct Debiting Scheme and any related requirements of the Collection Account Bank) sums due from Borrowers (where the Borrower permits a direct debit to be made to his bank account) by direct debit into the applicable Interim Collection Account and complying with all requirements from time to time of the Direct Debiting Scheme; and
- (b) procure that all amounts recovered under or in connection with the Portfolio (other than amounts paid directly into the applicable Interim Collection Account by way of direct debit) are promptly, within 3 Business Days of receipt and identification, paid into the applicable Interim Collection Account.

Direct Debiting Scheme means the scheme for the manual or automated debiting of bank accounts operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services.

Compensation of the Interim Servicer

On each Interest Payment Date, the Issuer will pay the Interim Servicer the servicing fee (the **Interim Servicing Fee**) for the relevant Interest Payment Date (accruing up to, and including, the Account Transfer Date), being the greater of:

- (a) the product of (A) £657.53 (subject to annual increase by way of indexation) and (B) the actual number of days comprised in the Collection Period immediately preceding that Interest Payment Date (or, in the case of the first Interest Payment Date only, the number of days from the Closing Date to the end of the Collection Period) (exclusive of VAT); and
- (b) the aggregate of the Standard Servicing Fee, the Arrears Servicing Fee for that Interest Payment Date and the Early Redemption Fee for that Interest Payment Date.

Standard Servicing Fee for an Interest Payment Date is the product of (A) the 0.125 per cent. per annum, (B) the actual number of days in the Collection Period immediately preceding that Interest Payment Date (or, in the case of the first Interest Payment Date only, the number of days from the Closing Date to the end of the first Collection Period) divided by 365 (or over a 366 day year in a leap year) and (C) the aggregate Current Principal Balance of all Loans in the Portfolio (determined as at the beginning of the Collection Period immediately preceding that Interest Payment Date) (exclusive of VAT), subject to annual increase by way of indexation.

Arrears Servicing Fee for an Interest Payment Date is equal to the product of £35 multiplied by the number of Arrears Loans during each Calculation Period in the Collection Period (or, in the case of the first Interest Payment Date only, during each Calculation Period in the period from the Closing Date to the end of the first Collection Period) immediately preceding the Interest Payment Date (exclusive of VAT), subject to annual increase by way of indexation.

Redemption Fee for an Interest Payment Date is £85 for each Loan which is paid out in full and discharged during the Collection Period (or, in the case of the first Interest Payment Date only, the period from the Closing Date to the end of the first Collection Period) immediately preceding the Interest Payment Date (exclusive of VAT), subject to annual increase by way of indexation.

The amount of Interim Servicing Fee shall payable pursuant to item (c)(i) of the Pre-Acceleration Revenue Priority of Payments be capped at a maximum of 0.204 per cent. per annum of the aggregate Current Principal Balance of the Loans in the Portfolio as determined as at the beginning of the Collection Period immediately preceding the relevant Interest Payment Date on which it is to be paid (inclusive of VAT) (such capped amount being the **Senior Interim Servicing Fee** and any amounts of Interim Servicing Fee in excess thereof being the **Subordinated Interim Servicing Fee**). Each of the Senior Interim Servicing Fee and the Subordinated Interim Servicing Fee shall be payable quarterly in arrear on each Interest Payment Date or, in respect of the Post-Acceleration Priority of Payments on any day on which amounts are so applied, in accordance with the Pre-Acceleration Revenue Priority of Payments or, as the case may be, the Post-Acceleration Priority of Payments.

Arrears Loans means all Loans which had an MIA Measure of less than 1 at the end of the relevant Calculation Period, in respect of which the Interim Servicer has taken all reasonable steps within its control and in accordance with the Interim Service Specification to encourage the relevant Borrowers to make payments during the relevant Calculation Period.

CMS means at any time the monthly mortgage instalment then due under a Loan during the relevant Calculation Period, without regard for any discounted or additional payment arrangements agreed with the Borrower and excluding any fees, costs and charges.

MIA Measure means, as of the last day of a Calculation Period, the aggregate amount of sums paid under a Loan in that month (excluding fees, costs and charges) divided by the CMS for that month for such Loan.

Removal or Resignation of the Interim Servicer

Unless terminated earlier in accordance with the provisions of the Interim Servicing Agreement described below, each of the Interim Servicing Agreement and the appointment of the Interim Servicer under the Interim Servicing Agreement will automatically terminate with effect from the end of the Interim Period.

The Issuer (subject to the prior written consent of the Security Trustee) may, upon written notice to the Interim Servicer, terminate the Interim Servicer's appointment under the Interim Servicing Agreement if any of the following events (each an **Interim Servicer Termination Event**) occurs and while such event continues:

- (a) the Interim Servicer defaults in the payment on the due date of any payment due and payable by it under the Interim Servicing Agreement and such default continues unremedied for a period of 10 Business Days after the earlier of the Interim Servicer becoming aware of such default and receipt by the Interim Servicer of written notice from the Issuer, the Seller or (after the delivery of a Note Acceleration Notice) the Security Trustee, as the case may be, requiring the same to be remedied;
- (b) the Interim Servicer defaults in the performance or observance of any of its other covenants and obligations under the Interim Servicing Agreement, which failure in the reasonable opinion of the Issuer (prior to the delivery of a Note Acceleration Notice) or in the opinion of the Security Trustee (after the delivery of a Note Acceleration Notice) is materially prejudicial to the interests of the Noteholders, and the Interim Servicer does not remedy that failure within 20 Business Days after the earlier of the Interim Servicer becoming aware of the failure or of receipt by the Interim Servicer of written notice from the Issuer, the Seller or (after the delivery of a Note Acceleration Notice) the Security Trustee requiring the Interim Servicer's non-compliance to be remedied;

- (c) an insolvency event occurs in relation to the Interim Servicer;
- (d) the Interim Servicer ceases to perform the business of mortgage administration; or
- (e) if the Interim Servicer loses any regulatory approval which is necessary in order to provide some or all of the Interim Services, as the case may be, or any restriction is applied by a regulator which will prevent the Interim Servicer from complying with its obligations under the Interim Servicing Agreement provided that, it does not result or arise from compliance by the Interim Servicer with any instruction given by or on behalf of the Issuer or the Security Trustee.

Subject to the fulfilment of a number of conditions, the appointment of the Interim Servicer may be terminated by the Interim Servicer (i) by giving not less than 6 months' written notice to the Master Servicer, the Security Trustee and the Issuer (or such shorter time as may be agreed between them) of its resignation or (ii) following the occurrence of an Interim Servicer Resignation Event, by written notice of termination given by the Interim Servicer to the Master Servicer, the Issuer and the Security Trustee in accordance with the terms of the Interim Servicing Agreement, provided that, inter alia, a substitute servicer qualified to act as such under the FSMA and the CCA and with a management team with experience of servicing residential mortgages in the United Kingdom has been appointed and enters into a servicing agreement with the Issuer on the similar terms as the Interim Servicing Agreement.

The resignation of the Interim Servicer is conditional on, inter alia, (a) (if any Rated Notes remain outstanding) the then current ratings of the Rated Notes issued by the Issuer not being withdrawn, qualified or downgraded as a result of such resignation, unless the resignation is otherwise agreed by an Extraordinary Resolution of the holders of the Rated Notes, or (b) (if no Rated Notes remain outstanding) the Security Trustee determining that the appointment of the substitute would not be materially prejudicial to the interests of the holders of the Class G Notes then outstanding or the holders of the Class G Notes consent by Extraordinary Resolution to such appointment. For the avoidance of doubt the Security Trustee shall not have regard to the interest of the Certificateholders.

If the appointment of the Interim Servicer is terminated or the Interim Servicer resigns, the Interim Servicer must deliver the Title Deeds and Loan Files relating to the Loans comprised in the Portfolio in its possession to, or at the direction of, the Issuer. The Interim Servicing Agreement will terminate at such time as the Issuer has no further interest in any of the Loans or their Related Security serviced under the Interim Servicing Agreement that have been comprised in the Portfolio.

Interim Servicer Resignation Event means the occurrence of any of the following events:

- (a) a default is made by the Issuer in the payment of the fees or any other amounts due and payable to the Interim Servicer under the Interim Servicing Agreement and such default continues unremedied for 15 days from the date such payment is due;
- (b) a default is made by the Issuer in the performance or observance of any of its other covenants and obligations under the Interim Servicing Agreement, and in the reasonable opinion of the Interim Servicing Agreement such default causes a material adverse effect on any of (i) the performance of the Interim Services or (ii) the ability of the Interim Servicer to fulfil its general corporate obligations or its regulatory or statutory obligations or (iii) the Interim Servicer's reputation, or its economic or financial interests, and such default continues unremedied for a period of 20 Business Days after the earlier of the Issuer becoming aware of such default and receipt by the Issuer of written notice from the Interim Servicer requiring the default to be remedied, provided that where an obligation or covenant is required to be performed by a third party on behalf of the Issuer, default by such third party in the performance of such obligations shall not constitute an Interim Servicer Resignation Event; or
- (c) the occurrence of an insolvency event in respect of the Issuer.

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

The Issuer fully and continually indemnifies the Interim Servicer from and against any and all proceedings, costs, liabilities, damages, claims, fines and expenses which the Interim Servicer sustains or incurs or which may be brought or established against the Interim Servicer by any person including any regulator and which in any case arise out of or in relation to or by reason of the Interim Servicer providing the Interim Services (including, for the avoidance of doubt, applying the fees and expenses set out in the tariff of charges to any Borrower and/or Loan and the taking of any step in connection with any arrears/possession) except where the relevant proceedings, costs, liabilities, damages, claims and expenses arise by reason of the Interim Servicer's fraud, breach or negligent performance of or failure to perform any obligation of the Interim Servicer in the Interim Servicing Agreement save that this indemnity shall not extend to any tax imposed on or calculated by reference to the fees, charges, commissions or other remuneration payable to the Interim Servicer.

Following termination of the appointment of the Interim Servicer, the Interim Servicer may be required to assist the Issuer to transfer the servicing function to a substitute servicer. To the extent that the Interim Servicer is required to assist the Issuer, such assistance will be at the cost of the Issuer (calculated on a time and materials basis) (such cost being the **Servicing Transition Costs**).

Indemnity in favour of Interim Legal Title Holder

The Issuer undertakes to indemnify the Interim Legal Title Holder indemnified on an after-tax basis from and against all losses, liabilities, charges, costs and expenses incurred by the Interim Legal Title Holder as a consequence of the Interim Legal Title Holder holding legal title to any Mortgage Loans or their Related Security after the Closing Date.

Liability of the Interim Servicer

The Interim Servicer undertakes to the Issuer, the Interim Legal Title Holder and the Security Trustee to indemnify the Issuer, the Interim Legal Title Holder and the Security Trustee against all proceedings, costs, liabilities, damages, claims and expenses which such other may suffer or incur as a direct and foreseeable result of the Interim Servicer's fraud, breach or negligent performance of or failure to perform any obligation in the Interim Servicing Agreement but only to the extent of the Interim Servicer's own fraud, breach or negligent performance of or failure to perform any obligation in the Interim Servicing Agreement and not the wilful default of the Issuer, the Interim Legal Title Holder or the Security Trustee seeking indemnity. This indemnity does not extend to any special, indirect or consequential damage, loss of profit or business which liability to a party is specifically excluded from the Interim Servicing Agreement.

The Interim Servicer's liability (other than where such liability arises as a result of the fraud, wilful default or gross negligence of the Interim Servicer) in contract, tort (including negligence or breach of statutory or regulatory duty) or otherwise howsoever, and whatever the cause thereof, arising by reason of or in connection with the Interim Servicing Agreement:

- (a) shall be limited to:
 - (i) in each 12 month period commencing from the Closing Date, 100% of the Interim Servicing Fee payable to the Interim Servicer in that 12 month period; and
 - (ii) in aggregate, £1,500,000 (one million five hundred thousand pounds); and
- (b) shall not include any claim for any increased costs and expenses, loss of profit, business, contracts, revenues or anticipated savings or for any special indirect or consequential damage of any nature whatsoever which liability is hereby excluded.

The Interim Servicer excludes all liability howsoever arising for any actions, claims, costs or damages accruing against the Seller and occasioned by defective underwriting or administration of any Mortgage, the cause of which has accrued before the Closing Date.

Governing Law

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

Servicing Agreement

Introduction

The Issuer, the Security Trustee, the Seller, the Master Servicer, DB UK and the Servicer will enter into the Servicing Agreement (the **Servicing Agreement**) on or about the Closing Date.

With effect from the end of the Interim Period, DB UK will be appointed (subject to the exception described below) by each of the Issuer and the Legal Title Holder to be its agent to service the Loans and their Related Security (such services to be provided by the Servicer under the Servicing Agreement being the **Services**).

With effect from the end of the Interim Period, the Servicer will be appointed by each of the Issuer and the Legal Title Holder to conduct any arrears cases in respect of the Loans and their Related Security (the **Arrears Management Services**) until the date which falls three calendar months after the Closing Date and DB UK will sub-appoint the Servicer to perform the Arrears Management Services during that time.

The Servicer must comply with any proper directions, orders and instructions that the Issuer or, following service of a Note Acceleration Notice, the Security Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement.

The Servicer's actions in servicing the Loans and their Related Security in accordance with its procedures are binding on the Issuer. The Servicer may delegate all or any of its obligations as Servicer subject to and in accordance with the terms thereof. However, the Servicer remains liable at all times for servicing the Loans and their Related Security and for the acts or omissions of any delegate or sub-contractor.

Powers

Subject to the guidelines for servicing set forth in the Servicing Agreement, the Servicer has the power to service the Portfolio in accordance with the Servicing Agreement.

Undertakings by the Servicer

The Servicer has undertaken, among other things, to:

- (a) devote such time and attention to and provide the Services in such manner and with the same level of skill, care and diligence as would a prudent residential mortgage servicer;
- (b) comply with any proper directions, orders and instructions which the Issuer or the Security Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement;
- (c) keep in force all approvals, authorisations, permissions, consents and licences required in order properly to service the Loans and their Related Security and to perform or comply with its obligations under the Servicing Agreement, and to prepare and submit all necessary applications and requests for any further approvals, authorisations, permissions, registrations, consents and licences required in connection with the performance of the Services under the Servicing Agreement and in

particular any necessary notification under the Data Protection Act 1998, licence under the CCA and any authorisation and permissions under the FSMA;

- (d) not knowingly fail to comply with any legal or regulatory requirements in the performance of the Services;
- (e) make all payments required to be made by it pursuant to the Servicing Agreement on the due date for payment thereof in Sterling (or as otherwise required under the Transaction Documents) in immediately available funds for value on such day without set-off (including, without limitation, in respect of any fees owed to it) or counterclaim but subject to any deductions required by law;
- (f) as soon as reasonably practicable upon becoming aware of any fact or circumstance which may have a material adverse effect on any Loan or Loans through performing the Services under the Servicing Agreement, notify the Issuer and the Seller in writing of such event;
- (g) notify the Issuer (with a copy to the Seller) upon becoming aware of any legal proceedings being taken against it or of any judgment or decree being given against it in any proceedings, which would, in each case materially and adversely affect its ability to perform its obligations under the Servicing Agreement or which may materially and adversely affect either the Issuer or the Seller; and
- (h) as soon as reasonably practicable upon becoming aware of any failure to comply with any of its material obligations under the Servicing Agreement, notify the Issuer and the Security Trustee of such failure.

Interest rate setting

The Servicer acknowledges that the Master Servicer has the full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine and set in relation to the Loans sold by the Seller to the Issuer or, in respect of the Scottish Loans, held in trust under the Scottish Trust, the rates of interest or margins applicable in relation to the Loans. Upon receiving notice from the Master Servicer of any change in such rates of interest or margins, the Servicer will be required to notify Borrowers of any changes in monthly payments in relation to the relevant Loans in accordance with the Mortgage Conditions.

Cash Management obligations of the Servicer

The Servicer shall, at the end of each Business Day, instruct the Collection Account Bank to automatically or otherwise, transfer, at the end of each Business Day, all cleared funds received from the Borrowers and credited to the relevant Collection Accounts from such Collection Accounts to the Deposit Account.

Additionally the Servicer shall:

- (a) use reasonable endeavours (determined by reference to the usual procedures undertaken by a prudent residential mortgage servicer) to recover all sums due from the Borrowers under or in connection with the Portfolio, including taking all necessary steps to collect (subject to satisfaction by the Issuer and/or the Legal Title Holder (as applicable) of all requirements under the Direct Debiting Scheme and any related requirements of the Collection Account Bank) sums due from Borrowers (where the Borrower permits a direct debit to be made to his bank account) by direct debit into the applicable Collection Account and complying with all requirements from time to time of the Direct Debiting Scheme; and
- (b) procure that all amounts recovered under or in connection with the Portfolio (other than amounts paid directly into the applicable Collection Account by way of direct debit) are promptly, within 3 Business Days of receipt and identification, paid into the applicable Collection Account.

Direct Debiting Scheme means the scheme for the manual or automated debiting of bank accounts operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services.

Compensation of the Servicer

On each Interest Payment Date, the Issuer will pay the Servicer the servicing fee (the **Servicing Fee**) for the relevant Interest Payment Date (accruing up to, and including, the Account Transfer Date), being the greater of:

- (a) the product of (A) £657.53 (subject to annual increase by way of indexation) and (B) the actual number of days comprised in the Collection Period immediately preceding that Interest Payment Date (or, in the case of the first Interest Payment Date after the end of the Interim Period only, the number of days from the end of the Interim Period to the end of the Collection Period in which the end of the Interim Period falls) (exclusive of VAT); and
- (b) the aggregate of the Standard Servicing Fee, the Arrears Servicing Fee for that Interest Payment Date and the Early Redemption Fee for that Interest Payment Date (in each case as defined below).

Standard Servicing Fee for an Interest Payment Date is the product of (A) the 0.125 per cent. per annum, (B) the actual number of days in the Collection Period immediately preceding that Interest Payment Date (or, in the case of the first Interest Payment Date after the end of the Interim Period only, the number of days from the end of the Interim Period to the end of the Collection Period in which the end of the Interim Period falls) divided by 365 (or over a 366 day year in a leap year) and (C) the aggregate Current Principal Balance of all Loans in the Portfolio (determined as at the beginning of the Collection Period immediately preceding that Interest Payment Date) (exclusive of VAT), subject to annual increase by way of indexation.

Arrears Servicing Fee for an Interest Payment Date is equal to the product of £35 multiplied by the number of Arrears Loans during each Calculation Period in the Collection Period (or, in the case of the first Interest Payment Date after the end of the Interim Period only, during each Calculation Period in the period from the end of the Interim Period to the end of the first Collection Period in which the end of the Interim Period falls) immediately preceding the Interest Payment Date (exclusive of VAT), subject to annual increase by way of indexation.

Redemption Fee for an Interest Payment Date is £85 for each Loan which is paid out in full and discharged during the Collection Period (or, in the case of the first Interest Payment Date after the end of the Interim Period only, the period from the end of the Interim Period to the end of the first Collection Period in which the end of the Interim Period falls) immediately preceding the Interest Payment Date (exclusive of VAT), subject to annual increase by way of indexation.

The amount of Servicing Fee payable pursuant to item (c)(i) of the Pre-Acceleration Revenue Priority of Payments shall be capped at a maximum of 0.204 per cent. per annum of the aggregate Current Principal Balance of the Loans in the Portfolio as determined as at the beginning of the Collection Period immediately preceding the relevant Interest Payment Date on which it is to be paid (inclusive of VAT) (such capped amount being the **Senior Servicing Fee** and any amounts of Interim Servicing Fee in excess thereof being the **Subordinated Servicing Fee**). Each of the Senior Servicing Fee and the Subordinated Servicing Fee shall be payable quarterly in arrear on each Interest Payment Date or, in respect of the Post-Acceleration Priority of Payments on any day on which amounts are so applied, in accordance with the Pre-Acceleration Revenue Priority of Payments or, as the case may be, the Post-Acceleration Priority of Payments.

Arrears Loans means all Loans which had an MIA Measure of less than 1 at the end of the relevant Calculation Period, in respect of which the Servicer has taken all reasonable steps within its control and in accordance with the Service Specification to encourage the relevant Borrowers to make payments during the relevant Calculation Period.

CMS means at any time the monthly mortgage instalment then due under a Loan during the relevant Calculation Period, without regard for any discounted or additional payment arrangements agreed with the Borrower and excluding any fees, costs and charges.

MIA Measure means, as of the last day of a Calculation Period, the aggregate amount of sums paid under a Loan in that month (excluding fees, costs and charges) divided by the CMS for that month for such Loan.

In addition, if the appointment of the Servicer is terminated before the fifth anniversary of the end of the Interim Period as a consequence of a Servicer Resignation Event, the Issuer shall pay the Servicer a termination fee in an amount equal to the Servicing Fee paid to the Servicer for the previous twelve months from the effective date of termination (the **Servicer Make-Whole Fee**). The Servicer Make-Whole Fee shall, for the avoidance of doubt, be payable to the Servicer in addition to all the fees and expenses due and payable to the Servicer hereunder and shall be payable together with all applicable VAT. The Servicer Make-Whole Fee is payable in accordance with the Pre-Acceleration Revenue Priority of Payments or, as the case may be, the Post-Acceleration Priority of Payments.

Following termination of the appointment of the Servicer, the Servicer may be required to assist the Issuer to transfer the servicing function to a substitute servicer. Following termination of the appointment of the Back-up Servicer, the Servicer may be required to assist the Issuer to transfer the back-up servicing function to a substitute back-up servicer. To the extent that the Servicer is required to assist the Issuer, such assistance will be at the cost of the Issuer (calculated on a time and materials basis) (such cost being the **Servicing Transition Costs**).

Removal or Resignation of the Servicer

The Issuer (subject to the prior written consent of the Security Trustee) may, upon written notice to the Servicer, terminate the Servicer's appointment under the Servicing Agreement and give notice to the Back-up Servicer that it is to commence its duties within 90 calendar days if any of the following events (each a **Servicer Termination Event**) occurs and while such event continues:

- (a) the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of 10 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer, the Seller or (after the delivery of a Note Acceleration Notice) the Security Trustee (acting on the instructions of the Note Trustee), as the case may be, requiring the same to be remedied;
- (b) the Servicer defaults in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, which failure in the reasonable opinion of the Issuer (prior to the delivery of a Note Acceleration Notice) or in the opinion of the Security Trustee (after the delivery of a Note Acceleration Notice) (acting on the instructions of the Note Trustee) is materially prejudicial to the interests of the Noteholders, and the Servicer does not remedy that failure within 20 Business Days after the earlier of the Servicer becoming aware of the failure or of receipt by the Servicer of written notice from the Issuer, the Seller or (after the delivery of a Note Acceleration Notice) the Security Trustee requiring the Servicer's non-compliance to be remedied;
- (c) an insolvency event occurs in relation to the Servicer;
- (d) the Servicer ceases to perform the business of mortgage administration; or
- (e) if the Servicer loses any regulatory approval which is necessary in order to provide some or all of the Services, as the case may be, or any restriction is applied by a regulator which will prevent the Servicer from complying with its obligations under the Servicing Agreement provided that, it does

not result or arise from compliance by the Servicer with any instruction given by or on behalf of the Issuer or the Security Trustee.

Subject to the fulfilment of a number of conditions, the appointment of the Servicer may be terminated by the Servicer (i) by giving not less than 18 months' written notice to the Master Servicer, the Security Trustee and the Issuer (or such shorter time as may be agreed between them) of its resignation or (ii) following the occurrence of a Servicer Resignation Event, by written notice of termination given by the Servicer to the Master Servicer, the Issuer and the Security Trustee in accordance with the terms of the Servicing Agreement, provided that, *inter alia*, a substitute servicer qualified to act as such under the FSMA and the CCA and with a management team with experience of servicing residential mortgages in the United Kingdom has been appointed and enters into a servicing agreement with the Issuer on the similar terms as the Servicing Agreement or the Back-up Servicer agrees to act as Servicer on the terms of the Back-up Servicing Agreement.

The resignation of the Servicer is conditional on, *inter alia*, (a) (if any Rated Notes remain outstanding) the then current ratings of the Rated Notes issued by the Issuer not being withdrawn, qualified or downgraded as a result of such resignation, unless the resignation is otherwise agreed by an Extraordinary Resolution of the holders of the Rated Notes, or (b) (if no Rated Notes remain outstanding) the Security Trustee determining that the appointment of the substitute would not be materially prejudicial to the interests of the holders of the Class G Notes then outstanding or the holders of the Class G Notes consent by Extraordinary Resolution to such appointment. For the avoidance of doubt the Security Trustee shall not have regard to the interest of the Certificateholders

If the appointment of the Servicer is terminated or the Servicer resigns, the Servicer must deliver the Title Deeds and Loan Files relating to the Loans comprised in the Portfolio in its possession to, or at the direction of, the Issuer. The Servicing Agreement will terminate at such time as the Issuer has no further interest in any of the Loans or their Related Security serviced under the Servicing Agreement that have been comprised in the Portfolio.

Servicer Resignation Event means the occurrence of any of the following events:

- (a) a default is made by the Issuer in the payment of the fees or any other amounts due and payable to the Servicer under the Servicing Agreement and such default continues unremedied for 15 days from the date such payment is due;
- (b) a default is made by the Issuer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement, and in the reasonable opinion of the Servicing Agreement such default causes a material adverse effect on any of (i) the performance of the Services or (ii) the ability of the Servicer to fulfil its general corporate obligations or its regulatory or statutory obligations or (iii) the Servicer's reputation, or its economic or financial interests, and such default continues unremedied for a period of 20 Business Days after the earlier of the Issuer becoming aware of such default and receipt by the Issuer of written notice from the Servicer requiring the default to be remedied, provided that where an obligation or covenant is required to be performed by a third party on behalf of the Issuer, default by such third party in the performance of such obligations shall not constitute a Servicer Resignation Event; or
- (c) the occurrence of an insolvency event in respect of the Issuer.

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

The Issuer fully and continually indemnifies the Servicer from and against any and all proceedings, costs, liabilities, damages, claims, fines and expenses which the Servicer sustains or incurs or which may be brought or established against the Servicer by any person including any regulator and which in any case arise out of or in relation to or by reason of the Servicer providing the services (including, for the avoidance of

doubt, applying the fees and expenses set out in the tariff of charges to any Borrower and/or Loan and the taking of any step in connection with any arrears/possession) except where the relevant proceedings, costs, liabilities, damages, claims and expenses arise by reason of the Servicer's fraud, breach or negligent performance of or failure to perform any obligation of the Servicer in the Servicing Agreement save that this indemnity shall not extend to any tax imposed on or calculated by reference to the fees, charges, commissions or other remuneration payable to the Servicer.

Liability of the Servicer

The Servicer undertakes to the Issuer, the Seller and the Security Trustee to indemnify the Issuer, the Seller and the Security Trustee against all proceedings, costs, liabilities, damages, claims and expenses which such other may suffer or incur as a direct and foreseeable result of the Servicer's fraud, breach or negligent performance of or failure to perform any obligation in the Servicing Agreement but only to the extent of the Servicer's own fraud, breach or negligent performance of or failure to perform any obligation in the Servicing Agreement and not the wilful default of the Issuer, the Seller or the Security Trustee seeking indemnity. This indemnity does not extend to any special, indirect or consequential damage, loss of profit or business which liability to a party is specifically excluded from the Servicing Agreement.

The Servicer's liability (other than where such liability arises as a result of the fraud, wilful default or gross negligence of the Servicer) in contract, tort (including negligence or breach of statutory or regulatory duty) or otherwise howsoever, and whatever the cause thereof, arising by reason of or in connection with the Servicing Agreement:

- (a) shall be limited to:
 - (i) in each 12 month period commencing from the Closing Date, 100% of the Servicing Fee payable to the Servicer in that 12 month period; and
 - (ii) in aggregate, £1,500,000 (one million five hundred thousand pounds); and
- (b) shall not include any claim for any increased costs and expenses, loss of profit, business, contracts, revenues or anticipated savings or for any special indirect or consequential damage of any nature whatsoever which liability is hereby excluded.

The Servicer excludes all liability howsoever arising for any actions, claims, costs or damages accruing against the Seller and occasioned by defective underwriting or administration of any Mortgage, the cause of which has accrued before the Closing Date.

Governing Law

The Servicing Agreement 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 will enter into the Deed of Charge with, *inter alia*, the Security Trustee.

Security

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

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) the all of the Issuer's rights, title, interest

and benefit, present and future, in, to and under the Transaction Documents (subject to any set-off or netting provisions provided therein) (other than the Trust Deed, the Deed of Charge, the Scottish Supplemental Charge and each Scottish Declaration of Trust);

- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) all of the Issuer's rights, title, interest and benefit, present and future, in, to and under the Loans (other than any Scottish Loans) and the Mortgages (other than any Scottish Mortgages) and their other Related Security and other related rights comprised in the Portfolio;
- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge (which may take effect as a floating charge) over) all of the Issuer's rights, title, interest and benefit, present and future, in, to and under the insurance policies assigned to the Issuer pursuant to the Mortgage Sale Agreement;
- (d) an assignment in security of the Issuer's whole right, title and interest in and to all of the Scottish Loans and their Related Security (comprising the Issuer's beneficial interest under the trusts declared by DB UK (as Interim Legal Title Holder) and the Seller over such Scottish Loans and their Related Security for the benefit of the Issuer pursuant to the Scottish Declaration of Trust) (the **Scottish Supplemental Charge**);
- (e) a charge by way of first fixed charge (which may take effect as a floating charge) over all of the Issuer's rights, title, interest and benefit, present and future, in and to all monies now or at any time hereafter standing to the credit of the its bank accounts maintained with the Account Bank and each other account (if any) in which the Issuer may at any time have or acquire any right, title benefit or interest, together with all interest accruing from time to time thereon and the debt represented thereby;
- (f) a charge by way of first fixed charge (which may take effect as a floating charge) over all of the Issuer's rights, title, interest and benefit, present and future, in, to and under all Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf; and
- (g) a floating charge over all other assets of the Issuer not otherwise subject to a fixed charge but extending over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not the subject of fixed charges as aforesaid).

Authorised Investments means:

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

provided that in all cases such investments will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and either:

- (i) such investments (A) have a maturity date of 60 days or less and mature on or before the next following Interest Payment Date or within 60 days, whichever is sooner (and in each case for at least the price paid for the relevant investment), (B) may be broken or demanded by the Issuer (at no cost to the Issuer and for at least the price paid for the relevant investment) on or before the next following Interest Payment Date or within 60 days, whichever is sooner, and (C) are rated at least R-1 (middle) by DBRS and A-1 by S&P (and AA (low) (long-term) by DBRS if the investments have a long-term rating) or in the absence of a rating from DBRS have an Equivalent

Rating at least equal (upon conversion on the basis of the Equivalence Chart) to R-1 (middle) (short term) or AA (low) (long term); or

- (ii) such investments (A) have a maturity date of 90 days or less and mature on or before the next following Interest Payment Date or within 90 days, whichever is sooner (and in each case for at least the price paid for the relevant investment), (B) may be broken or demanded by the Issuer (at no cost to the Issuer and for at least the price paid for the relevant investment) on or before the next following Interest Payment Date or within 90 days, whichever is sooner, and (C) are rated at least R-1 (high) by DBRS and A-1 by S&P (and AA (long-term) by DBRS if the investments have a long-term rating) or in the absence of a rating from DBRS have an Equivalent Rating at least equal (upon conversion on the basis of the Equivalence Chart) to R-1 (middle) (short term) or AA (long term).

Equivalent Rating means:

- (a) if a Fitch public rating, a Moody’s public rating and an S&P public rating in respect of the relevant Authorised Investment or account provider (as applicable) are all available at such date, (i) the remaining rating (upon conversion on the basis of the Equivalence Chart) once the highest and the lowest rating have been excluded or (ii) in the case of two or more same ratings, the lower rating available; or
- (b) if the Equivalent Rating cannot be determined under (a) above, but public ratings of the relevant Authorised Investment or account provider (as applicable) by any two of Fitch, Moody’s and S&P are available at such date, the lower rating available (upon conversion on the basis of the Equivalence Chart),

provided that if only one or none of a Fitch public rating, a Moody’s public rating and a S&P public rating is available in respect of the relevant Authorised Investment or account provider (as applicable), no Equivalent Rating will exist.

Equivalence Chart means the chart below:

| DBRS | Moody’s | S&P | Fitch |
|-------------|----------------|----------------|--------------|
| AAA | Aaa | AAA | AAA |
| AA (high) | Aa1 | AA+ | AA+ |
| AA | Aa2 | AA | AA |
| AA (low) | Aa3 | AA- | AA- |
| A (high) | A1 | A+ | A+ |
| A | A2 | A | A |
| A (low) | A3 | A- | A- |
| BBB (high) | Baa1 | BBB+ | BBB+ |
| BBB | Baa2 | BBB | BBB |
| BBB (low) | Baa3 | BBB- | BBB- |

| DBRS | Moody's | S&P | Fitch |
|-------------|----------------|----------------|--------------|
| BB (high) | Ba1 | BB+ | BB+ |
| BB | Ba2 | BB | BB |
| BB (low) | Ba3 | BB- | BB- |
| B (high) | B1 | B+ | B+ |
| B | B2 | B | B |
| B (low) | B3 | B- | B- |
| CCC (high) | Caa1 | CCC+ | CCC+ |
| CCC | Caa2 | CCC | CCC |
| CCC (low) | Caa3 | CCC- | CCC- |
| CC | Ca | CC / C | CC / C |
| D | C | D | D |

Secured Creditors means the Security Trustee, the Note Trustee, the Noteholders, the Certificateholders, the Seller, the Legal Title Holder, the Interim Legal Title Holder, the Master Servicer, the Interim Servicer, the Servicer, the Cash Manager, the Account Bank, the Back-up Servicer, the Corporate Services Provider, the Paying Agents, the Registrar, the Agent Bank and any other person who is expressed in any deed supplemental to the Deed of Charge to be a secured creditor.

Transaction Documents means the Interim Servicing Agreement, the Servicing Agreement, the Master Servicing Agreement, the Back-up Servicing Agreement, any Replacement Servicing Agreement, the Agency Agreement, the Bank Account Agreement, the Back-up Servicing Agreement, the Cash Management Agreement, the Corporate Services Agreement, the Deed of Charge (including each Scottish Supplemental Charge, any Scottish Sub-Security and any other documents entered into pursuant to the Deed of Charge), each Deed Poll, the Share Trust Deed, the Issuer Power of Attorney, the Master Definitions and Construction Schedule, the Mortgage Sale Agreement, each Scottish Declaration of Trust, the Seller Power of Attorney, the Trust Deed, the Note Purchase Agreement and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes and the Certificates.

The floating charge created by the Deed of Charge may “crystallise” and become a fixed charge over the relevant class of assets owned by the Issuer at the time of crystallisation. Crystallisation will occur automatically (subject to applicable law) following the occurrence of specific events set out in the Deed of Charge, including, among other events, when an Event of Default occurs, except in relation to the Issuer’s Scottish assets, where crystallisation will occur on the appointment of administrative receiver or receiver or upon commencement of the winding up of the Issuer. A crystallised floating charge will rank ahead of the claims of unsecured creditors which are in excess of the prescribed part but will rank behind the expenses of any administration or liquidator, the claims of preferential creditors and the beneficiaries of the prescribed part on enforcement of the Security.

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

Prior to the Note Trustee serving a Note Acceleration Notice on the Issuer pursuant to Condition 10 (*Events of Default*) of the Notes declaring the Notes to be immediately due and payable, or if no Notes remain outstanding, pursuant to Certificates Condition 9 (*Events of Default*) declaring the Certificates to be immediately due and payable, the Cash Manager (on behalf of the Issuer) shall apply monies standing to the credit of the relevant Deposit Account as described in “*Cashflows—Application of Available Revenue Receipts prior to service of a Note Acceleration Notice on the Issuer*” and “*—Application of Available Principal Receipts Prior to the service of a Note Acceleration Notice on the Issuer*” below.

Post-Acceleration Priority of Payments

After the Note Trustee has served a Note Acceleration Notice (which has not been withdrawn) on the Issuer pursuant to Condition 10 (*Events of Default*) of the Notes, declaring the Notes to be immediately due and payable, or if no Notes remain outstanding, pursuant to Certificates Condition 9 (*Events of Default*) declaring that any Residual Payments pursuant to the Certificates are immediately due and payable, the Security Trustee (or the Cash Manager on its behalf) shall apply the monies available in accordance with the Post-Acceleration Priority of Payments defined in “*Cashflows—Distribution of Available Principal Receipts and Available Revenue Receipts Following the Service of a Note Acceleration Notice on the Issuer*” below.

The Security will become enforceable following the service of a Note Acceleration Notice on the Issuer pursuant to Condition 10 (*Events of Default*) of the Notes, or if no Notes remain outstanding, pursuant to Certificates Condition 9 (*Events of Default*), provided that, if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes and/or the Certificates, the Security Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless either a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the Rated Noteholders (and all persons ranking in priority to the Rated Noteholders as set out in the order of priority of payment below) or, once all of the Rated Noteholders have been repaid, to the Class G Noteholders (and all persons ranking in priority thereto) or, once all the Class G Noteholders have been repaid, to the Certificateholders (and all persons ranking in priority thereto), or the Security Trustee is of the opinion that the cashflow expected to be received by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Rated Noteholders (and all persons ranking in priority to the Rated Noteholders as set out in the order of priority below) or, once all of the Rated Noteholders have been repaid, to the Class G Noteholder (and all persons ranking in priority thereto) or, once all the Class G Noteholders have been repaid, to the Certificateholders (and all persons ranking in priority thereto), which opinion shall be binding on the Secured Creditors and reached after considering at anytime and from time to time the advice of any financial adviser (or such other professional adviser selected by the Security Trustee for the purpose of giving such advice).

The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer.

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 provided that aspects relating to Scottish Loans and their Related Security (including the Scottish Supplemental Charge entered into pursuant thereto) will be governed by Scots law and provided that any terms of the Deed of Charge which are particular to the law of Northern Ireland shall be governed by and construed in accordance with Northern Irish law.

Trust Deed

On or about the Closing Date, the Issuer, the Security Trustee and the Note Trustee will enter into the Trust Deed pursuant to which the Issuer and the Note Trustee will agree that the Notes are subject to the provisions in the Trust Deed. The Conditions, the Certificates Conditions and the forms of the Notes and the Certificates are each constituted by (and set out in), the Trust Deed.

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

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Note Trustee for its services under the Trust Deed at the rate and times agreed between the Issuer and the Note Trustee together with the payment of any liabilities incurred by the Note Trustee in relation to the Note Trustee's performance of its obligations under or in connection with the Trust Deed and the other Transaction Documents.

Retirement of Note Trustee

The Note Trustee may retire at any time upon giving not less than 60 days' notice in writing to the Issuer without giving any reason and without being responsible for any Liabilities by reason of such retirement. The holders of the Most Senior Class of Notes outstanding may by Extraordinary Resolution remove all trustees (but not some only) for the time being who are acting pursuant to the Trust Deed and the Deed of Charge. The retirement of the Note Trustee shall not become effective unless there remains a trustee (being a trust corporation) in office or until a successor trustee (being a trust corporation) is appointed after such retirement or being removed by Extraordinary Resolution. The Issuer will agree in the Trust Deed that, in the event of the sole trustee or the only trustee under the Trust Deed giving notice of its retirement, it shall use its best endeavours to procure a new trustee to be appointed as soon as practicable thereafter and if, after 60 days from the date the Note Trustee gives its notice of retirement, the Issuer is not able to find such replacement, the Note Trustee will be entitled to appoint a new trustee.

Governing Law

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

Agency Agreement

On or prior to the Closing Date, the Issuer, the Note Trustee, the Principal Paying Agent, the Agent Bank, the Registrar and the Security Trustee will enter into the Agency Agreement pursuant to which provision will be made for, among other things, payment of principal and interest in respect of the Notes.

Governing Law

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

On the Closing Date, the Cash Manager, the Issuer, the Seller and the Security Trustee will enter into the Cash Management Agreement.

Cash Management Services to be Provided to the Issuer

Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management services to the Issuer and the Security Trustee. The Cash Manager's principal function will be

effecting payments to and from the Deposit Account. In addition, the Cash Manager will, among other things:

- (a) apply, or cause to be applied, Available Revenue Receipts, in accordance with the Pre-Acceleration Revenue Priority of Payments and Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments;
- (b) record credits to, and debits from, the General Reserve Fund Ledger, the Principal Deficiency Ledger, the Principal Ledger, the Revenue Ledger, the Issuer Profit Ledger, the Liquidity Reserve Fund Ledger and the Junior Liquidity Reserve Fund Ledger as and when required; and
- (c) if required (i) during the Determination Period, calculate the Interest Determination Ratio, the Calculated Revenue Receipts and the Calculated Principal Receipts and (ii) following any Determination Period, upon receipt by the Cash Manager of the Servicer Reports in respect of such Determination Period, reconcile the calculations to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amounts in accordance with Condition 5.9(c) and Certificates Condition 5.8(c) and the Cash Management Agreement.

In addition, the Cash Manager will, among other things:

- (a) maintain the following ledgers (the **Ledgers**) on behalf of the Issuer:
 - (i) the **Principal Ledger**, which shall record (i) as a credit, all Principal Receipts received by the Issuer and (ii) as a debit, the distribution of the Principal Receipts among the relevant ledgers and the distribution of Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments or the Post-Acceleration Priority of Payments (as applicable);
 - (ii) the **Revenue Ledger**, which shall record (i) as a credit all Revenue Receipts received by the Issuer and (ii) as a debit the distribution of the same in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Acceleration Priority of Payments (as applicable) or by way of Third Party Amounts;
 - (iii) the **General Reserve Fund Ledger** which shall record (i) as a credit, all amounts credited to the general reserve fund (the **General Reserve Fund**) from the proceeds of the issuance of the Notes and amounts credited from Available Revenue Receipts and Available Principal Receipts in accordance with the relevant Priority of Payments and (ii) as a debit, withdrawals from the General Reserve Fund Ledger on each Interest Payment Date (see “*Credit Structure—General Reserve Fund and General Reserve Fund Ledger*” below);
 - (iv) the **Principal Deficiency Ledger** (comprising eight sub-ledgers), which shall record on the Class A Principal Deficiency Sub-Ledger, Class B Principal Deficiency Sub-Ledger, the Class C Principal Deficiency Sub-Ledger, the Class D Principal Deficiency Sub-Ledger, the Class E Principal Deficiency Sub-Ledger, the Class F Principal Deficiency Sub-Ledger, the Class G Principal Deficiency Sub-Ledger and the Class P Principal Deficiency Sub-Ledger (as the case may be) as a debit, any Losses affecting Loans in the Portfolio, the use of any Available Principal Receipts in accordance with item (a) and/or (b) of the Pre-Acceleration Principal Priority of Payments. The Principal Deficiency Ledger will record as a credit Available Revenue Receipts applied pursuant to items (e), (g), (i), (k), (n), (p), (u) and (v) of the Pre-Acceleration Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon become Available Principal Receipts) (see “*Credit Structure—Principal Deficiency Ledger*” below);

- (v) the **Liquidity Reserve Fund Ledger** which shall record (i) as a credit, all amounts credited to the Liquidity Reserve Fund from the proceeds of the issuance of the Notes, all amounts Available Revenue Receipts credited thereto in accordance with the Pre-Acceleration Revenue Priority of Payments and all amounts of Available Principal Receipts credited thereto in accordance with the Pre-Acceleration Principal Priority of Payments and (ii) as debits (subject to the Reallocation Condition being satisfied) amounts drawn to fund senior expenses and interest payments on the Rated Notes (other than the Class E Notes and the Class F Notes) in accordance with the definition of Available Revenue Receipts and the Pre-Acceleration Revenue Priority of Payments (see “Credit Structure—*Liquidity Reserve Fund and Liquidity Reserve Fund Ledger*” below);
 - (vi) the **Junior Liquidity Reserve Fund Ledger** which shall record (i) as credits, all amounts credited to the Junior Liquidity Reserve Fund from the proceeds of the issuance of the Notes and all amounts credited thereto in accordance with the Pre-Acceleration Revenue Priority of Payments and (ii) as debits, amounts drawn to fund interest payments on the Class E Notes and (subject to the Class F Reallocation Condition being satisfied) amounts drawn to fund interest payments on the Class F Notes, in each case in accordance with the definition of Available Revenue Receipts and the Pre-Acceleration Revenue Priority of Payments (see “*Credit Structure—Junior Liquidity Reserve Fund and Junior Liquidity Reserve Fund Ledger*” below); and
 - (vii) the **Issuer Profit Ledger** which shall record as a credit amounts retained by the Issuer as profit in accordance with the Pre-Acceleration Revenue Priority of Payments.
- (b) calculate on each Calculation Date the amount of Available Revenue Receipts and Available Principal Receipts to be applied on the relevant Interest Payment Date;
 - (c) provide the Issuer, the Seller, the Security Trustee, the Noteholders, the Certificateholders and the Rating Agencies with the Investor Report by no later than the 7th Business Day of each month; and
 - (d) at its own discretion, invest monies standing from time to time to the credit of the Deposit Account in Authorised Investments, subject to the following provisions:
 - (i) any such Authorised Investment shall be made in the name of the Issuer;
 - (ii) any costs properly and reasonably incurred in making and changing Authorised Investments will be reimbursed to the Cash Manager by the Issuer; and
 - (iii) all income and other distributions arising on, or proceeds following the disposal or maturity of, Authorised Investments shall be credited to the Deposit Account.

Remuneration of Cash Manager

The Cash Manager will be paid a fixed fee for its cash management services under the Cash Management Agreement quarterly in arrears on each Interest Payment Date in the manner contemplated by and in accordance with the Pre-Acceleration Revenue Priority of Payments or, as the case may be, the Post-Acceleration Priority of Payments. If a replacement cash manager is appointed in accordance with the terms of the Cash Management Agreement, the Issuer shall pay the replacement cash manager for its services under the Cash Management Agreement a fee to be determined at the time of such appointment in accordance with the provisions of the Cash Management Agreement.

Termination of Appointment and Replacement of Cash Manager

In certain circumstances the Issuer and the Security Trustee will each have the right to terminate the appointment of the Cash Manager and the Issuer shall use reasonable endeavours to appoint a substitute (the identity of which will be subject to the Security Trustee's prior written approval). Any substitute cash manager will have substantially the same rights and obligations as the Cash Manager (although the fee payable to the substitute cash manager may be higher).

For the avoidance of doubt, if after using reasonable endeavours to enter into such a substitute cash management agreement, the Issuer is unable to find a suitable third party willing to act as a substitute cash manager, this shall not constitute any breach of the provisions of the Cash Management Agreement.

Liability of the Cash Manager

The Cash Manager will indemnify each of the Issuer and the Security Trustee on demand on an after-tax basis for any loss, liability, claim, expense or damage suffered or incurred by it in respect of the gross negligence, fraud or wilful default of the Cash Manager or any of its sub-contractors or delegates, in carrying out its functions as Cash Manager under the Cash Management Agreement or the other Transaction Documents to which the Cash Manager is a party (in its capacity as such).

Governing Law

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

The Bank Account Agreement

Pursuant to the terms of the Bank Account Agreement entered into on or about the Closing Date between the Issuer, the Account Bank, the Cash Manager and the Security Trustee, the Issuer will maintain the Deposit Account with the Account Bank which will be operated in accordance with the Cash Management Agreement and the Deed of Charge.

If the Account Bank ceases to have any of the Account Bank Ratings, the Issuer and the Account Bank (or in the case of paragraph (a) below, the Issuer) shall within 30 days following the first day on which such downgrade occurred, either:

- (a) close the Deposit Account held with the Account Bank and use all reasonable endeavours to open replacement accounts with a financial institution (a) having all of the Account Bank Ratings and (b) which is a bank as defined in Section 991 of the Income Tax Act 2007; or
- (b) use all reasonable endeavours to obtain a guarantee of the obligations of such Account Bank under the Bank Account Agreement from a financial institution having all of the Account Bank Ratings; or
- (c) take such other reasonable actions as may be required by the Issuer to ensure that the then current rating of the Rated Notes are not adversely affected by the Account Bank ceasing to have all of the Account Bank Ratings.

Governing Law

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

Account Bank Rating means a short-term unsecured, unsubordinated and unguaranteed debt rating of A-1 by S&P (if a short-term rating is assigned by S&P) and a long-term unsecured, unsubordinated and unguaranteed debt rating of A by S&P and a long-term rating of A by DBRS (provided that, for avoidance of

doubt, the relevant rating assigned by DBRS will consist of (I) public rating assigned by DBRS, or, in the absence of such public rating, (II) a private rating assigned by DBRS) or in the absence of a rating from DBRS have an Equivalent Rating at least equal (upon conversion on the basis of the Equivalence Chart) to A, or such other lower rating which is consistent with the then current rating methodology of the Rating Agencies in respect of the then current ratings of the Rated Notes.

The Back-up Servicing Agreement

On or prior to the Closing Date, the Issuer will enter into the Back-up Servicing Agreement with, *inter alia*, the Back-up Servicer and the Security Trustee.

Upon the termination of the appointment of the Servicer in accordance with the Servicing Agreement, the Issuer and/or the Security Trustee shall, within 5 Business Days of such termination deliver to the Back-up Servicer a written notice (with a copy to the Security Trustee and the Servicer) notifying it of the occurrence of the termination of the appointment of the Servicer under the Servicing Agreement and the date on which the Back-up Servicer shall assume responsibility under the Transaction Documents for performing the Replacement Servicing Services (being 90 calendar days from the date of termination of the appointment of the Servicer under the Servicing Agreement) **Back-up Servicer Succession Date**).

The Issuer shall pay the Back-up Servicer a Back-up Servicing Fee (the **Back-up Servicing Fee**) as follows:

- (a) on the Closing Date, a one-off fee of £30,000;
- (b) from the Closing Date to (and including) the day before the Back-up Servicer Succession Date, an annual fee of £40,000 payable quarterly in arrears on each Interest Payment Date (on a pro-rata basis, determined by reference to the actual number of days in the relevant Interest Period divided by 365) in accordance with the Pre-Acceleration Revenue Priority of Payments or in accordance with the Post-Acceleration Priority of Payments, as applicable;
- (c) a fee of £240,000 payable by the Issuer on the first Interest Payment Date following the Back-up Servicer Succession Date, in accordance with the Pre-Acceleration Revenue Priority of Payments or in accordance with the Post-Acceleration Priority of Payments, as applicable; and
- (d) on each Interest Payment Date falling not less than twenty (20) Business Days after a demand from the Back-up Servicer for payment in accordance with the Pre-Acceleration Revenue Priority of Payments or in accordance with the Post-Acceleration Priority of Payments, as applicable, all Back-up Servicing Additional Costs provided that: (i) in respect of internal costs, the Back-up Servicer has upon written request by the Issuer, supplied the Issuer with a copy of an appropriate VAT invoice; and (ii) in respect of any third party costs, the Back-up Servicer has upon written request by the Issuer, supplied the Issuer with a copy of an invoice issued by any third party making the supply to which such costs, expenses and/or charges relate,

in each case exclusive of any VAT chargeable on any supply or supplies for which the Back-up Servicing Fee is the consideration (in whole or in part) for VAT purposes.

For the purposes of this Prospectus, **Back-up Servicing Additional Costs** means all reasonable internal fees (plus any chargeable VAT thereon) or third party costs, expenses and/or charges properly incurred or chargeable by the Back-up Servicer at the rates agreed between the Issuer and the Back-up Servicer and evidenced by the Back-up Servicer in the performance of the services under the Back-up Servicing Agreement as a result of certain changes made to the systems used by the Servicer in servicing the Loans, the processes required to produce the Servicer Reports or the Servicing Agreement, excluding any amounts paid by the Back-up Servicer to any delegate or sub-contractor in the performance of the back-up services, other than arising as a result of such change

The liability of the Back-up Servicer under the Back-up Servicing Agreement (other than as a result of its fraud or wilful default) in contract, tort (including negligence or breach of statutory or regulatory duty) or otherwise howsoever, and whatever the cause thereof, arising by reason of or in connection with the Back-up Servicing Agreement:

- (a) shall not exceed 100% of the Back-up Servicing Fee due and payable to the Back-up Servicer in the 12 months following the date of the Back-up Servicing Agreement; and
- (b) shall not include any claim for (i) any increased costs and expenses, loss of profit, business, contracts, revenues or anticipated savings; or (ii) any special indirect or consequential damage whatsoever which liability is excluded in the Back-up Servicing Agreement,

provided that on and from the Back-up Servicer Succession Date, the limit on the liability of the Back-up Servicer shall be determined in accordance with the provisions set out in the relevant replacement servicing agreement.

Governing Law

The Back-up Servicing Agreement and any non-contractual obligations arising out of or in respect of it will be governed by English law.

The Corporate Services Agreement

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

Governing Law

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

CREDIT STRUCTURE

The Notes and the Certificates are obligations of the Issuer only. The Notes and the Certificates are not obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. In particular, the Notes and the Certificates are not obligations of, or the responsibility of, or guaranteed by, any of the Seller, the Co-Arrangers, the Master Servicer, the Interim Servicer, the Servicer, the Back-up Servicer, the Cash Manager, the Account Bank, the Principal Paying Agent, the Agent Bank, the Registrar, the Note Trustee, the Security Trustee, the Retention Holder, any company in the same group of companies as any such entities or any other party to the Transaction Documents. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes or the Certificates shall be accepted by any of the Seller, the Co-Arrangers, the Master Servicer, the Interim Servicer, the Servicer, the Cash Manager, the Account Bank, the Principal Paying Agent, the Agent Bank, the Registrar, the Note Trustee, the Security Trustee, the Retention Holder or by any other person other than the Issuer.

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

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

It is anticipated that, during the life of the Notes, the interest payable by Borrowers on the Loans will, assuming that all of the Loans are fully performing, be sufficient so that the Available Revenue Receipts will be sufficient to pay the amounts payable under items (a) to (w) (inclusive) of the Pre-Acceleration Revenue Priority of Payments. The actual amount of any excess payable to Certificateholders under item (x) of the Pre-Acceleration Revenue Priority of Payments will vary during the life of the Notes. Two of the key factors determining such variation are the interest rates applicable to the Loans in the Portfolio (as to which, see “*Interest Rate Risk for the Notes*” below) and the performance of the Portfolio.

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

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

2. General Reserve Fund and General Reserve Fund Ledger

On the Closing Date, the Issuer will establish a fund called the **General Reserve Fund** to provide credit enhancement for the Rated Notes which will be credited with the General Reserve Fund Required Amount on the Closing Date. The General Reserve Fund will be funded from the proceeds of the Notes on the Closing Date. The General Reserve Fund will be deposited in the Deposit Account (with a corresponding credit being made to the General Reserve Fund Ledger). The Issuer may invest the amounts standing to the credit of the Deposit Account in Authorised Investments. For more information about the application of the amounts standing to the credit of the General Reserve Fund, see the section “*Cashflows—Action in Respect of the Global Notes or Global Certificates and the Book-Entry Interests*” below.

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

On the Closing Date, the General Reserve Fund will be funded up to the General Reserve Fund Required Amount and will be replenished on each Interest Payment Date from Available Revenue Receipts in accordance with the provisions of the Pre-Acceleration Revenue Priority of Payments.

The **General Reserve Fund Required Amount** will be an amount equal to £27,700.00 on the Closing Date (and on any Interest Payment Date thereafter an amount equal to the greater of (X) 3.00 per cent., of the sum of the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes on the Closing Date minus the Liquidity Reserve Fund Required Amount on that Interest Payment Date and (Y) zero). On any Interest Payment Date on which the Rated Notes are fully repaid or provided for, the General Reserve Fund Required Amount will be reduced to zero and any amounts held in the General Reserve Fund will form part of Available Principal Receipts and will be applied in accordance with the Pre-Acceleration Principal Priority of Payments.

On the Final Rated Note Distribution Date all amounts standing to the credit of the General Reserve Fund Ledger will be applied as Available Principal Receipts and used to redeem the Notes on such Interest Payment Date.

3. Use of Principal Receipts to pay Remaining Revenue Deficiency

On each Calculation Date, the Cash Manager will calculate whether there will be an excess or a deficit of Available Revenue Receipts to pay items (a) to (d) and (f), (h), (j), (m) and (o) of the Pre-Acceleration Revenue Priority of Payments (after taking into account any amounts to be drawn from the Liquidity Reserve Fund or the Junior Liquidity Reserve Fund for application towards those items in accordance with the definition of Available Revenue Receipts) (any such deficit, a **Remaining Revenue Deficiency**). If there is a Remaining Revenue Deficiency, then pursuant to item (a) of the Pre-Acceleration Principal Priority of Payments, to the extent that such items cannot be funded from Available Revenue Receipts following the application of Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments, the Issuer can use Available Principal Receipts to pay items (a) to (d) and (f), (h), (j), (m) and (o) of the Pre-Acceleration Revenue Priority of Payments, provided that (taking into account any such payment) the relevant Reallocation Conditions are satisfied.

The **Reallocation Conditions**) are:

- (a) for so long as any Class A Notes remain outstanding, in respect of any payment towards interest due on the Class B Notes, such payment would not result in the debit balance of the Class B Principal Deficiency Sub-Ledger being greater than 25 per cent. of the Principal Amount Outstanding of the Class B Notes (taking into account any redemptions of the Class B Notes to be applied on the relevant Interest Payment Date);
- (b) for so long as any Class A Notes or Class B Notes remain outstanding, in respect of any payment towards interest due on the Class C Notes, such payment would not result in the debit balance of the Class C Principal Deficiency Sub-Ledger being greater than 25 per cent. of the Principal Amount Outstanding of the Class C Notes (taking into account any redemptions of the Class C Notes to be applied on the relevant Interest Payment Date);
- (c) for so long as any Class A Notes, Class B Notes or Class C Notes remain outstanding, in respect of any payment towards interest due on the Class D Notes, such payment would not result in the debit balance of the Class D Principal Deficiency Sub-Ledger being greater than 25 per cent. of the Principal Amount Outstanding of the Class D Notes (taking into account any redemptions of the Class D Notes to be applied on the relevant Interest Payment Date);

- (d) for so long as any Class A Notes, Class B Notes, Class C Notes or Class D Notes remain outstanding, in respect of any payment towards interest due on the Class E Notes, such payment would not result in the debit balance of the Class E Principal Deficiency Sub-Ledger being greater than 25 per cent. of the Principal Amount Outstanding of the Class E Notes (taking into account any redemptions of the Class E Notes to be applied on the relevant Interest Payment Date); and
- (e) for so long as any Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes remain outstanding, in respect of any payment towards interest due on the Class F Notes, such payment would not result in the debit balance of the Class F Principal Deficiency Sub-Ledger being greater than 50 per cent. of the Principal Amount Outstanding of the Class F Notes (taking into account any redemptions of the Class F Notes to be applied on the relevant Interest Payment Date).

Subject to satisfying the Reallocation Conditions, any amount of Available Principal Receipts to be applied to cure a Remaining Revenue Deficiency will be allocated to the Principal Deficiency Ledger.

4. **Liquidity Reserve Fund and Liquidity Reserve Fund Ledger**

The Issuer will maintain the Liquidity Reserve Fund to provide liquidity for senior expenses and the Rated Notes (the **Liquidity Reserve Fund**), which will be credited with the Liquidity Reserve Fund Required Amount. The Liquidity Reserve Fund will be funded initially up to the Liquidity Reserve Fund Required Amount by the proceeds of the Notes on the Closing Date and deposited in the Deposit Account and a corresponding credit will be made to the Liquidity Reserve Ledger. The Issuer may invest amounts standing to the credit of the Liquidity Reserve Fund (if available) in Authorised Investments.

Amounts standing to the credit of the Liquidity Reserve Fund will be applied on each Interest Payment Date (subject to the Reallocation Conditions being satisfied in respect of such application in relation to any relevant Class) in accordance with paragraph (k) of the definition of Available Revenue Receipts to the extent that of the amount of Available Revenue Receipts otherwise available (being the amount determined in accordance with items (a) to (i) of the definition of Available Revenue Receipts (less item (j) of the definition of Available Revenue Receipts)) is not sufficient to pay items (a) to (d), (f), (h) and (j) of the Pre-Acceleration Revenue Priority of Payments on such Interest Payment Date. On each Interest Payment Date, the Liquidity Reserve Fund will be replenished up to the Liquidity Reserve Fund Required Amount from Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments and (to the extent not fully replenished by application of Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments) Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments. For more information about the application of the amounts standing to the credit of the Liquidity Reserve Fund, see the section “*Cashflows—Application of Monies Released from the General Reserve Fund*”.

On the Final Rated Note Distribution Date amounts credited to the Liquidity Reserve Fund, after satisfying amounts required to be withdrawn in accordance with paragraph (d) of the definition of Available Principal Receipts, will be applied as Available Principal Receipts and applied to redeem the Notes on such Interest Payment Date.

Liquidity Reserve Fund Required Amount on means the Closing Date means £6,550,000.00, and on any Interest Payment Date (taking into account any redemptions of the Notes on such Interest Payment Date) shall be an amount equal to the greater of (X) 2.00 per cent. of the sum of the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes on that Interest Payment Date (after taking into account any reduction of such

Principal Amounts Outstanding on that date), minus 2.00 per cent. multiplied by the aggregate the sum of:

- (a) if the debit balance of the Class B Principal Deficiency Sub-Ledger is equal to or greater than 25 per cent. of the Principal Amount Outstanding of the Class B Notes, the Principal Amount Outstanding of the Class B Notes;
- (b) if the debit balance of the Class C Principal Deficiency Sub-Ledger is equal to or greater than 25 per cent. of the Principal Amount Outstanding of the Class C Notes, the Principal Amount Outstanding of the Class C Notes; and
- (c) if the debit balance of the Class D Principal Deficiency Sub-Ledger is equal to or greater than 25 per cent. of the Principal Amount Outstanding of the Class D Notes, the Principal Amount Outstanding of the Class D Notes;

and (Y) zero.

5. Junior Liquidity Reserve Fund and Junior Liquidity Reserve Fund Ledger

The Junior Liquidity Reserve Fund will be fully funded on the Closing Date by the proceeds of the Notes. Amounts standing to the credit of the Junior Liquidity Reserve Fund will be applied on each Interest Payment Date (subject, in relation to the Class F Notes, to the Class F Reallocation Condition being satisfied in respect of such application) to make payments at (with respect to the Class E Notes) item (m) and (with respect to the Class F Notes) item (o) of the Pre-Acceleration Revenue Priority of Payments to the extent that, following the application of Available Revenue Receipts otherwise available on such Interest Payment Date there is a Class F Revenue Deficiency or a Class E Revenue Deficiency, respectively, on such Interest Payment Date. On each Interest Payment Date, the Junior Liquidity Reserve Fund will be replenished up to the Junior Liquidity Reserve Fund Required Amount from Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments.

With respect to the Class F Notes, the application of funds standing to the credit of the Junior Liquidity Reserve Ledger shall be subject to the satisfaction of a certain condition (the **Class F Reallocation Condition**). The Class F Reallocation Condition shall be satisfied where either (i) the debit balance of the Class F Principal Deficiency Sub-Ledger is less than 75 per cent. of the Principal Amount Outstanding of the Class F Notes (taking into account any redemptions of the Class F Notes to be applied on the relevant Interest Payment Date) or (ii) the Class F Notes are at the relevant time the Most Senior Class of Notes outstanding.

The **Junior Liquidity Reserve Fund Required Amount** on the Closing Date £1,572,300.00, and on any Interest Payment Date thereafter but prior to the earlier of (A) the Interest Payment Date on which the debit balance of the Class E Principal Deficiency Sub-Ledger is equal to 100 per cent. of the Principal Amount Outstanding of the Class E Notes or the Principal Amount Outstanding of the Class E Notes and the Class F Notes being reduced to zero; (B) the Final Maturity Date; and (C) the redemption in full of the Rated Notes, shall be an amount equal to 0.45% of the sum of the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes on the Closing Date, and thereafter shall be zero.

If on any Interest Payment Date the debit balance of the Class E Principal Deficiency Sub-Ledger is 100 per cent. of the Principal Amount Outstanding of the Class E Notes or the Principal Amount Outstanding of the Class E Notes and the Class F Notes has been reduced to zero, the Junior Liquidity Reserve Fund Required Amount will be zero and all amounts standing to the credit of the Junior Liquidity Reserve Ledger shall be applied as Available Revenue Receipts.

6. **Total Reserve Fund**

The aggregate of amounts standing to the credit of the General Reserve Fund, the Liquidity Reserve Fund and the Junior Liquidity Reserve Fund shall be the **Total Reserve Fund**.

7. **Principal Deficiency Ledger**

A Principal Deficiency Ledger will be established to record any Losses affecting the Loans in the Portfolio and the use of any Principal Receipts in accordance with item (a) of the Pre-Acceleration Revenue Priority of Payments. The Principal Deficiency Ledger will comprise eight sub-ledgers: the Class A Principal Deficiency Sub-Ledger (relating to the Class A Notes), the Class B Principal Deficiency Sub-Ledger (relating to the Class B Notes), the Class C Principal Deficiency Sub-Ledger (relating to the Class C Notes), the Class D Principal Deficiency Sub-Ledger (relating to the Class D Notes), the Class E Principal Deficiency Sub-Ledger (relating to the Class E Notes), the Class F Principal Deficiency Sub-Ledger (relating to the Class F Notes), the Class G Principal Deficiency Sub-Ledger (relating to the Class G Notes) and the Class P Principal Deficiency Sub-Ledger (relating to the Class P Certificates). Any Losses on the Portfolio and any use of Available Principal Receipts in accordance with item (a) and/or (b) of the Pre-Acceleration Principal Priority of Payments will be recorded as a debit (a) first, to the Class P Principal Deficiency Sub-Ledger until the balance of the Class P Principal Deficiency Sub-Ledger is equal to the Overcollateralisation Amount, (b) second, to the Class G Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class G Notes; (c) third, to the Class F Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class F Notes; (d) fourth, to the Class E Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class E Notes; (e) fifth, to the Class D Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class D Notes; (f) sixth, to the Class C Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class C Notes; (g) seventh, to the Class B Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class B Notes; and (h) eighth, to the Class A Principal Deficiency Sub-Ledger up to an amount equal to the Principal Amount Outstanding of the Class A Notes. Investors should note that realised Losses in any period will be calculated after applying any recoveries following enforcement of a Loan to outstanding fees and interest amounts due and payable on the relevant Loan. Amounts allocated to each Principal Deficiency Sub-Ledger shall be reduced to the extent of Available Revenue Receipts available for such purpose on each Interest Payment Date in accordance with the Pre-Acceleration Revenue Priority of Payments. Such amounts will be applied in repayment of principal as Available Principal Receipts in accordance with the Pre-Acceleration Principal Priority of Payments.

8. **Available Revenue Receipts and Available Principal Receipts**

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

If, on any Interest Payment Date whilst there are Notes outstanding, the Issuer has insufficient Available Revenue Receipts to pay the interest (other than on the Most Senior Class of Notes outstanding) then the Issuer will be entitled under Condition 18 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. This will not constitute an Event of Default.

Failure to pay interest on the Most Senior Class of Notes outstanding within any applicable grace period in accordance with the Conditions shall constitute an Event of Default under the Notes which may result in the Security Trustee enforcing the Security.

CASHFLOWS

Definition of Revenue Receipts

Revenue Receipts means (a) payments of interest and other fees due and paid from time to time under the Loans (including any Early Repayment Fees) and other amounts received by the Issuer in respect of the Loans other than Principal Receipts, (b) recoveries of interest from defaulting Borrowers under Loans being enforced and (c) recoveries of interest and/or principal from defaulting Borrowers under Loans in respect of which the Servicer or the Interim Servicer has determined in accordance with the Servicing Agreement or Interim Servicing Agreement, as applicable, that its enforcement procedures have been completed, subject in each case to the Mortgage Enforcement Allocation Conditions.

Mortgage Enforcement Allocation Conditions means the conditions which apply to the allocation of amounts received from a Borrower (including any amounts received as a result of repossessions or other recoveries) where the amount recovered is insufficient to pay all amounts due in respect of the Loan. Such amounts shall be applied as (i) principal, and such amounts shall be included in Principal Receipts, (ii) interest, and such amounts shall be included in Revenue Receipts, and (iii) as fees due from time to time under the Loans, and such amounts shall be included in Revenue Receipts.

Definition of Available Revenue Receipts

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

- (a) Revenue Receipts received during the immediately preceding Collection Period or, if in a Determination Period, Calculated Revenue Receipts in such Determination Period, in each case, excluding any Reconciliation Amounts to be applied as Available Principal Receipts on that Interest Payment Date;
- (b) interest payable to the Issuer on the Deposit Account and income from any Authorised Investments in each case to be received on the Interest Payment Date;
- (c) (other than on the Final Rated Note Distribution Date) the amounts standing to the credit of the General Reserve Fund Ledger as at the immediately preceding Calculation Date;
- (d) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Principal Receipts;
- (e) (other than on the Final Rated Note Distribution Date) any amount standing to the credit of the Liquidity Reserve Fund in excess of the Liquidity Reserve Fund Required Amount as at the immediately preceding Calculation Date;
- (f) (other than on the Final Rated Note Distribution Date) any amount standing to the credit of the Junior Liquidity Reserve Fund in excess of the Junior Liquidity Reserve Fund Required Amount as at the immediately preceding Calculation Date;
- (g) on the earlier of (a) any Interest Payment Date on which the debit balance on the Class E Principal Deficiency Sub-Ledger is greater than or equal to 100 per cent. of the Principal Amount Outstanding of the Class E Notes and (b) the Principal Amount Outstanding of the Class E Notes and the Class F Notes being reduced to zero, all amounts standing to the credit of the Junior Liquidity Reserve Fund;
- (h) following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 5.9(c) and Certificates Condition 5.8(c); and

- (i) (in respect of the first Interest Payment Date only) an amount equal to the difference between (i) the aggregate of the proceeds of the Notes minus (X) any amounts credited to the Liquidity Reserve Fund, the Junior Liquidity Reserve Fund and the General Reserve Fund on the Closing Date and (Y) any fees and expenses of the Issuer to be paid on the Closing Date and (ii) the Initial Consideration;

less:

- (j) amounts applied from time to time during the immediately preceding Collection Period in making payment of certain monies which properly belong to third parties instructed to the Cash Manager by the Servicer (including the Interim Servicer, the Servicer, the Master Servicer, the Seller, the Cash Manager) such as (but not limited to):

- (i) any service charge, ground rent, insurance premium or additional amounts paid by the Servicer, which such payment is necessary in order to maintain and protect the value of any property secured by a Mortgage contained within the Portfolio;
- (ii) payments of certain insurance premiums provided that such cash amounts have been paid by the relevant Borrower and form part of Revenue Receipts;
- (iii) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer's account;
- (iv) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower or the Seller; and
- (v) any Insurance Premium Amounts,

(items within (j) being collectively referred to herein as **Third Party Amounts**). Third Party Amounts may be deducted by the Cash Manager on a daily basis from the Deposit Account to make payment to the persons entitled thereto except where such payments have already been provided for elsewhere);

plus

- (k) if the items (a) to (i) above (less item (j) above) are not sufficient to pay items (a) to (d), (f), (h) and (j) of the Pre-Acceleration Revenue Priority of Payments, then a drawing from the Liquidity Reserve Fund (subject to the Reallocation Conditions being met in relation to any such drawing) in an amount equal to the lesser of (i) the aggregate of any Class A Revenue Deficiency, Class B Revenue Deficiency, Class C Revenue Deficiency and Class D Revenue Deficiency and (ii) the balance of the Liquidity Reserve Fund, provided that any such drawing may only be applied on that Interest Payment Date to pay items (a) to (d), (f), (h) and (j) of the Pre-Acceleration Revenue Priority of Payments, sequentially;

plus

- (l) if the items (a) to (k) above (less item (j) above) are not sufficient to pay item (m) of the Pre-Acceleration Revenue Priority of Payments, then a drawing from the Junior Liquidity Reserve Fund in an amount equal to the lesser of (i) the aggregate of any Class E Revenue Deficiency and (ii) the balance of the Junior Liquidity Reserve Fund, provided that any such drawing may only be applied on that Interest Payment Date to pay item (m) of the Pre-Acceleration Revenue Priority of Payments;

plus

- (m) if the items (a) to (l) above (less item (j) above) are not sufficient to pay item (o) of the Pre-Acceleration Revenue Priority of Payments, then (subject to the Class F Reallocation Condition

being satisfied) a drawing from the Junior Liquidity Reserve Fund in an amount equal to the lesser of (i) the aggregate of any Class F Revenue Deficiency and (ii) the balance of the Junior Liquidity Reserve Fund (after taking into account item (o) above), provided that any such drawing may only be applied on that Interest Payment Date to pay item (o) of the Pre-Acceleration Revenue Priority of Payments.

Class A Revenue Deficiency means the difference between the amount required to pay items (a) to (d) of the Pre-Acceleration Revenue Priority of Payments and the Available Revenue Receipts (excluding any Available Revenue Receipts which are not permitted to be applied to items (a) to (d) of the Pre-Acceleration Revenue Priority of Payments in accordance with item (l) and (m) of the definition of Available Revenue Receipts) available to pay such item, which is calculated by the Cash Manager on the Calculation Date.

Class B Revenue Deficiency means the difference between the amount required to pay item (f) of the Pre-Acceleration Revenue Priority of Payments and the Available Revenue Receipts (excluding any Available Revenue Receipts which are not permitted to be applied to item (f) of the Pre-Acceleration Revenue Priority of Payments in accordance with item (l) and (m) of the definition of Available Revenue Receipts) available to pay such item, which is calculated by the Cash Manager on the Calculation Date.

Class C Revenue Deficiency means the difference between the amount required to pay item (h) of the Pre-Acceleration Revenue Priority of Payments and the Available Revenue Receipts (excluding any Available Revenue Receipts which are not permitted to be applied to item (h) of the Pre-Acceleration Revenue Priority of Payments in accordance with item (l) and (m) of the definition of Available Revenue Receipts) available to pay such item, which is calculated by the Cash Manager on the Calculation Date.

Class D Revenue Deficiency means the difference between the amount required to pay item (j) of the Pre-Acceleration Revenue Priority of Payments and the Available Revenue Receipts (excluding any Available Revenue Receipts which are not permitted to be applied to item (j) of the Pre-Acceleration Revenue Priority of Payments in accordance with item (l) and (m) of the definition of Available Revenue Receipts) available to pay such item, which is calculated by the Cash Manager on the Calculation Date.

Class E Revenue Deficiency means the difference between the amount required to pay item (m) of the Pre-Acceleration Revenue Priority of Payments and the Available Revenue Receipts (excluding any Available Revenue Receipts which are not permitted to be applied to item (m) of the Pre-Acceleration Revenue Priority of Payments in accordance with item (k) and (m) of the definition of Available Revenue Receipts) available to pay such item, which is calculated by the Cash Manager on the Calculation Date.

Class F Revenue Deficiency means the difference between the amount required to pay item (o) of the Pre-Acceleration Revenue Priority of Payments and the Available Revenue Receipts (excluding any Available Revenue Receipts which are not permitted to be applied to item (o) of the Pre-Acceleration Revenue Priority of Payments in accordance with item (k) and (l) of the definition of Available Revenue Receipts) available to pay such item, which is calculated by the Cash Manager on the Calculation Date.

Revenue Deficiency means a Class A Revenue Deficiency, a Class B Revenue Deficiency, a Class C Revenue Deficiency, a Class D Revenue Deficiency, a Class E Revenue Deficiency or a Class F Revenue Deficiency.

Application of Monies Released from the General Reserve Fund

Prior to service of a Note Acceleration Notice on the Issuer, monies standing to the credit of the General Reserve Fund Ledger as at the end of the immediately preceding Collection Period will be applied on each Interest Payment Date as Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments (other than in respect of an Interest Payment Date which is also an Optional Redemption Exercise Date, in which case monies standing to the credit of the General Reserve Fund will be applied in accordance with the Post-Acceleration Priority of Payments). Following service of a Note

Acceleration Notice on the Issuer, monies standing to the credit of the General Reserve Fund Ledger will be applied in accordance with the Post-Acceleration Priority of Payments.

Application of Principal Receipts to pay Remaining Revenue Deficiency

Prior to service of a Note Acceleration Notice on the Issuer and subject to the satisfaction of the Reallocation Conditions, pursuant to item (a) of the Pre-Acceleration Principal Priority of Payments, to the extent that such items cannot be funded from Available Revenue Receipts (including any required drawing from the Liquidity Reserve Fund or the Junior Liquidity Reserve Fund in accordance with the definition of Available Revenue Receipts), the Issuer can use Available Principal Receipts to pay items (a) to (d) and (f), (h), (j), (m) and (o) of the Pre-Acceleration Revenue Priority of Payments in an amount equal to the Remaining Revenue Deficiency on such Interest Payment Date.

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

Following service of a Note Acceleration Notice on the Issuer or on an Interest Payment Date which is also an Optional Redemption Date or an Optional Redemption Exercise Date, Available Revenue Receipts will be applied in accordance with the Post-Acceleration Priority of Payments.

Application of Monies Drawn from the Liquidity Reserve Fund

Prior to service of a Note Acceleration Notice on the Issuer, amounts standing to the credit of the Liquidity Reserve Fund will be applied on each Interest Payment Date (subject to the Reallocation Conditions being satisfied in respect of such application in relation to any relevant Class) in accordance with paragraph (k) of the definition of Available Revenue Receipts to the extent that of the amount of Available Revenue Receipts otherwise available (being the amount determined in accordance with items (a) to (i) of the definition of Available Revenue Receipts (less item (j) of the definition of Available Revenue Receipts)) is not sufficient to pay items (a) to (d), (f), (h) and (j) of the Pre-Acceleration Revenue Priority of Payments on such Interest Payment Date.

Following service of a Note Acceleration Notice on the Issuer or on an Interest Payment Date which is also an Optional Redemption Date or an Optional Redemption Exercise Date, monies standing to the credit of the Liquidity Reserve Fund will be applied in accordance with the Post-Acceleration Priority of Payments.

Application of Available Revenue Receipts Prior to the Service of a Note Acceleration Notice on the Issuer

On each relevant Interest Payment Date prior to the service of a Note Acceleration Notice by the Note Trustee on the Issuer, the Cash Manager, on behalf of the Issuer, shall apply or provide for the application of the Available Revenue Receipts in the following order of priority (in each case, subject any relevant provisos set out in the definition of Available Revenue Receipts, only if and to the extent that payments or provisions of a higher priority have been made in full) (the **Pre-Acceleration Revenue Priority of Payments**) (unless the Interest Payment Date is also an Optional Redemption Date or an Optional Redemption Exercise Date, in which case Available Principal Receipts shall be applied in accordance with the Post-Acceleration Priority of Payments):

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) any fees, costs, charges, liabilities, expenses and all other amounts then due or to become due and payable in the immediately succeeding Interest Period to the Note Trustee and any

Appointee under the provisions of the Trust Deed and the other Transaction Documents together with (if payable) value added tax (VAT) thereon as provided therein; and

- (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due or to become due and payable in the immediately succeeding Interest Period to the Security Trustee and any Appointee under the provisions of the Deed of Charge and the other Transaction Documents together with (if payable) VAT thereon as provided therein;
- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) to pay the Issuer an amount equal to £250 on each Interest Payment Date to be retained by the Issuer as profit in respect of the business of the Issuer;
 - (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Seller or the Legal Title Holder under the provisions of any Transaction Document (including without limitation, clause 6.3 Mortgage Sale Agreement), together with (if applicable) VAT thereon as provided therein;
 - (iii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Previous Seller or the Interim Legal Title Holder under the provisions of any Transaction Document (including without limitation, clause 26.2¹ Interim Servicing Agreement), together with (if applicable) VAT thereon as provided therein;
 - (iv) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to Agent Bank, the Registrar and the Paying Agent under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
 - (v) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Cash Manager under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
 - (vi) any fees, costs, charges, liabilities, expenses and all other amounts (but excluding any Interim Servicing Fee and any Servicing Transition Costs) then due and payable by the Issuer to the Interim Servicer under the provisions of the Interim Servicing Agreement, together with VAT (if payable) thereon as provided therein;
 - (vii) any fees, costs, charges, liabilities, expenses and all other amounts (but excluding any Servicing Fee, any Servicer Make-Whole Fee and any Servicing Transition Costs) then due and payable by the Issuer to the Servicer under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;
 - (viii) any fees, costs, charges, liabilities, expenses and all other amounts (but excluding any Master Servicing Fee or Master Servicing Make-whole Fee) then due and payable by the Issuer to the Master Servicer under the provisions of the Master Servicing Agreement, together with VAT (if payable) thereon as provided therein;
 - (ix) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Back-up Servicer under the provisions of the Back-up Servicing Agreement, together with VAT (if payable) thereon as provided therein;

¹ Indemnity for losses / liability relating to holding of legal title to be included in MSA and cross referenced here.

- (x) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Corporate Services Provider under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;
 - (xi) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Account Bank under the provisions of the Account Bank Agreement, together with (if applicable) VAT thereon as provided therein; and
 - (xii) any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and any amounts necessary to provide for any such amounts expected to become due and payable by the Issuer in the immediately succeeding Interest Period and any amounts required to pay or discharge any liability of the Issuer for corporation tax on any income or chargeable gain of the Issuer (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under item (b)(i) above));
- (c) *third*, in payment of the following amounts, subject to the maximum aggregate amount payable (inclusive of VAT) on any Interest Payment Date pursuant to this item (c) being capped at an amount equal to the Total Senior Servicing Cap for the relevant Interest Payment Date, in the following order of priority:
- (i) *first*, to pay, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (A) any Interim Servicing Fee then due and payable by the Issuer to the Interim Servicer under the provisions of the Interim Servicing Agreement, together with VAT (if payable) thereon as provided therein, subject to the maximum amount payable (inclusive of VAT) to the Interim Servicer on any Interest Payment Date pursuant to this item (c)(i)(A) being capped at an amount equal to the Senior Interim Servicing Fee for the relevant Interest Payment Date;
 - (B) any Servicing Fee or Servicer Make-Whole Fee then due and payable by the Issuer to the Servicer under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein, subject to the maximum amount payable (inclusive of VAT) to the Servicer on any Interest Payment Date pursuant to this item (c)(i)(B) being capped at an amount equal to the Senior Servicing Fee for the relevant Interest Payment Date; and
 - (C) any Master Servicing Fee or Master Servicing Make-whole Fee then due and payable by the Issuer to the Master Servicer under the provisions of the Master Servicing Agreement, together with VAT (if payable) thereon as provided therein, subject to the maximum amount payable (inclusive of VAT) to the Master Servicer on any Interest Payment Date pursuant to this item (c)(i)(C) being capped at an amount equal to the Senior Master Servicing Fee for the relevant Interest Payment Date; and
 - (ii) *second*, to pay, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (A) any remaining Interim Servicing Fee then due and payable by the Issuer to the Interim Servicer under the provisions of the Interim Servicing Agreement, together with VAT (if payable) thereon as provided therein;

- (B) any remaining Servicing Fee or Servicer Make-Whole Fee then due and payable by the Issuer to the Servicer under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein; and
 - (C) any remaining Master Servicing Fee or Master Servicing Make-whole Fee then due and payable by the Issuer to the Master Servicer under the provisions of the Master Servicing Agreement, together with VAT (if payable) thereon as provided therein;
- (d) *fourth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu* interest due and payable on the Class A Notes;
 - (e) *fifth*, (so long as the Class A Notes are outstanding on such Interest Payment Date), to credit the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
 - (f) *sixth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu* interest due and payable on the Class B Notes;
 - (g) *seventh*, (so long as the Class B Notes are outstanding on such Interest Payment Date), to credit the Class B Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
 - (h) *eighth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu* interest due and payable on the Class C Notes;
 - (i) *ninth*, (so long as the Class C Notes are outstanding on such Interest Payment Date), to credit the Class C Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
 - (j) *tenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu* interest due and payable on the Class D Notes;
 - (k) *eleventh*, (so long as the Class D Notes are outstanding on such Interest Payment Date), to credit the Class D Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
 - (l) *twelfth*, (other than on the Final Rated Note Distribution Date), to credit the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
 - (m) *thirteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu* interest due and payable on the Class E Notes;
 - (n) *fourteenth*, (so long as the Class E Notes are outstanding on such Interest Payment Date), to credit the Class E Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
 - (o) *fifteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu* interest due and payable on the Class F Notes;
 - (p) *sixteenth*, (so long as the Class F Notes are outstanding on such Interest Payment Date), to credit the Class F Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
 - (q) *seventeenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, in or towards satisfaction of any remaining amounts of the Master Servicing Fee or Master Servicing Make-whole

Fee (including any Subordinated Master Servicing Fee, any Deferred Subordinated Master Servicer Fee) then payable by the Issuer to the Master Servicer under the provisions of the Master Servicing Agreement (without double counting any amount which will be satisfied on that Interest Payment by payment pursuant to item (c), above) together with VAT (if payable) thereon as provided therein;

- (r) *eighteenth*, (other than on the Final Rated Note Distribution Date), to credit the Junior Liquidity Reserve Fund up to the Junior Liquidity Reserve Ledger Required Amount;
- (s) *nineteenth*, while the Rated Notes are outstanding (so long as the Rated Notes will remain outstanding following such Interest Payment Date), to credit the General Reserve Fund up to the General Reserve Fund Required Amount;
- (t) *twentieth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) to provide for amounts due on the relevant Interest Payment Date, to pay, in or towards satisfaction of any remaining amounts of the Interim Servicing Fee and any Servicing Transition Costs then due and payable to by the Issuer to the Interim Servicer under the provisions of the Interim Servicing Agreement (without double counting any amount which will be satisfied on that Interest Payment by payment pursuant to item (c), above), together with VAT (if payable) thereon as provided therein; and
 - (ii) to provide for amounts due on the relevant Interest Payment Date, to pay, in or towards satisfaction of any remaining amounts of the Servicing Fee, any Servicer Make-Whole Fee and any Servicing Transition Costs then due and payable to by the Issuer to the Servicer under the provisions of the Servicing Agreement (without double counting any amount which will be satisfied on that Interest Payment by payment pursuant to item (c), above), together with VAT (if payable) thereon as provided therein;
- (u) *twenty-first*, (so long as the Class G Notes will remain outstanding following such Interest Payment Date), to credit the Class G Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (v) *twenty-second*, (so long as the Class P Certificates will remain outstanding following such Interest Payment Date), to credit the Class P Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (w) *twenty-third*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu* interest due and payable on the Class G Notes; and
- (x) *twenty-fourth*, any excess amounts *pro rata* and *pari passu* to the holders of the Class R Certificates.

As used in this Prospectus:

Accrued Interest means in respect of a Loan as at any date the aggregate of all interest accrued but not yet due and payable on the Loan from (and including) the Monthly Payment Date immediately preceding the relevant date to (but excluding) the relevant date.

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

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

Capitalised Interest means, for any Loan at any date, interest which is overdue in respect of that Loan and which as at that date has been added to the Current Principal Balance of that Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower (excluding for the avoidance of doubt any Arrears of Interest which have not been so capitalised on that date).

Early Repayment Fee means any fee (other than a Redemption Fee) which a Borrower is required to pay in the event that the Borrower is in default or his or her Loan becomes repayable for any other mandatory reason or he or she repays all or any part of the relevant Loan before a specified date in the Mortgage Conditions.

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

Final Rated Note Distribution Date means the Interest Payment Date on which the Principal Amount Outstanding of the Rated Notes, taking into account Available Principal Receipts applied in accordance with the Pre-Acceleration Principal Priority of Payments, would be less than the aggregate of (A) the amounts standing to the credit of the General Reserve Fund Ledger and (B) the amount standing to the credit of the Junior Liquidity Reserve Fund and the Liquidity Reserve Fund (after satisfying amounts required to be withdrawn on that Interest Payment Date in accordance with the definition of Available Revenue Receipts).

Insurance Premium Amounts means an amount equal to the *pro rata* share of any cost of contingent insurance premium taken out by the Seller or the Servicer, as applicable, in respect of the Loans.

Interest Period means, in relation to a Note, the period from (and including) an Interest Payment Date for that Note (except in the case of the first Interest Period for the Notes, where it shall be the period from (and including) the Closing Date) to (but excluding) the next succeeding or first Interest Payment Date.

Redemption Fee means the standard redemption fee charged to the Borrower by the Seller where the Borrower makes a repayment of the full outstanding principal of a Loan on the maturity date of such Loan.

Definition of Principal Receipts

Principal Receipts means (a) principal repayments under the Loans (including payments of arrears, Capitalised Interest and Capitalised Expenses and Capitalised Arrears), (b) recoveries of principal from defaulting Borrowers under Loans being enforced (including the proceeds of sale of the relevant Property), (c) any payment pursuant to any insurance policy in respect of a mortgaged property in connection with a Loan in the Portfolio, (d) the proceeds of the repurchase of any Loan by the Seller or the Option Holder from the Issuer pursuant to the Mortgage Sale Agreement (including, for the avoidance of doubt, amounts attributable to Accrued Interest and Arrears of Interest thereon as at the relevant repurchase date), and (e) the sale proceeds received by the Issuer on a sale of the Loans pursuant to either a Majority Holder Option Sale or a Retention Holder Option Sale (in each case minus any costs and expenses incurred in respect of the relevant sale).

Capitalised Arrears means, in relation to a Loan, at any date, amounts which are overdue in respect of that Loan and which as at that date have been included in the Current Principal Balance of the Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower.

Capitalised Expenses means, in relation to a Loan, the amount of all expenses charges, fees, premiums or payments capitalised and included in the Current Principal Balance in respect of such Loan in accordance with the relevant Mortgage Conditions.

Definition of Available Principal Receipts

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

- (a) all Principal Receipts or, if in a Determination Period, any Calculated Principal Receipts, in each case excluding an amount equal to any Reconciliation Amounts to be applied as Available Revenue Receipts on that Interest Payment Date (i) received by the Issuer during the immediately preceding Collection Period and (ii) received by the Issuer from the Seller during the immediately preceding Collection Period or on the Monthly Pool Date immediately following the Collection Period End Date in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller or the Option Holder pursuant to the Mortgage Sale Agreement;
- (b) the amounts (if any) calculated on that Interest Payment Date pursuant to the Pre-Acceleration Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class B Principal Deficiency Sub-Ledger and/or the Class C Principal Deficiency Sub-Ledger and/or the Class D Principal Deficiency Sub-Ledger and/or the Class E Principal Deficiency Sub-Ledger and/or the Class F Principal Deficiency Sub-Ledger and/or the Class G Principal Deficiency Sub-Ledger and/or the Class P Principal Deficiency Sub-Ledger is reduced; and
- (c) following a Determination Period, any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 5.9(c) and Certificates Condition 5.8(c);

plus

- (d) on the Final Rated Note Distribution Date, all amounts standing to the credit of the Liquidity Reserve Fund and the Junior Liquidity Reserve Fund (after satisfying amounts required to be withdrawn in accordance with the definition of Available Revenue Receipts to cover any Revenue Deficiency);

plus

- (e) on the Final Rated Note Distribution Date, all amounts standing to the credit of the General Reserve Fund Ledger.

Application of Available Principal Receipts Prior to the service of a Note Acceleration Notice on the Issuer

Prior to the service of a Note Acceleration Notice on the Issuer, the Issuer is required pursuant to the terms of the Cash Management Agreement to apply Available Principal Receipts on each Interest Payment Date in the following order of priority (the **Pre-Acceleration Principal Priority of Payments**) (in each case only if and to the extent that payments or provisions of higher priority have been paid in full) (unless the Interest Payment Date is also an Optional Redemption Date or an Optional Redemption Exercise Date, in which case Available Principal Receipts shall be applied in accordance with the Post-Acceleration Priority of Payments):

- (a) *first*, to the extent that the same cannot be paid out of Available Revenue Receipts to pay items (a) to (d) and (f), (h), (j), (m) and (o) of the Pre-Acceleration Revenue Priority of Payments, any such amounts to be paid in sequential order, subject to satisfying the Reallocation Conditions;
- (b) *second*, (other than on the Final Rated Note Distribution Date), to credit the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (c) *third*, in or towards repayment *pro rata* and *pari passu* of principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;

- (d) *fourth*, in or towards repayment *pro rata* and *pari passu* of principal amounts outstanding on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
- (e) *fifth*, in or towards repayment *pro rata* and *pari passu* of principal amounts outstanding on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
- (f) *sixth*, in or towards repayment *pro rata* and *pari passu* of principal amounts outstanding on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero;
- (g) *seventh*, in or towards repayment *pro rata* and *pari passu* of principal amounts outstanding on the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero;
- (h) *eighth*, in or towards repayment *pro rata* and *pari passu* of principal amounts outstanding on the Class F Notes until the Principal Amount Outstanding on the Class F Notes has been reduced to zero;
- (i) *ninth*, in the following order of priority:
 - (i) *first*, to provide for amounts due on the relevant Interest Payment Date to pay interest due and payable (after taking into account all amounts to be paid on the relevant Interest Payment Date pursuant to item (w) of the Pre-Acceleration Revenue Priority of Payments) on the Class G Notes; and
 - (ii) *second*, to pay *pro rata* and *pari passu* according to the respective outstanding amounts thereof interest and principal due and payable on the Class G Notes until the Principal Amount Outstanding on the Class G Notes has been reduced to zero; and
- (j) *tenth*, any excess amounts *pro rata* and *pari passu* to the holders of the Class P Certificates.

Distribution of Available Principal Receipts and Available Revenue Receipts Following the Service of a Note Acceleration Notice on the Issuer

Following the service of a Note Acceleration Notice (which has not been revoked) on the Issuer or on an Interest Payment Date which is also an Optional Redemption Date or an Option Redemption Exercise Date, the Security Trustee (or the Cash Manager on its behalf) will apply amounts received or recovered following the service of a Note Acceleration Notice on the Issuer (including, for the avoidance of doubt, on enforcement of the Security) or where the Interest Payment Date is an Optional Redemption Date or an Option Redemption Exercise Date (including any Interest Payment Date deemed to be an or an Option Redemption Exercise Date in accordance with Condition 7.5 (*Mandatory Redemption in full following a Majority Holder Option Sale or a Retention Holder Option Sale*)) the Cash Manager will apply all amounts available to the Issuer (including all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund) in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the **Post-Acceleration Priority of Payments** and, together with the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments, the **Priority of Payments**):

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

- (i) any fees, costs, charges, liabilities, expenses and all other amounts then due or to become due and payable in the immediately succeeding Interest Period to the Note Trustee and any Appointee under the provisions of the Trust Deed and the other Transaction Documents together with (if payable) value added tax (VAT) thereon as provided therein; and
 - (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due or to become due and payable in the immediately succeeding Interest Period to the Security Trustee and any Appointee under the provisions of the Deed of Charge and the other Transaction Documents together with (if payable) VAT thereon as provided therein;
- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Seller or the Legal Title Holder under the provisions of any Transaction Document, together with (if applicable) VAT thereon as provided therein;
 - (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Previous Seller or the Interim Legal Title Holder under the provisions of any Transaction Document, together with (if applicable) VAT thereon as provided therein;
 - (iii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Agent Bank, the Registrar and the Paying Agent under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
 - (b) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Cash Manager under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
 - (i) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Corporate Services Provider under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein; and
 - (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Account Bank under the provisions of the Account Bank Agreement, together with (if applicable) VAT thereon as provided therein;
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Interim Servicer under the provisions of the Interim Servicing Agreement, together with VAT (if payable) thereon as provided therein;
 - (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Servicer under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;
 - (iii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Master Servicer under the provisions of the Master Servicing Agreement, together with VAT (if payable) thereon as provided therein; and

- (iv) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable by the Issuer to the Back-up Servicer under the provisions of the Back-up Servicing Agreement, together with VAT (if payable) thereon as provided therein;
- (d) *fourth*, to pay *pro rata* and *pari passu* according to the respective outstanding amounts thereof interest and principal due and payable on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (e) *fifth*, to pay *pro rata* and *pari passu* according to the respective outstanding amounts thereof interest and principal due and payable on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
- (f) *sixth*, to pay *pro rata* and *pari passu* according to the respective outstanding amounts thereof interest and principal due and payable on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
- (g) *seventh*, to pay *pro rata* and *pari passu* according to the respective outstanding amounts thereof interest and principal due and payable on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero;
- (h) *eighth*, to pay *pro rata* and *pari passu* according to the respective outstanding amounts thereof interest and principal due and payable on the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero;
- (i) *ninth*, to pay *pro rata* and *pari passu* according to the respective outstanding amounts thereof interest and principal due and payable on the Class F Notes until the Principal Amount Outstanding on the Class F Notes has been reduced to zero;
- (j) *tenth*, to pay *pro rata* and *pari passu* according to the respective outstanding amounts thereof interest and principal due and payable on the Class G Notes until the Principal Amount Outstanding on the Class G Notes has been reduced to zero;
- (k) *eleventh*, to pay any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and any amounts necessary to provide for any such amounts expected to become due and payable by the Issuer in the immediately succeeding Interest Period and any amounts required to pay or discharge any liability of the Issuer for corporation tax on any income or chargeable gain of the Issuer;
- (l) *twelfth*, in payment *pro rata* and *pari passu* to the holders of the Class P Certificates up to the Overcollateralisation Amount; and
- (m) *thirteenth*, any excess amounts *pro rata* and *pari passu* to the holders of the Class R Certificates.

DESCRIPTION OF THE GLOBAL NOTES AND GLOBAL CERTIFICATES

General

The Notes as at the Closing Date will each be represented by a global note certificate (a **Global Note**). The Certificates, as at the Closing Date, will be represented by a Global Certificate (a **Global Certificate**). All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Global Notes and the Global Certificate will be registered in the name of the nominee for the Common Safekeeper for both Euroclear and Clearstream, Luxembourg. The Registrar will maintain a register in which it will register the nominee for the Common Safekeeper as the owner of the Global Note or Global Certificate, as applicable.

Upon confirmation by the Common Safekeeper that it has custody of the Global Notes and Global Certificates, Euroclear or Clearstream, Luxembourg, as the case may be, will record in book-entry form interests representing beneficial interests in the Global Note and Global Certificates attributable thereto (**Book-Entry Interests**).

Book-Entry Interests in respect of each Global Note will be recorded in denominations of £100,000 and higher integral multiples of £1000 (an **Authorised Denomination**).

Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg (**Participants**) or persons that hold interests in the Book-Entry Interests through Participants (**Indirect Participants**), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants shall also include persons that hold beneficial interests through such Indirect Participants. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Co-Arrangers. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

So long as a nominee for the Common Safekeeper is the registered holder of the Global Note or Global Certificate, as applicable, underlying the Book-Entry Interests, the nominee for the Common Safekeeper will be considered the sole Noteholder of the Global Note or Certificateholder of the Global Certificate, as applicable, for all purposes under the Trust Deed. Except as set forth under "*Issuance of Registered Definitive Notes and Registered Definitive Certificates*" below, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes or Certificates in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes or Certificates under the Trust Deed. See "*Action in Respect of the Global Notes or Global Certificates and the Book-Entry Interests*" below.

Unlike legal owners or holders of the Notes or Certificates, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for

waivers or other actions from Noteholders or Certificateholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Registered Definitive Notes or Registered Definitive Certificates are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

In the case of a Global Note or a Global Certificate, unless and until Book-Entry Interests are exchanged for Registered Definitive Notes or Registered Definitive Certificates, the Global Note or Global Certificate held by the Common Safekeeper may not be transferred except as a whole by the Common Safekeeper to a successor of the Common Safekeeper.

Purchasers of Book-Entry Interests in a Global Note or Global Certificate will hold Book-Entry Interests in the Global Note or Global Certificate relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note or Global Certificate directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set forth under “*Transfers and Transfer Restrictions*” below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in the Global Note or Global Certificate on behalf of their account holders through securities accounts in the respective account holders’ names on Euroclear’s and Clearstream, Luxembourg’s respective book-entry registration and transfer systems.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of 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 Co-Arrangers, the Note Trustee, the Security Trustee or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective Participants or account holders of their respective obligations under the rules and procedures governing their operations.

Payments on the Global Notes and Global Certificates

Payment of principal and interest on, and any other amount due in respect of, the Global Notes or Global Certificates will be made in Sterling by or to the order of Elavon Financial Services Limited (the **Principal Paying Agent**) on behalf of the Issuer to the order of the Common Safekeeper or its nominee as the registered holder thereof with respect to the Global Notes or Global Certificates. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Safekeeper or their nominees in respect of those Book-Entry Interests. All such payments will be distributed without deduction or withholding for or on account of any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer, the Principal Paying Agent nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the order of the Common Safekeeper, the respective systems will promptly credit their Participants’ accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the **Record Date**) Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders or Certificateholders for the purposes of making

payments to the Noteholders and Certificateholders. The Record Date in respect of the Notes or the Certificates, (i) where the Notes or the Certificates are in global registered form, shall be at the close of the Business Day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to the relevant Interest Payment Date and (ii) where the Notes or the Certificates are in definitive registered form, shall be the date falling 15 days prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Co-Arrangers, the Note Trustee or the Security Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant’s ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant’s ownership of Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder’s overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer, the Note Trustee or the Security Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

Redemption of Global Notes

In the event that a Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the order of the Common Safekeeper and, upon final payment, will surrender such Global Note (or portion thereof) to or to the order of

the Principal Paying Agent for cancellation. Appropriate entries will be made in the Register. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of the Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be, deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

Cancellation of Global Notes and Global Certificates

Cancellation of any Note represented by a Global Note and required by the Conditions, or any Certificate represented by a Global Certificate and required by the Certificates Conditions, to be cancelled following its redemption will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note, or cancellation of the relevant Global Certificate, on the relevant schedule thereto and the corresponding entry on the Register.

Transfers and Transfer Restrictions

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants. See “*General*” above.

Issuance of Registered Definitive Notes and Registered Definitive Certificates

Holders of Book-Entry Interests in the Global Note or the Global Certificate will be entitled to receive Definitive Notes or Definitive Certificates in registered form (**Registered Definitive Notes** or **Registered Definitive Certificates**), as applicable in exchange for their respective holdings of Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease to do business and no alternative clearing system satisfactory to the Note Trustee is available or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes or Certificates which would not be required were the Notes or Certificates in definitive registered form. Any Registered Definitive Notes or Registered Definitive Certificates issued in exchange for Book-Entry Interests in the Global Note or the Global Certificate will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Registered Definitive Notes or Registered Definitive Certificates issued in exchange for Book-Entry Interests in the Global Note or the Global Certificate will not be entitled to exchange such Registered Definitive Note or Registered Definitive Certificate for Book-Entry Interests in such Global Note or the Global Certificate. Any Notes or Certificates issued in definitive form will be issued in registered form only and will be subject to the provisions set forth under “*Transfers and Transfer Restrictions*” above and provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or Certificate or, as the case may be (in the case of Notes), the due date for redemption. Registered Definitive Notes will not be issued in a denomination that is not an integral multiple of the minimum authorised denomination. See “*Risk Factors—Denominations*” above.

Action in Respect of the Global Notes or Global Certificates and the Book-Entry Interests

Not later than ten days after receipt by the Issuer of any notices in respect of a Global Note or Global Certificate or any notice of solicitation of consents or requests for a waiver or other action by the holder of such Global Note or Global Certificate, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Note or Global Certificate and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Note or Global Certificate in accordance with any instructions set forth in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under “*General*” above, with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes or Global Certificates.

Reports

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices, reports and other communications received relating to the Issuer, the Global Note or the Book-Entry Interests. In addition, notices regarding the Notes or Certificates will be published in a leading newspaper having a general circulation in London (which so long as the Notes are listed on the Irish Stock Exchange and the rules of such Stock Exchange shall so require, is expected to be the *Financial Times*); provided that if, at any time, the Issuer procures that the information contained in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee, publication in the *Financial Times* shall not be required with respect to such information so long as the rules of the Irish Stock Exchange allow. See also Condition 16 (*Notice to Noteholders*) of the Notes.

New Safekeeping Structure and Eurosystem Eligibility

The Notes and the Certificates are intended to be held in a manner which would allow Eurosystem eligibility and will be deposited with one of the ICSDs as common safekeeper. However, the deposit of the Notes and of the Certificates with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that the Notes and/or the Certificates will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

Issuer-ICSDs Agreement

Prior to the issuance of the Notes and the Certificates, the Issuer will enter into an Issuer-ICSDs Agreement with the ICSDs in respect of the Notes and the Certificates. The Issuer-ICSDs Agreement provides that the ICSDs will, in respect of any of the Notes and the Certificates (while being held in the New Safekeeping Structure), maintain their respective portion of the issue outstanding amount through their records. The Issuer-ICSDs Agreement will be governed by English law.

TERMS AND CONDITIONS OF THE NOTES

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

1. GENERAL

The £259,000,000 Class A mortgage backed floating rate notes due June 2045 (the **Class A Notes**), the £33,300,000 Class B mortgage backed floating rate notes due June 2045 (the **Class B Notes**), the £19,000,000 Class C mortgage backed floating rate notes due June 2045 (the **Class C Notes**), the £16,200,000 Class D mortgage backed floating rate notes due June 2045 (the **Class D Notes**), the £13,300,000 Class E mortgage backed floating rate notes due June 2045 (the **Class E Notes**), the £8,600,000 Class F mortgage backed floating rate notes due June 2045 (the **Class F Notes** and together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the **Rated Notes**) and the £16,200,000 Class G mortgage backed floating rate notes due June 2045 (the **Class G Notes**) and together with the Rated Notes, the **Notes**), in each case of Rochester Financing No. 2 plc (the **Issuer**) are constituted by a trust deed (the **Trust Deed**) dated on or about 26 February 2016 (the **Closing Date**) and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Noteholders (in such capacity, the **Note Trustee**). Any reference in these terms and conditions (the **Conditions**) to a **Class** of Notes or of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class G Notes, as the case may be, or to the respective holders thereof. Any reference in these Conditions to the Noteholders means the registered holders for the time being of the Notes, or if preceded by a particular Class designation of Notes, the registered holders for the time being of such Class of Notes. The security for the Notes is constituted by a deed of charge and assignment (the **Deed of Charge**) dated on the Closing Date and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Secured Creditors (in such capacity, the **Security Trustee**).

Pursuant to an agency agreement (the **Agency Agreement**) dated on the Closing Date and made between the Issuer, the Note Trustee, Elavon Financial Services Limited as principal paying agent (in such capacity, the **Principal Paying Agent** and, together with any further or other paying agent appointed under the Agency Agreement, the **Paying Agent**), Elavon Financial Services Limited as registrar (in such capacity, the **Registrar**) and Elavon Financial Services Limited as agent bank (in such capacity, the **Agent Bank**), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

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

Copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents are available for inspection 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 and Construction Schedule available as described above. These Conditions

shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

Each Note will initially be represented by a global note certificate in registered form (a **Global Note**).

For so long as any of the Notes are represented by a Global Note, transfers and exchanges of beneficial interests in such Global Note and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank SA/NV (**Euroclear**) or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**), as appropriate. Each Global Note will be deposited with and registered in the name of a common safekeeper (or a nominee thereof) for Euroclear and Clearstream, Luxembourg.

For so long as the Notes are represented by a Global Note, and for so long as Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in the minimum nominal amount of £100,000 and higher integral multiples of £1,000. A Global Note will be exchanged for the relevant Note in definitive registered form (such exchanged Global Note, the **Registered Definitive Notes**) only if either of the following applies:

- (a) both Euroclear and Clearstream, Luxembourg:
 - (i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or
 - (ii) announce an intention permanently to cease business and do so cease to do businessand in either case no alternative clearing system satisfactory to the Note Trustee is available; or
- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Notes which would not be required were the relevant Notes in definitive registered form.

If Definitive Notes are issued in respect of Notes originally represented by a Global Note, the beneficial interests represented by such Global Note shall be exchanged by the Issuer for the relevant Notes in registered definitive form. The aggregate principal amount of the Registered Definitive Notes shall be equal to the Principal Amount Outstanding at the date on which notice of exchange is given of the Global Note, subject to and in accordance with the detailed provisions of these Conditions, the Agency Agreement, the Trust Deed and the relevant Global Note.

Registered Definitive Notes (which, if issued, will be in the denomination set out below) will be serially numbered and will be issued in registered form only.

The minimum denomination of the Notes in global and (if issued and printed) definitive form will be £100,000.

References to **Notes** in these Conditions shall include the Global Notes and the Registered Definitive Notes.

2.2 Title

Title to the Global Notes shall pass by and upon registration in the register (the **Register**) which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Note may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Note regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Registered Definitive Notes may be transferred upon the surrender of the relevant Registered Definitive Note, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. Such transfers shall be subject to the minimum denominations specified in Condition 2.1 (*Form and Denomination*) above. All transfers of Registered Definitive Notes are subject to any restrictions on transfer set forth on the Registered Definitive Notes and the detailed regulations concerning transfers in the Agency Agreement.

Each new Registered Definitive Note to be issued upon transfer of such Registered Definitive Note will, within five Business Days of receipt and surrender of such Registered Definitive Note (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Registered Definitive Note to such address as may be specified in the relevant form of transfer.

Registration of a Registered Definitive Note on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

The Notes are not issuable in bearer form.

3. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

3.1 Status and relationship between the Notes

- (a) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 11 (*Enforcement*)) unconditional obligations of the Issuer. The Class A Notes rank *pro rata* and *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times.
- (b) The Class B Notes constitute direct, secured and (subject to the limited recourse provision in Condition 11 (*Enforcement*)) unconditional obligations of the Issuer. The Class B Notes rank *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class B Noteholders will be subordinated to the interests of the Class A Noteholders (so long as any Class A Notes remain outstanding).
- (c) The Class C Notes constitute direct, secured and (subject to the limited recourse provision in Condition 11 (*Enforcement*)) unconditional obligations of the Issuer. The Class C Notes rank *pari passu* without preference or priority amongst themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes and the Class B Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class C Noteholders will be subordinated to the interests of each of the Class

A Noteholders and the Class B Noteholders (so long as any Class A Notes and/or any Class B Notes remain outstanding).

- (d) The Class D Notes constitute direct, secured and (subject to the limited recourse provision in Condition 11 (*Enforcement*)) unconditional obligations of the Issuer. The Class D Notes rank pari passu without preference or priority amongst themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class B Notes and the Class C Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class D Noteholders will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes remain outstanding).
- (e) The Class E Notes constitute direct, secured and (subject to the limited recourse provision in Condition 11 (*Enforcement*)) unconditional obligations of the Issuer. The Class E Notes rank pari passu without preference or priority amongst themselves in relation to payment of interest and principal at all times, but (other than in respect of amounts of interest which are funded from the Junior Liquidity Reserve Fund) subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class E Noteholders will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes remain outstanding).
- (f) The Class F Notes constitute direct, secured and (subject to the limited recourse provision in Condition 11 (*Enforcement*)) unconditional obligations of the Issuer. The Class F Notes rank pari passu without preference or priority amongst themselves in relation to payment of interest and principal at all times, but (other than in respect of amounts of interest which are funded from the Junior Liquidity Reserve Fund) subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class F Noteholders will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes and/or any Class E Notes remain outstanding).
- (g) The Class G Notes constitute direct, secured and (subject to the limited recourse provisions in Condition 11 (*Enforcement*)) unconditional obligations of the Issuer. The Class G Notes rank subordinate to all payments due in respect of the Rated Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the Class G Noteholders will be subordinated to the interests of the holders of the Rated Notes (so long as any Rated Notes remain outstanding).
- (h) The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of the Noteholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee in any such case to have regard (except as expressly provided otherwise) to the interests of the Most Senior Class of Notes (as defined below).
- (i) The Trust Deed also contains provisions limiting the powers of any Class to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Most Senior Class of Notes. Except in certain circumstances described in Condition 12 (*Meetings of Noteholders*,

Modification, Waiver and substitution), the Trust Deed contains no such limitation on the powers of the Most Senior Class of Notes, the exercise of which (save in respect of a Basic Terms Modification) will be binding on all other Classes of Notes (and on the holders of the Certificates) in each case irrespective of the effect thereof on their respective interests.

As long as any Notes are outstanding but subject to Condition 12.5, the Security Trustee shall not have regard to the interests of the other Secured Creditors.

3.2 Security

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

4. COVENANTS

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

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking;
- (b) **Restrictions on activities:** (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as amended) (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;
- (c) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire all or any of its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (d) **Equitable and Beneficial Interest:** permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (e) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the Priorities of Payments which are available for distribution in accordance with the Issuer's Memorandum and Articles of Association and with applicable laws or issue any further shares;
- (f) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;
- (g) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;

- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied, modified, terminated, postponed, waived or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;
- (i) **Bank accounts:** have an interest in any bank account other than the Collection Account, the Deposit Account or any other Issuer Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (j) **Purchase Notes:** purchase or otherwise acquire any Notes; or
- (k) **US activities:** engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

5. INTEREST

5.1 Accrual of interest

Interest Accrual

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

5.2 Interest Payment Dates

- (a) The first Interest Payment Date will be the Interest Payment Date falling in June 2016.
- (b) In these Conditions, **Interest Payment Date** means, in relation to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes and for all other purposes, the 18th day of March, June, September and December in each year or, if such day is not a Business Day, the immediately succeeding Business Day.
- (c) Interest shall be payable quarterly in arrear on each Interest Payment Date.
- (d) In these Conditions, **Interest Period** shall mean the period from (and including) an Interest Payment Date (except in the case of the first Interest Period for the Notes, where it shall be the period from (and including) the Closing Date) to (but excluding) the next succeeding or first Interest Payment Date.

5.3 Floating Rate of Interest

- (a) The floating rate of interest payable from time to time in respect of each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class

F Notes and the Class G Notes (each a **Floating Rate of Interest** and together the **Rates of Interest**) will be determined on the basis of the following provisions:

- (i) the Agent Bank will determine the Relevant Screen Rate as at or about 11.00 a.m. (London time) on the Interest Determination Date (as defined below) in question. If the Relevant Screen Rate is unavailable, the Agent Bank will request the principal London office of each of the Reference Banks to provide the Agent Bank with its offered quotation to leading banks for three-month Sterling deposits of £10,000,000 in the London interbank market as at or about 11.00 a.m. (London time) on the relevant Determination Date. The Floating Rates of Interest for the relevant Interest Period shall be the aggregate of (I) the Relevant Margin and (II) the Relevant Screen Rate (or, if the Relevant Screen Rate is unavailable, the arithmetic mean of such offered quotations for three-month Sterling deposits (rounded upwards, if necessary, to five decimal places)); and
- (ii) if, on any Interest Determination Date, the Relevant Screen Rate is unavailable and only two or three of the Reference Banks provide offered quotations, the Floating Rates of Interest for the relevant Interest Period shall be determined in accordance with the provisions of subparagraph (i) above on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank and the Rates of Interest for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the Floating Rates of Interest for the relevant Interest Period shall be the Floating Rates of Interest in effect for the last preceding Interest Period to which subparagraph (i) shall have applied but taking account of any change in the Relevant Margin.

There will be no minimum or maximum Floating Rate of Interest, subject to a floor of zero.

- (b) In these Conditions (except where otherwise defined), the expression:
 - (i) **Business Day** means a day (other than a Saturday or a Sunday) on which banks are generally open for business in London;
 - (ii) **Interest Determination Date** means the first day of the Interest Period for which the rate will apply;
 - (iii) **Reference Banks** means the principal London office of each of five major banks engaged in the London interbank market selected by the Agent Bank with the approval of the Issuer, provided that, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such;
 - (iv) **Relevant Margin** means in respect of each Class of the Notes the following percentage per annum:

- (A) in respect of the Class A Notes, 1.30 per cent. per annum (and, following the Step-Up Date, 1.90 per cent. per annum) (the **Class A Margin**);
 - (B) in respect of the Class B Notes, 1.75 per cent. per annum (and, following the Step-Up Date, 2.75 per cent. per annum) (the **Class B Margin**);
 - (C) in respect of the Class C Notes, 2.25 per cent. per annum (and, following the Step-Up Date, 3.25 per cent. per annum) (the **Class C Margin**);
 - (D) in respect of the Class D Notes, 2.75 per cent. per annum (and, following the Step-Up Date, 3.75 per cent. per annum) (the **Class D Margin**);
 - (E) in respect of the Class E Notes, 3.25 per cent. per annum (and, following the Step-Up Date, 4.75 per cent. per annum) (the **Class E Margin**);
 - (F) in respect of the Class F Notes, 3.50 per cent. per annum (and, following the Step-Up Date, 5.00 per cent. per annum) (the **Class F Margin**);
 - (G) in respect of the Class G Notes, 2.50 per cent. per annum (and, following the Step-Up Date, 5.00 per cent. per annum) (the **Class G Margin**); and
- (v) **Relevant Screen Rate** means in respect of the Notes the arithmetic mean of offered quotations for three-month Sterling deposits in the London interbank market displayed on the Reuters Screen page LIBOR01.

5.4 Determination of Floating Rates of Interest and Floating Interest Amounts

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

The Floating Interest Amounts shall be determined by applying the relevant Floating Rate of Interest to such Principal Amount Outstanding, multiplying the sum by the actual number of days in the Interest Period concerned divided by 365 (or 366 days if the relevant calculation is being made in respect of an Interest Period ending in a leap year) and rounding the figure downwards to the nearest penny.

5.5 Publication of Floating Rates of Interest and Floating Interest Amounts

The Agent Bank shall cause the Floating Rates of Interest and the Floating Interest Amounts for each Interest Period and each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Note Trustee, the Registrar and the Paying Agents (as applicable) and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 16 (*Notice to Noteholders*) as soon as possible after their determination and in no event later than the second Business Day thereafter. The Floating Interest Amounts and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

5.6 Determination by the Note Trustee

The Note Trustee may, without liability therefor, if the Agent Bank defaults at any time in its obligation to determine the Floating Rates of Interest and the Floating Interest Amounts in

accordance with the above provisions and the Note Trustee has been notified of this default by the Cash Manager, determine or cause to be determined the Floating Rates of Interest and the Floating Interest Amounts, the former at such rates as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and the latter in the manner provided in Condition 5.4 (*Determination of Floating Rates of Interest and Floating Interest Amounts*). In each case, the Note Trustee may, at the expense of the Issuer, engage an expert to make the determination and any such determination shall be deemed to be determinations made by the Agent Bank.

5.7 Notifications, etc to be Final

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

5.8 Agent Bank

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

5.9 Determinations and Reconciliation

- (a) In the event that the Cash Manager does not receive any Servicer Report due during a Collection Period (each such period, a **Determination Period**), then the Cash Manager may use the Servicer Reports in respect of the three most recent Collection Periods for which all relevant Servicer Reports are available (or, where there are not at least three previous Collection Periods, any previous Collection Periods) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in this Condition 5.9 (*Determinations and Reconciliation*). When the Cash Manager receives all Servicer Reports relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 5.9(c). Any (i) calculations properly made on the basis of such estimates in accordance with Conditions 5.9(b) and/or 5.9(c); (ii) payments made under any of the Notes and Transaction Documents in accordance with such calculations; and (iii) reconciliation calculations and reconciliation payments made as a result of such reconciliation calculations, each in accordance with Conditions 5.9(b) and/or 5.9(c), shall be deemed to be made in accordance with the provisions of the Transaction Documents and will in themselves not lead to an Event of Default and no liability will attach to the Cash Manager in connection with the exercise by it of its powers, duties and discretion for such purposes.
- (b) In respect of any Determination Period the Cash Manager shall:

- (i) determine the Interest Determination Ratio (as defined below) by reference to the three most recent Collection Periods in respect of which all relevant Servicer Reports are available (or, where there are not at least three previous Collection Periods, any previous Collection Periods);
 - (ii) calculate the Revenue Receipts for such Determination Period as the product of (A) the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the **Calculated Revenue Receipts**); and
 - (iii) calculate the Principal Receipts for such Determination Period as the product of (A) 1 minus the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the **Calculated Principal Receipts**).
- (c) Following any Determination Period, upon receipt by the Cash Manager of all Servicer Reports in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 5.9(b) to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amount (as defined below) as follows:
- (i) if the Reconciliation Amount is a positive number, the Cash Manager shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Revenue Ledger, as Available Principal Receipts (with a corresponding debit of the Revenue Ledger); and
 - (ii) if the Reconciliation Amount is a negative number, the Cash Manager shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Principal Ledger, as Available Revenue Receipts (with a corresponding debit of the Principal Ledger),

provided that the Cash Manager shall apply such Reconciliation Amount in determining Available Revenue Receipts and Available Principal Receipts for such Collection Period in accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Security Trustee of such Reconciliation Amount.

Interest Determination Ratio means (a) the aggregate Revenue Receipts calculated in the three preceding Collection Periods for which all relevant Servicer Reports are available (or, where there are not at least three previous such Collection Periods, any previous Collection Periods) divided by (b) the aggregate of all Revenue Receipts and all Principal Receipts calculated in such Collection Periods.

Reconciliation Amount means in respect of any Collection Period which is a Determination Period, (a) the actual Principal Receipts as determined in accordance with the available Servicer Reports, less (b) the Calculated Principal Receipts in respect of such Collection Period, plus (c) any Reconciliation Amount not applied in previous Collection Periods.

Servicer Report means the reports required to be provided from time to time by the Interim Servicer in accordance with the Interim Servicing Agreement and/or by the Servicer in accordance with the Servicing Agreement (as applicable).

6. PAYMENTS

6.1 Payment of Interest and Principal

Payments of any amount in respect of a Note including principal and interest shall be made by Sterling cheque in the case of the Notes, or upon application by the relevant Noteholder to the

specified office of the Principal Paying Agent not later than the 15th day before the due date for any such payment, by transfer to a Sterling account maintained by the payee with a bank in London and (in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Global Note or Registered Definitive Notes (as the case may be) at the specified office of any Paying Agent.

6.2 Laws and Regulations

Payments of any amount in respect of a Note including principal and interest in respect of the Notes are subject, in all cases, to (i) any fiscal or other laws and regulations applicable thereto 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 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto. Noteholders will not be charged commissions or expenses on payments.

6.3 Payment of Interest following a Failure to pay Principal

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest, which continues to accrue in respect of such Note in accordance with Condition 5.1 (*Accrual of interest*) and Condition 5.3 (Floating Rate of Interest) will be paid, in respect of a Global Note, as described in Condition 6.1 (*Payment of Interest and Principal*) above and, in respect of any Registered Definitive Note, in accordance with this Condition 6.

6.4 Change of Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents provided that there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London, and a person appointed to perform the obligations of the Registrar with a specified office in Luxembourg or in London.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and will notify the Rating Agencies of such change or addition.

6.5 No Payment on non-Business Day

If the date for payment of any amount in respect of a Note is not a Presentation Date, Noteholders shall not be entitled to payment until the next following Presentation Date in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. In this Condition 6.5 (*No Payment on non-Business Day*), the expression **Presentation Date** means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

6.6 Partial Payment

If a Paying Agent makes a partial payment in respect of any Note, the Registrar will, in respect of the relevant Note, annotate the Register, indicating the amount and date of such payment.

6.7 Payment of Interest

If interest is not paid in respect of a Note of any Class on the date when due and payable (other than because the due date is not a Presentation Date (as defined in Condition 6.5 (*No Payment on non-Business Day*)) or by reason of non-compliance by the Noteholder with Condition 6.1 (*Payment of Interest and Principal*), then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such Note until such interest and interest thereon are available for payment and notice thereof has been duly given in accordance with Condition 16 (*Notice to Noteholders*).

7. REDEMPTION

7.1 Redemption at Maturity

Unless previously redeemed in full or purchased and cancelled as provided below, the Issuer will redeem the Notes at their respective Principal Amounts Outstanding on the Interest Payment Date falling in June 2045.

7.2 Mandatory Redemption

- (a) Each of the Notes shall, subject to Conditions 7.3 (*Optional Redemption of the Notes in Full*), 7.4 (*Optional Redemption for Taxation Reasons*) and 7.5 (*Mandatory Redemption in full following a Majority Holder Option Sale or a Retention Holder Option Sale*), be redeemed on each Interest Payment Date and prior to the service of a Note Acceleration Notice in an amount equal to the Available Principal Receipts available for such purpose (to the extent not applied in accordance with items (a) and (b) of the Pre-Acceleration Principal Priority of Payments) which shall be applied in the following order of priority:
- (i) to repay the Class A Notes until they are each repaid in full, and thereafter be applied
 - (ii) to repay the Class B Notes until they are each repaid in full, and thereafter to be applied
 - (iii) to repay the Class C Notes until they are each repaid in full, and thereafter to be applied
 - (iv) to repay the Class D Notes until they are each repaid in full, and thereafter to be applied
 - (v) to repay the Class E Notes until they are each repaid in full, and thereafter to be applied
 - (vi) to repay the Class F Notes until they are each repaid in full, and thereafter to be applied
 - (vii) to repay the Class G Notes until they are each repaid in full.
- (b) The principal amount redeemable in respect of each of the Notes (the **Note Principal Payment**) on any Interest Payment Date shall be in the case of the Notes, the Available Principal Receipts available for such purpose on the Calculation Date immediately preceding the Interest Payment Date to be applied in redemption of that Class divided by the number of Notes in that Class in the relevant denomination then outstanding. With respect to each Note on (or as soon as practicable after) each Calculation Date, the Issuer shall determine (or cause the Cash Manager to determine) (i) the amount of any Note Principal Payment due on

the Interest Payment Date next following such Calculation Date, (ii) the Principal Amount Outstanding of each such Note and (iii) the fraction expressed as a decimal to the sixth decimal point (the **Pool Factor**), of which the numerator is the Principal Amount Outstanding of that Note (as referred to in (ii) above) and the denominator, in the case of the Notes, is 100,000. Each determination by or on behalf of the Issuer of any principal repayment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

- (c) The Issuer will cause each determination of a principal repayment, Principal Amount Outstanding and Pool Factor to be notified by not less than two Business Days prior to the relevant Interest Payment Date to the Note Trustee, the Paying Agents, the Agent Bank and (for so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on its Main Securities Market) the Irish Stock Exchange, and will immediately cause notice of each such determination to be given in accordance with Condition 16 (*Notice to Noteholders*) by not later than two Business Days prior to the relevant Interest Payment Date. If no principal repayment is due to be made on the Notes on any Interest Payment Date a notice to this effect will be given to the holders of the Notes.

7.3 Optional Redemption of the Notes in Full

- (a) On giving not more than 60 nor less than 14 days' notice to the holders of the Notes in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, and provided that:
 - (i) on or prior to the Interest Payment Date on which such notice expires (the **Optional Redemption Date**), no Note Acceleration Notice has been served;
 - (ii) the Issuer has, immediately prior to giving such notice, certified to the Note Trustee that it will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Optional Redemption Date and to discharge all other amounts required to be paid in priority to or *pari passu* with all the Notes on such Optional Redemption Date and, as the case may be, on the immediately following Interest Payment Date (such certification to be provided by way of certificate signed by two directors of the Issuer) (and for the avoidance of doubt, the order of priority shall be as set out in the Post-Acceleration Priority of Payments); and
 - (iii) the Optional Redemption Date is (A) the Interest Payment Date falling in March 2021 or any Interest Payment Date thereafter or (B) any Interest Payment Date on which the aggregate Principal Amount Outstanding of all of the Notes and the Overcollateralisation Amount is equal to or less than 10 per cent. of the aggregate Principal Amount outstanding of the Notes and the Overcollateralisation Amount on the Closing Date,

the Issuer may redeem on any Optional Redemption Date all (but not some only) of the Notes on such Optional Redemption Date.

- (b) Any Note redeemed pursuant to Condition 7.3(a) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to but excluding the Optional Redemption Date.

7.4 Optional Redemption for Taxation Reasons

If by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or each of the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Notes) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax; then the Issuer shall, if the same would avoid the effect of such 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 approved in writing by the Note Trustee as principal debtor under the Notes and the Trust Deed, provided that (i) the Note Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the Noteholders of the Most Senior Class of Notes (and in making such determination, the Note Trustee may rely, without further investigation or inquiry, on (A) any written confirmation from each of the Rating Agencies that the then current ratings of the Rated Notes would not be adversely affected by such substitution) or (B) a written certification from or on behalf of the Issuer (in each case on the basis of appropriate advice being received by the Issuer or the party which provides such certification on behalf of the Issuer) to the Note Trustee that such proposed action (i) (while any Rated Notes remain outstanding) has been notified to the Rating Agencies, (ii) would not have an adverse impact on the Issuer's ability to make payment when due in respect of the Notes, (iii) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security, (iv) would not have an adverse effect on the rating of the Rated Notes) (upon which confirmation or certificate the Note Trustee shall be entitled to rely absolutely without liability to any person for so doing), and (v) such substitution would not require registration of any new security under US securities laws or materially increase the disclosure requirements under US law.

If the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that one or more of the events described above is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution, then the Issuer may, on any Interest Payment Date and having given not more than 60 nor less than 30 days' notice to the Note Trustee and holders of the Notes in accordance with Condition 16 (*Notice to Noteholders*), redeem all (but not some only) of the Notes at their respective Principal Amount Outstanding together with any interest accrued (and unpaid) thereon up to (but excluding) the date of redemption provided that (in either case), prior to giving any such notice, the Issuer shall have provided to the Note Trustee (a) a certificate signed by two directors of the Issuer (i) stating that one or more of the circumstances referred to above prevail(s), (ii) setting out details of such circumstances and (iii) confirming that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution and (b) an opinion in form and substance satisfactory to the Note Trustee of independent legal advisers of recognised standing to the effect that the Issuer and each of the Paying Agents has or will become obliged to deduct or withhold amounts as a result of such change. The Note Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstance set out in the paragraph immediately above, in which event they shall be conclusive and binding on each Class of the holders of the Rated Notes.

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

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

7.5 Mandatory Redemption in full following a Majority Holder Option Sale or a Retention Holder Option Sale

- (a) On the occurrence of a Majority Holder Option Sale or a Retention Holder Option Sale, the consideration received by the Issuer will be applied, together with all other funds available to the Issuer (including all amounts standing to the credit of the Total Reserve Fund), in accordance with the Post-Acceleration Priority of Payments on the immediately succeeding Interest Payment Date and such Interest Payment Date shall be deemed to be an Optional Redemption Exercise Date with the result that the Notes will be redeemed in full in accordance with this Condition 7.5 (*Mandatory Redemption in full following a Majority Holder Option Sale or a Retention Holder Option Sale*) in accordance with the Post-Acceleration Priority of Payments.
- (b) Any Note redeemed pursuant to Condition 7.5(a) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to but excluding the Interest Payment Date on which the redemption occurred.

7.6 Principal Amount Outstanding

The **Principal Amount Outstanding** of each Class of Notes on any date shall be in each case their original principal amount, in respect of the Class A Notes of £259,000,000, in respect of the Class B Notes of £33,300,000, in respect of the Class C Notes of £19,000,000, in respect of the Class D Notes of £16,200,000, in respect of the Class E Notes of £13,300,000, in respect of the Class F Notes of £8,600,000 and in respect of the Class G Notes of £16,200,000, in each case less the aggregate amount of all principal payments in respect of such Class of Notes which have been made since the Closing Date.

7.7 Notice of Redemption

Any such notice as is referred to in Condition 7.3 (*Optional Redemption of the Notes in Full*) or Condition 7.4 (*Optional Redemption for Taxation Reasons*) above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above. Any certificate or legal opinion given by or on behalf of the Issuer pursuant to Condition 7.3 (*Optional Redemption of the Notes in Full*) or Condition 7.4 (*Optional Redemption for Taxation Reasons*) may be relied on by the Note Trustee without further investigation and, if so relied on, shall be conclusive and binding on the Noteholders.

7.8 No Purchase by the Issuer

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

7.9 Cancellation

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

8. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**), unless the withholding or deduction of the Taxes is required by

applicable law. In that event, subject to Condition 7.4 (*Optional Redemption for Taxation Reasons*), the Issuer or, as the case may be, the Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent nor any other person shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

9. PRESCRIPTION

Claims in respect of principal and interest on the Notes will be prescribed after 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 9, the **Relevant Date**, in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Noteholders in accordance with Condition 16 (*Notice to Noteholders*).

10. EVENTS OF DEFAULT

10.1 Notes

The Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or if so directed by an Extraordinary Resolution of the Most Senior Class of Notes shall, (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed) give a notice (a **Note Acceleration Notice**) to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Trust Deed, in any of the following events (each, an **Event of Default**):

- (a) subject to Condition 18 (*Subordination by Deferral*) if default is made in the payment of any principal or interest due in respect of the Most Senior Class of Notes and the default continues for: (i) a period of seven days in the case of principal, or (ii) 14 days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or any Transaction Document to which it is a party which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class of Notes and (except in any case where the Note Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 30 days (or such longer period as the Note Trustee may permit) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of each Class of Notes then outstanding; or
- (d) if the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of each Class of Notes then outstanding, or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its

debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or

- (e) if (i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application to the court for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) or an administration order is granted or the appointment of an administrator takes effect or an administrative or other receiver, manager or other similar official is appointed, in relation to the Issuer or in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer takes possession of the whole or any part of the undertaking or assets of the Issuer, or a distress, diligence, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of the Issuer and (ii) in the case of any such possession or any such last-mentioned process, unless initiated by the Issuer, is not discharged or otherwise ceases to apply within 30 days; or
- (f) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

10.2 General

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

11. ENFORCEMENT

11.1 General

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

- (a) the Security Trustee or the Note Trustee shall have been so directed by an Extraordinary Resolution of the Most Senior Class of Notes then outstanding or directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes; and

- (b) in all cases, it shall have been indemnified and/or prefunded and/or secured to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Note Trustee, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

11.2 Preservation of Assets

If the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes or the Certificates, the Security Trustee will not be entitled to dispose of any of the Charged Assets or any part thereof unless either (a) a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the holders of the Rated Notes (and all persons ranking in priority to the holders of the Rated Notes) (or, once all of the holders of the Rated Notes have been repaid, to the Class G Noteholder (and all persons ranking in priority thereto) or, once the Class G Noteholder has been repaid, to the Class P Certificateholders (and all persons ranking in priority thereto) or, once the Class P Certificateholders have been repaid, to the Class R Certificateholders (and all persons ranking in priority thereto)), or (b) the Security Trustee is of the opinion, which shall be binding on the Secured Creditors, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the holders of the Rated Notes (or once all of the holders of the Rated Notes have been repaid, to the Class G Noteholder (and all persons ranking in priority thereto) or, once the Class G Noteholder has been repaid, to the Class P Certificateholders (and all persons ranking in priority thereto) or, once the Class P Certificateholders have been repaid, to the Class R Certificateholders (and all persons ranking in priority thereto)).

11.3 Limitations on Enforcement

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

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

11.4 Limited Recourse

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

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

then neither the Noteholders nor the Certificateholders shall have any further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of

doubt, payments of principal, premium (if any) or interest in respect of the Notes, or Class P Certificate Payments in respect of the Class P Certificates or Residual Payments in respect of the Class R Certificates) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

12. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

12.1 The Trust Deed contains provisions for convening meetings of the Noteholders of each Class and, in certain cases, more than one Class, and the Certificateholders (or the Class P Certificateholders or the Class R Certificateholders as a separate class of Certificateholder) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions, the Certificates Conditions or the provisions of any of the Transaction Documents.

For the purposes of these Conditions, **Most Senior Class** means, in respect of the Notes, the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class B Notes then outstanding, the Class C Notes or, if there are no Class C Notes then outstanding, the Class D Notes or, if there are no Class D Notes outstanding, the Class E Notes or, if there are no Class E Notes then outstanding, the Class F Notes or, if there are no Class F Notes then outstanding, the Class G Notes.

12.2 Most Senior Class of Notes, Limitations on other Noteholders and Certificateholders

Other than in relation to a Basic Terms Modification, which requires an Extraordinary Resolution of each of the relevant affected Classes of Notes and/or the Class P Certificates and/or the Class R Certificates passed at separate meetings(s) of the holders of such classes and/or such Class P Certificates and/or such Class R Certificates:

- (a) A resolution (including an Extraordinary Resolution) passed at any meeting of the Most Senior Class of Noteholders shall be binding on all other Classes of Notes and the Certificates irrespective of the effect it has upon them.
- (b) A resolution (including an Extraordinary Resolution) passed at any meeting of a relevant Class of Noteholders shall be binding on (i) all other Classes of Noteholders ranking junior to such Class of Noteholders in the Priorities of Payments in each case and (ii) the Certificates, irrespective of the effect it has upon them.
- (c) A resolution (including an Extraordinary Resolution) passed at any meeting of the Class P Certificateholders shall be binding on the Class R Certificates, irrespective of the effect it has upon them.
- (d) No resolution or Extraordinary Resolution of any other Class of Noteholders or the Certificateholders shall take effect for any purpose while any of the Most Senior Class Notes remain outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the Most Senior Class of Noteholders or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Most Senior Class of Noteholders.

12.3 Other than in relation to Basic Terms Modifications and subject as provided in Conditions 12.2 and 12.4, a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of (A) one Class of Notes only or (B) the Class P Certificates only or (C) the Class R Certificates only, shall be deemed to have been duly passed if passed at a meeting of the holders of (A) that Class of Notes or (B) the Class P Certificates or (C) the Class R Certificates, as applicable; a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of more than one Class of Notes but does not give rise to a conflict of interest between the holders of such Classes of Notes so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of

all the Classes of Notes so affected; a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of any one or more Classes of Notes, the Class P Certificates and the Class R Certificates, but does not give rise to an actual or potential conflict of interest between the holders of such one or more Classes of Notes, the Class P Certificates and/or the Class R Certificates, shall be deemed to have been duly passed if passed at a single meeting of the holders of such one or more Classes of Notes without the consent of the Certificateholders; a resolution which in the opinion of the Note Trustee affects the interests of the holders of any two or more Classes of Notes and gives or may give rise to an actual or potential conflict of interest between the holders of such two or more Classes of Notes shall be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the holders of such two or more Classes of Notes, it shall be duly passed at separate meetings of the holders of such two or more Classes of Notes; and a resolution which in the opinion of the Note Trustee affects the interests of the holders of any one or more Classes of Notes, the Class P Certificates and the Class R Certificates and gives or may give rise to an actual or potential conflict of interest between the holders of such one or more Classes of Notes and the Class P Certificates and/or the Class R Certificates, shall be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the holders of such one or more Classes of Notes and the Class P Certificates and/or the Class R Certificates, it shall be duly passed at separate meetings of the holders of such one or more Classes of Notes and without the consent of the Class P Certificateholders or the Class R Certificateholders.

12.4 Quorum

- (a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50% of the aggregate Principal Amount Outstanding of such Class or Classes of Notes.
- (b) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Class or Classes of Notes or holders of any Class P Certificates or the holders of any Class R Certificates passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of any Notes, (ii) sanction a modification of the date of payment of principal or interest in respect of the Notes, or where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes, or of the method of calculating the date of payment in respect of the Class P Certificates or the Class R Certificates, (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of the Notes, or where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes, or of the definitions of Class P Certificate Payment or Class P Certificate Payment Amount or the definitions of Residual Payment or Residual Payment Amount (including, in relation to any Class of Notes or Class P Certificates or Class R Certificates, if any such modification is proposed for any Class of Notes senior to such Class or the Class P Certificates or the Class R Certificates) (iv) alter the currency in which payments under the Notes or the Class P Certificates or the Class R Certificates are to be made (v) alter the quorum or majority required in relation to this exception, (vi) alter the provisions of clause 25 (Additional Right of Modification) of the Trust Deed or Condition 13 (*Additional Right of Modification*) or Certificates Condition 12 (*Additional Right of Modification*), (vii) sanction any scheme or proposal for the sale, conversion or cancellation of the Notes or the Class P Certificates or the Class R Certificates, (viii) alter the provisions of paragraph 31, 32 and 33 of Schedule 5 to the Trust Deed or Condition 16 (*Notice to Noteholders*) or Certificates Condition 15 (*Notice to Certificateholders*), or (ix) alter any of the provisions contained in this exception (each a **Basic Terms Modification**) shall be one or more persons holding or representing in the aggregate not less than three-quarters of the aggregate Principal Amount Outstanding of such Class of Notes or one or more persons holding or representing in the aggregate not less than three-quarters of the number of Class P Certificates then outstanding or one or more

persons holding or representing in the aggregate not less than three-quarters of the number of Class R Certificates then outstanding. The quorum at any adjourned meeting (whether passing an Ordinary Resolution, Extraordinary Resolution or Extraordinary Resolution in relation to a Basic Terms Modification) shall be one or more persons present and holding or representing in the aggregate not less than one-quarter of the aggregate Principal Amount Outstanding of the Notes of such Class or one or more persons holding or representing in the aggregate not less than one-quarter of the number of Class P Certificates then outstanding or one or more persons present and holding or representing in the aggregate not less than one-quarter of the number of Class R Certificates then outstanding. Any Extraordinary Resolution in respect of such a modification shall only be effective if duly passed at separate meetings of each Class of Noteholders so affected and/or by a meeting of the Class P Certificateholders and/or by a meeting of the Class R Certificateholders, if so affected. Notwithstanding the above, the Seller will not have any voting rights in respect of any Class of Notes (unless it holds all (but not some only) of any class of Notes).

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

- 12.5 Other than in respect of an Extraordinary Resolution directing the Note Trustee to give a Note Acceleration Notice, or any modifications of the Conditions, the Certificate Conditions or the Transaction Documents pursuant to Clause 25 (*Additional Right of Modification*) of the Trust Deed, Condition 13 (*Additional Right of Modification*) or Certificates Condition 12 (*Additional Right of Modification*) and other than in relation to Basic Terms Modifications of the Notes (but not, for the avoidance of doubt, the Certificates) and subject to the more detailed provisions of the Trust Deed, an Extraordinary Resolution or an Ordinary Resolution of the Noteholders of any Class or the Class P Certificateholders or the Class R Certificateholders, may be duly passed and shall be binding on all of the Noteholders or the Noteholders of such Class and/or the Class P Certificateholders and/or the Class R Certificateholders (as applicable) in accordance with its terms where regardless of whether or not such Noteholder or Certificateholder has notified the Note Trustee and, for so long as the Notes and/or the Class P Certificates and/or the Class R Certificates are held through the Clearing Systems, the Principal Paying Agent in accordance with Condition 12.5(c) below of its objection to such Ordinary Resolution or Extraordinary Resolution where:
- (a) notice of such Extraordinary Resolution or Ordinary Resolution, as applicable, (including the full text of the same) has been given to the Noteholders or the Noteholders of such Class and/or the Class P Certificates and/or the Class R Certificateholders, as applicable in accordance with the provisions of Condition 16 (*Notice to Noteholders*) and Certificates Condition 15 (*Notice to Certificateholders*) and is simultaneously made available through Bloomberg or any industry recognised successor to Bloomberg on a page associated with the Notes and/or Certificates (unless impracticable to do so due to changes in the Bloomberg system after the Closing Date) (with such notice being repeated in the same manner 20 days after such notice is first given);
 - (b) such notice contains a statement requiring such Noteholders or the Certificateholders to notify both the Note Trustee in writing (with such evidence as to holding and blocking of such Noteholder's or Certificateholder's holding of such Notes or Certificates, as applicable, as the Note Trustee may require) and, for so long as the Notes and/or the Certificates are held through the Clearing Systems, the Principal Paying Agent via the Clearing Systems if they object to such Extraordinary Resolution or Ordinary Resolution, stating that unless holders of (i) in the case of an Extraordinary Resolution, 10 per cent. or more in (A) aggregate Principal Amount Outstanding of the Notes or the Notes of such Class (in the case of a meeting of the Noteholders) or (B) number of Class P Certificates then outstanding (in the case of a meeting of Class P Certificateholders) or (C) number of the Class R Certificates

then outstanding (in the case of a meeting of the Class R Certificateholders); or (ii) in the case of an Ordinary Resolution, 15 per cent. or more in (A) aggregate Principal Amount Outstanding of the Notes or the Notes of such Class (in the case of a meeting of the Noteholders) or (B) number of Class P Certificates then outstanding (in the case of a meeting of Class P Certificateholders) or (C) number of the Class R Certificates then outstanding (in the case of a meeting of the Class R Certificateholders), makes such objection, the Extraordinary Resolution (other than in respect of an Extraordinary Resolution directing the Note Trustee to give a Note Acceleration Notice, or any modifications of the Conditions, the Certificate Conditions or the Transaction Documents pursuant to Clause 25 (*Additional Right of Modification*) of the Trust Deed, Condition 13 (*Additional Right of Modification*) or Certificates Condition 12 (*Additional Right of Modification*) and other than in relation to Basic Terms Modifications in relation to the Notes only) or Ordinary Resolution will be deemed to be passed by the Noteholders or the Noteholders of such Class or the Class P Certificateholders or the Class R Certificateholders (as applicable) and specifying the requirements for the making of such objections (including addresses, email addresses and deadlines) further as set out in the following paragraph; and

- (c) holders of (i) in the case of an Extraordinary Resolution, 10 per cent. or more in (A) aggregate Principal Amount Outstanding of the Notes or the Notes of such Class (in the case of a meeting of the Noteholders) or (B) number of Class P Certificates then outstanding (in the case of a meeting of Class P Certificateholders) or (C) number of the Class R Certificates then outstanding (in the case of a meeting of the Class R Certificateholders) or (ii) in the case of an Ordinary Resolution, 15 per cent. or more in (A) aggregate Principal Amount Outstanding of the Notes or the Notes of such Class (in the case of a meeting of the Noteholders) or (B) number of Class P Certificates then outstanding (in the case of a meeting of Class P Certificateholders) or (C) number of the Class R Certificates then outstanding (in the case of a meeting of the Class R Certificateholders), have not notified the Note Trustee in writing (with such evidence as to holding and blocking of such Noteholder's or Certificateholder's holding of such Notes or Certificates, as applicable, as the Note Trustee may require) and, for so long as the Notes and/or Certificates are held through the Clearing Systems, the Principal Paying Agent via the Clearing Systems of their objection to such Extraordinary Resolution or Ordinary Resolution within 40 days of the date that notice was first given to Noteholders and Certificateholders in accordance with Condition 15 (*Replacement of Notes*) and Certificates Condition 14 (*Replacement of Certificates*). For the avoidance of doubt, a notice given in accordance with this paragraph will not constitute a notice of meeting of Noteholders and/or Certificateholders and a notice given in accordance with this paragraph cannot run concurrently with a notice of a meeting relating to the same matters.

Upon the Note Trustee receiving objections from the Noteholders or Certificateholders of 10 per cent. or more (in the case of an Extraordinary Resolution) or 15 per cent. or more (in the case of an Ordinary Resolution) in (A) aggregate of the Principal Amount Outstanding of the Notes of the relevant Class or Classes (in the case of a meeting of the Noteholders) or (B) number of Class P Certificates then outstanding (in the case of a meeting of Class P Certificateholders) or (C) number of the Class R Certificates then outstanding (in the case of a meeting of the Class R Certificateholders), the Note Trustee shall give notice to the relevant Class or Classes of Noteholders or the Class P Certificateholders or the Class R Certificateholders or the Certificateholders (as applicable) in accordance with the provisions of Condition 16 (*Notice to Noteholders*) and Certificates Condition 15 (*Notice to Certificateholders*) that the relevant Extraordinary Resolution or the Ordinary Resolution (as the case may be) has not passed. In such circumstance, a meeting of Noteholders may be called in accordance with the provisions of this Condition 12 (*Meetings of Noteholders, Modification, Waiver and substitution*) or a meeting of the Certificateholders in accordance with the provisions of Certificates Condition 11 (*Meetings of Certificateholders and Noteholders, Modification, Waiver and Substitution*) in order to pass the relevant Extraordinary

Resolution or Ordinary Resolution in accordance with the provisions of this Condition 12 (*Meetings of Noteholders, Modification, Waiver and substitution*) or Certificates Condition 11 (*Meetings of Certificateholders and Noteholders, Modification, Waiver and Substitution*), as applicable.

- 12.6 The Note Trustee or, as the case may be, the Security Trustee, may agree with the Issuer and any other parties but without the consent or sanction of the Noteholders or the Certificateholders or the other Secured Creditors at any time and from time to time concur with the Issuer or any other person in making or sanctioning any modification (but, in the case of the Security Trustee only, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document):
- (a) to the Conditions, the Certificates Conditions, the Trust Deed or any other Transaction Document, other than in respect of a Basic Terms Modification, which in the opinion of the Note Trustee (acting in accordance with the Trust Deed), or as the case may be, the Security Trustee (acting on the directions of the Note Trustee, so long as there are any Notes or Certificates outstanding or all the Secured Creditors if there are no Notes or Certificates outstanding), will not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes outstanding (or if there are no Notes outstanding, the interests of the Class P Certificateholders, or if there are no Class P Certificateholders outstanding, the interests of the Class R Certificateholders), or the interests of the Note Trustee or the Security Trustee; or
 - (b) to the Conditions, the Certificates Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee (acting in accordance with the Trust Deed), or as the case may be, the Security Trustee (acting on the directions of the Note Trustee, so long as there are any Notes or Certificates outstanding or all the Secured Creditors if there are no Notes or Certificates outstanding), such modification is of a formal, minor or technical nature or to correct a manifest error.
- 12.7 The Note Trustee may also without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without prejudice to its rights in respect of any subsequent breach or Event of Default at any time and from time to time but only if and in so far as in the sole opinion of the Note Trustee (acting in accordance with the Trust Deed) the interests of the Noteholders of the Most Senior Class of Notes outstanding (or if there are no Notes outstanding, the interests of the Certificateholders of the Class P Certificates outstanding or, if there are no Class P Certificates outstanding, the Certificateholders of the Class R Certificates outstanding) shall not be materially prejudiced thereby waive or authorise any breach or proposed breach by the Issuer or any other person of any of the covenants or provisions contained in the Trust Deed or any other Transaction Document or determine that any Event of Default shall not be treated as such provided that the Note Trustee shall not exercise any power conferred on it in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class of Notes (or if there are no Notes outstanding, the interests of the Class P Certificateholders, or if there are no Class P Certificateholders outstanding, the interests of the Class R Certificateholders) or by a direction under Condition 10 (*Events of Default*) or Certificates Condition 9 (*Events of Default*)) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made.
- 12.8 Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders and the Certificateholders as soon as practicable thereafter in accordance with Condition 16 (*Notice to Noteholders*) and Certificates Condition 15 (*Notice to Certificateholders*).
- 12.9 Any modification to the Transaction Documents shall be notified by the Issuer in writing to the Rating Agencies.

- 12.10 In connection with any such substitution of principal debtor referred to in Condition 7.4 (*Optional Redemption for Taxation Reasons*), the Note Trustee and the Security Trustee may also agree, without the consent of the Noteholders, the Certificateholders or the other Secured Creditors, to a change of the laws governing the Notes, these Conditions, the Certificates, the Certificates Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee be materially prejudicial to the interests of the Noteholders of the Most Senior Class of Notes outstanding, or if there are no Notes outstanding, the Certificateholders of the Class P Certificates outstanding or, if there are no Class P Certificates outstanding, the Certificateholders of the Class R Certificates outstanding or if there are no Notes or Certificates outstanding, the other Secured Creditors.
- 12.11 In determining whether a proposed action will not be materially prejudicial to the Noteholders or any Class thereof, the Note Trustee and the Security Trustee may, among other things, have regard to whether the Rating Agencies have confirmed in writing to the Issuer or any other party to the Transaction Documents that any proposed action will not result in the withdrawal or reduction of, or entail any other adverse action with respect to, the then current rating of the Rated Notes. It is agreed and acknowledged by the Note Trustee and the Security Trustee that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders. In being entitled to take into account that each of the Rating Agencies have confirmed that the then current rating of the Notes would not be adversely affected, it is agreed and acknowledged by the Note Trustee and the Security Trustee this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Security Trustee, the Note Trustee, the Noteholders or any other person or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders or any other person whether by way of contract or otherwise.
- 12.12 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, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee is required to have regard to the interests of the Noteholders of any Class or Classes, it shall have regard to the general interests of the Noteholders of such Class or Classes as a Class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim from the Issuer, the Note Trustee or the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.
- 12.13 **Extraordinary Resolution** means in respect of the holders of any Class of Notes:
- (a) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed and these Conditions by a majority consisting of not less than two thirds of persons eligible to attend and vote at such meeting and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-quarters 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-quarters in aggregate Principal Amount Outstanding of the relevant Class of 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.

12.14 **Ordinary Resolution** means in respect of the holders of any Class of Notes:

- (a) a resolution passed at a meeting duly convened and held in accordance with these presents by a clear majority of the persons eligible to attend and vote at such meeting and voting at such meeting on a show of hands or, if a poll is duly demanded, by a clear majority 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 a clear majority in aggregate Principal Amount Outstanding of the relevant Class of 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.

12.15 Details of any Extraordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to each of the Rating Agencies by the Principal Paying Agent on behalf of the Issuer.

12.16 Issuer Substitution Condition

The Note Trustee may concur with the Issuer to any substitution under these Conditions and subject to such amendment of these Conditions and of any of the Transaction Documents and to such other conditions as the Note Trustee may require and subject to the terms of the Trust Deed, but without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed and the Notes and in respect of the other Secured Obligations, provided that the conditions set out in the Trust Deed are satisfied including, *inter alia*, that the Notes are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Condition 4 (*Covenants*). In the case of a substitution pursuant to this Condition 12.16, the Note Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change in law governing the Notes and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders of the Most Senior Class of Notes outstanding, the Class P Certificateholders or, if no Class P Certificates are outstanding, the Certificateholders of the Class R Certificates.

12.17 Master Services Change Request

The Trust Deed, the Deed of Charge and the Master Servicing Agreement contain provisions pursuant to which (but subject to any further conditions or provisions as may be in the Trust Deed, the Deed of Charge or the Master Servicing Agreement) the holders of at least 25 per cent. in Principal Amount Outstanding of any particular Class of Notes then outstanding or, the holders of at least 25 per cent. by number of the Class P Certificates then outstanding, or the holders of at least 25 per cent. by number of the Class R Certificates then outstanding may provide a Master Services Change Request to the Note Trustee and, following receipt of any such Master Services Change Request the Note Trustee will be required to (1) promptly provide a copy of that Master Services Change Request to the Noteholders of each Class and the Certificateholders in accordance with the Conditions and the Certificates Conditions and by way of publication on Bloomberg on the “Company News” screen relating to the Notes or the Certificates, and (2) provided that (a) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (or, if no Notes remain outstanding, 10 per cent. by number of Class P Certificates then outstanding, or if no Class P Certificates remain outstanding, 10 per cent. by number of the Class R Certificates then outstanding) have not (within 30 calendar days of being notified of the Mater Services Change Request by the Note Trustee) notified the Note Trustee in writing notifying the Note Trustee that such Noteholders or the Certificateholders, as applicable, do not consent to the Note Trustee directing the Issuer to request the changes to the

Master Services specified in that Master Services Change Request and (b) the Note Trustee shall be indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damage and expenses which it may incur by so doing and provided the changes specified in the Master Services Change Request do not increase the obligations or duties or decrease the protections or rights of the Security Trustee and/or the Note Trustee in the Transaction Documents and/or Conditions and/or Certificates Conditions, direct the Issuer to request certain changes to the Master Services in accordance with the Master Servicing Agreement. Thereafter the Noteholders, the Certificateholders, the Note Trustee and the Security Trustee (and each Secured Creditor other than the Master Servicer) shall be bound by such changes to the Master Services, irrespective of whether the same results in an increase in fees payable to the Master Servicer pursuant to Clause 2.12 of the Master Servicing Agreement.

Master Services Change Request means a written direction given to the Note Trustee by Noteholders representing at least 25 per cent. in Principal Amount Outstanding of any particular Class of Notes then outstanding or, from the holders of at least 25 per cent. by number of the Class P Certificates then outstanding, or from the holders of at least 25 per cent. by number of the Class R Certificates then outstanding requesting the Note Trustee to direct the Issuer to request certain changes to the Master Services in accordance with the Master Servicing Agreement.

13. **ADDITIONAL RIGHT OF MODIFICATION**

Notwithstanding the provisions of Condition 12 (*Meetings of Noteholders, Modification, Waiver and substitution*) but provided that there are Notes or Certificates outstanding, each of the Security Trustee and the Note Trustee shall be obliged, without any consent or sanction of the Noteholders of the Certificateholders, or, subject to paragraph (e)(C) below, any of the other Secured Creditors, to concur with the Issuer and any other person in making any modification (other than in respect of a Basic Terms Modification) to these Conditions, the Certificates Conditions or any other Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary:

- (a) for the purpose of complying with, 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 each of the Security Trustee and the Note Trustee that such modification is reasonably 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 proposed by any of the Account Bank or the Cash Manager in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y)) to take action which is required to take under the new criteria or 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 Account Bank or the Cash Manager, as the case may be, certifies in writing to the Issuer or each of the Security Trustee and the Note Trustee that such modification is necessary for the purposes described in paragraph (ii)(x) and/or (y) above (and in the case of a certification provided to the Issuer, the Issuer shall certify to each of the Security Trustee and the Note Trustee that it has received the same from the Account Bank or the Cash, as the case may be); and

- (B) the Issuer certifies in writing to each of the Security Trustee and the Note Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Rated Notes by such Rating Agency or (y) such Rating Agency placing any Rated Notes on rating watch negative (or equivalent); and
- (b) for the purpose of complying with any changes in the requirements of Article 405 of the CRR, Article 17 of the AIFMD, Article 51 of the AIFMR, Article 254 of the Solvency II Regulation or Section 15G of the Securities Exchange Act of 1934, as added by section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, after the Issue Date, including as a result of the adoption of Regulatory Technical Standards in relation to the CRR, the AIFMR or the Solvency II Regulation or any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies to each of the Security Trustee and the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (c) for the purpose of enabling the Notes to be (or to remain) listed on the Irish Stock Exchange, provided that the Issuer certifies to each of the Security Trustee and the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (d) for the purposes of enabling the Issuer 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 each of the Security Trustee and the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (e) for the purpose of complying with any changes in the requirements of the Credit Rating Agencies Regulation after the Issue Date, including as a result of the adoption of Regulatory Technical Standards in relation to the Credit Rating Agencies Regulation or regulations or official guidance in relation thereto, provided that the Issuer certifies to each of the Security Trustee and the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by the Issuer or the relevant transaction party, as the case may be, pursuant to paragraphs (a) to (e) above being a **Modification Certificate**), provided that:

- (A) at least 30 calendar days' prior written notice of any such proposed modification has been given to each of the Security Trustee and the Note Trustee;
- (B) the Modification Certificate in relation to such modification shall be provided to each of the Security Trustee and the Note Trustee both at the time each of the Security Trustee and the Note Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (C) the consent of each Secured Creditor (other than any Noteholder or Certificateholder) which is party to the relevant Transaction Document, or which, as a result of the relevant modification would be further contractually subordinated to any Secured Creditor than would otherwise have been the case prior to such modification, has been obtained; and
- (D) the Issuer pays all costs and expenses (including legal fees) incurred by the Issuer and each of the Security Trustee and the Note Trustee in connection with such modification,

and provided further that:

- (E) other than in the case of a modification pursuant to paragraph (a)(ii), either:
 - I. the Issuer obtains from each of the Rating Agencies written confirmation (or certifies in the Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Rated Notes by such Rating Agency or (y) such Rating Agency placing any Rated Notes on rating watch negative (or equivalent); or
 - II. the Issuer certifies in the Modification Certificate that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Rated Notes by such Rating Agency or (y) such Rating Agency placing any Rated Notes on rating watch negative (or equivalent); and
- (F) (I) the Issuer has provided at least 30 calendar days' notice to the Note Trustee and the Noteholders of each Class and the Certificateholders of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) or Certificates Condition 15 (*Notice to Certificateholders*) (as applicable) and by publication on Bloomberg on the "Company News" screen relating to the Notes or the Certificates, and (II) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (or, if no Notes remain outstanding, 10 per cent. by number of Class P Certificates then outstanding, or if no Class P Certificates remain outstanding, 10 per cent. by number of the Class R Certificates then outstanding) have not notified the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes or the Certificates, as applicable, may be held) within such notification period notifying the Note Trustee that such Noteholders or the Certificateholders, as applicable, 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 (or, if no Notes remain outstanding, 10 per cent. by number of Class P Certificates then outstanding, or if no Class P Certificates remain outstanding, 10 per cent. by number of the Class R Certificates then outstanding) have notified the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes or Certificates, as applicable, 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 (or, if no Notes remain outstanding, an Extraordinary Resolution of the Class P Certificateholders, or if no Class P Certificates remain outstanding, an Extraordinary Resolution of the Class R Certificateholders) is passed in favour of such modification in accordance with the Conditions or the Certificates Conditions, as applicable.

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes or the relevant Certificateholder's holding of the Certificates, as applicable.

- (f) When implementing any modification pursuant to this Condition 13 (*Additional Right of Modification*), each of the Security Trustee and the Note Trustee shall not consider the

interests of the Noteholders, the Certificateholders, any other Secured Creditor or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 13 (*Additional Right of Modification*) and shall not be liable to the Noteholders, the Certificateholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.

- (g) each of the Security Trustee and the Note Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Security Trustee or the Note Trustee would have the effect of (i) exposing the Security Trustee or the Note Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Security Trustee or the Note Trustee in the Transaction Documents and/or the Conditions and/or the Certificates Conditions.

Any such modification effected pursuant to this Condition 13 (*Additional Right of Modification*) shall be binding on all Noteholders and Certificateholders and shall be notified by the Issuer as soon as reasonably practicable to:

- (a) so long as any of the Rated Notes remain outstanding, each Rating Agency;
- (b) the Secured Creditors; and
- (c) the Noteholders and the Certificateholders in accordance with Conditions and the Certificates Conditions, as applicable.

14. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

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

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

15. REPLACEMENT OF NOTES

If any Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar. Replacement of any mutilated, defaced, lost, stolen or destroyed Note will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Note must be surrendered before a new one will be issued.

16. NOTICE TO NOTEHOLDERS

16.1 Publication of Notice

- (a) Subject to paragraph (b) below, all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of the Irish Stock Exchange (which includes delivering a copy of such notice to the Irish Stock Exchange) and any such notice will be deemed to have been given on the date sent to the Irish Stock Exchange. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Note Trustee may approve. The holders of any coupons will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.
- (b) Whilst the Notes are represented by Global Notes, notices to Noteholders will be valid if published as described above, or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid shall be deemed to have been given on the day of such delivery.

16.2 Note Trustee's Discretion to Select Alternative Method

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

17. REPLACEMENT NOTES

- 17.1 If the Issuer Substitution Condition (the terms and conditions to the substitution of the Issuer as principal debtor as set out in the Trust Deed) is satisfied, the Issuer may, without the consent of the Noteholders, issue one or more classes of replacement notes (**Replacement Notes**) to replace one or more classes of the Notes, each class of which shall have terms and conditions which may differ from the terms and conditions of the class of Notes which it replaces and which may on issue be in an aggregate principal amount which is different from the aggregate Principal Amount Outstanding of the class of Notes which it replaces, provided that the class or classes of Notes to be replaced are redeemed in full in accordance with Condition 7.3 (*Optional Redemption of the Notes in Full*).
- 17.2 If the Issuer Substitution Condition (the terms and conditions to the substitution of the Issuer as principal debtor as set out in the Trust Deed) is not satisfied, the Issuer may, without the consent of the Noteholders, issue one or more classes of Replacement Notes to replace one or more classes of the Notes, each class of which shall have the same terms and conditions in all respects as the class of Notes which is replaced (except for the rate of interest applicable to such Replacement Notes which, if not the same, must be lower than the rate of interest applicable to the class of Notes being replaced and except that such Replacement Notes may have the benefit of a financial guarantee or similar arrangement (a **Financial Guarantee**)) and which may on issue be in an aggregate principal amount which is different from the aggregate Principal Amount Outstanding of the class of Notes which it replaces, provided that the class or classes of Notes to be replaced are redeemed in full in accordance with Condition 7.3 (*Optional Redemption of the Notes in Full*), in respect of such issue of Replacement Notes and provided further that, for the purposes of this Condition 17.2, where interest in respect of the Replacement Notes or the class of Notes being replaced is payable on a floating rate basis, the rate of interest applicable to the Replacement Notes or, as the case may be, the class of Notes being replaced shall be deemed to be the fixed rate payable by the Issuer under the interest rate

exchange agreement entered into by the Issuer in relation to the Replacement Notes or, as the case may be, the class of Notes being replaced.

18. SUBORDINATION BY DEFERRAL

18.1 Interest

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (which shall, for the purposes of this Condition 18, include any interest previously deferred under this Condition 18.1 and accrued interest thereon) payable (other than in respect of the Most Senior Class of Notes) after having paid or provided for items of higher priority in the Pre-Acceleration Revenue Priority of Payments, then the Issuer shall be entitled to defer to the next Interest Payment Date the payment of interest (such interest, the **Deferred Interest**) in respect of the relevant Class of Notes (other than the Most Senior Class of Notes) to the extent only of any insufficiency of funds (only after having paid or provided for all amounts specified as having a higher priority in the Pre-Acceleration Revenue Priority of Payments than amounts payable in respect of the Class G Notes).

18.2 General

Any amounts of Deferred Interest shall accrue interest (**Additional Interest**) at the same rate and on the same basis as scheduled interest in respect of the corresponding Class of Notes, but shall not be capitalised. Such Deferred Interest and Additional Interest shall, in any event, become payable on the next Interest Payment Date (unless and to the extent that Condition 18.1 (*Interest*) applies) or on such earlier date as the relevant Class of Notes become due and repayable in full in accordance with these Conditions.

18.3 Notification

As soon as practicable after becoming aware that any part of a payment of interest on a Class of Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 18, the Issuer will give notice thereof to the holders of the relevant Class of Notes, in accordance with Condition 16 (*Notice to Noteholders*). Any deferral of interest in accordance with this Condition 18 will not constitute an Event of Default. The provisions of this Condition 18 shall cease to apply on the Final Maturity Date, or any earlier date on which the Notes are redeemed in full or required to be redeemed in full at which time all deferred interest and accrued interest thereon shall become due and payable.

19. NON-RESPONSIVE RATING AGENCY

- (a) In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Rated Notes and any of the Transaction Documents, the Note Trustee and the Security Trustee shall be entitled but not obliged to take into account any written confirmation or affirmation (in any form acceptable to the Note Trustee and the Security Trustee) from the relevant Rating Agencies that the then current ratings of the Rated Notes will not be reduced, qualified, adversely affected or withdrawn thereby (a **Rating Agency Confirmation**).
- (b) If a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Note Trustee and the Security Trustee, as applicable) and:
 - (i) (A) one Rating Agency (such Rating Agency, a **Non-Responsive Rating Agency**) indicates that it does not consider such Rating Agency Confirmation or response necessary in the

circumstances or that it does not, as a matter of practice or policy provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and

- (ii) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts,

then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors certifying and confirming that each of the events in paragraphs (i) (A) or (B) and (ii) above has occurred, the Issuer having sent a written request to each Rating Agency.

20. GOVERNING LAW

The Trust Deed, the Deed of Charge, the Notes and these Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law (other than certain terms of the Deed of Charge which are particular to the law of Scotland, and any supplemental security documents to be granted pursuant thereto, which will be governed by and shall be construed in accordance with Scots law and other than certain terms of the Deed of Charge which are particular to the law of Northern Ireland, which shall be governed by and construed in accordance with Northern Irish law).

21. RIGHTS OF THIRD PARTIES

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

TERMS AND CONDITIONS OF THE CERTIFICATES

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

1. GENERAL

The 100 class p certificates (the **Class P Certificates**) and the 100 class r certificates (the **Class R Certificates**, and together with the Class P Certificates, the **Certificates**) of Rochester Financing No. 2 plc (the **Issuer**) are constituted by a trust deed (the **Trust Deed**) dated on or about 26 February 2016 (the **Closing Date**) and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Certificateholders (in such capacity, the **Note Trustee**). Any reference in these certificate terms and conditions (the **Certificates Conditions**) to a **Class** of Notes or of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class G Notes, as the case may be, or to the respective holders thereof. Any reference in these Certificates Conditions to the **Class P Certificateholders** means the registered holders for the time being of the Class P Certificates. Any reference in these Certificates Conditions to the **Class R Certificateholders** means the registered holders for the time being of the Class R Certificates. Any reference in these Certificates Conditions to the **Certificateholders** means any of the Class P Certificateholders and the Class R Certificateholders. The security for the Certificates is constituted by a deed of charge and assignment (the **Deed of Charge**) dated on the Closing Date and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Secured Creditors (in such capacity, the **Security Trustee**).

Pursuant to an agency agreement (the **Agency Agreement**) dated on the Closing Date and made between the Issuer, the Note Trustee, Elavon Financial Services Limited as principal paying agent (in such capacity, the **Principal Paying Agent** and, together with any further or other paying agent appointed under the Agency Agreement, the **Paying Agent**), Elavon Financial Services Limited as registrar (in such capacity, the **Registrar**) and Elavon Financial Services Limited as agent bank (in such capacity, the **Agent Bank**), provision is made for, *inter alia*, the payment of amounts in respect of the Certificates.

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

Copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of each of the Paying Agents. The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

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

2. FORM AND TITLE

2.1 Form and Denomination

Each Class P Certificate will initially be represented by a global class p certificate in registered form (a **Global Class P Certificate**). Each Class R Certificate will initially be represented by a global class r certificate in registered form (a **Global Class R Certificate**).

For so long as any of the Certificates are represented by a Global Certificate, transfers and exchanges of beneficial interests in such Global Certificate and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank SA/NV (**Euroclear**) or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**), as appropriate. Each Global Certificate will be deposited with and registered in the name of a common safekeeper (or a nominee thereof) for Euroclear and Clearstream, Luxembourg.

A Global Certificate will be exchanged for the relevant Certificate in definitive registered form (such exchanged Global Class P Certificate, the **Registered Definitive Class P Certificates** and such exchanged Global Class R Certificate, the **Registered Definitive Class R Certificates**) only if either of the following applies:

- (a) both Euroclear and Clearstream, Luxembourg:
 - (i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or
 - (ii) announce an intention permanently to cease business and do so cease to do businessand in either case no alternative clearing system satisfactory to the Note Trustee is available;
or
- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the relevant Certificates which would not be required were the relevant Certificates in definitive registered form.

If Definitive Certificates are issued in respect of Certificates originally represented by a Global Certificate, the beneficial interests represented by such Global Certificate shall be exchanged by the Issuer for the relevant Certificates in registered definitive form.

Registered Definitive Certificates will be serially numbered and will be issued in registered form only.

References to Certificates in these Certificates Conditions shall include the Global Certificates and the Registered Definitive Certificates.

2.2 Title

Title to the Global Certificates shall pass by and upon registration in the register (the **Register**) which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Certificate may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute

owner of such Global Certificate regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Registered Definitive Certificates may be transferred upon the surrender of the relevant Registered Definitive Certificate, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. All transfers of Registered Definitive Certificates are subject to any restrictions on transfer set forth on the Registered Definitive Certificates and the detailed regulations concerning transfers in the Agency Agreement.

Each new Registered Definitive Certificate to be issued upon transfer of such Registered Definitive Certificate will, within five Business Days of receipt and surrender of such Registered Definitive Certificate (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Registered Definitive Certificate to such address as may be specified in the relevant form of transfer.

Registration of a Registered Definitive Certificate on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

The Certificates are not issuable in bearer form.

3. STATUS AND SECURITY

3.1 Status of the Certificates

- (a) The Certificates constitute direct, secured and (subject to the limited recourse provision in Certificates Condition 10 (*Enforcement*)) unconditional obligations of the Issuer and reflect the Issuer's obligation to pay deferred consideration for its purchase of the Portfolio, consisting of the Residual Payments. The Class P Certificates rank *pro rata* and *pari passu* without preference or priority amongst themselves in relation to payments on the Class P Certificates. The Class R Certificates rank *pro rata* and *pari passu* without preference or priority amongst themselves in relation to payments on the Class R Certificates. Payments of interest and principal on the Notes will at all times rank in priority to payments of the Certificates. Payments of Class P Certificate Payment Amounts in respect of the Class P Certificates will at all times rank in priority to payments of the Class R Certificates.
- (b) The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of (A) the Class P Certificateholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) and (B) Class R Certificateholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise), but requiring the Note Trustee and the Security Trustee in any such case to have regard only (except as expressly provided otherwise) to the interests of the Noteholders for so long as there are any Notes outstanding or, if there are no Notes outstanding, to the interests of the Class P Certificateholders for so long as there are any Class P Certificates outstanding.

3.2 Security

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

- (b) The Certificateholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

4. ISSUER COVENANTS

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

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

- (j) **Purchase Certificates:** purchase or otherwise acquire any Certificates; or
- (k) **US activities:** engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

5. PAYMENTS

5.1 Right to Payments

- (a) Each Class P Certificate represents a *pro rata* entitlement to receive Class P Certificate Payments up to the Overcollateralisation Amount.
- (b) Each Class R Certificate represents a *pro rata* entitlement to receive Residual Payments.

5.2 Payment

Class P Certificate Payments and Residual Payments will be payable on the Interest Payment Dates, determined in accordance with the Conditions of the Notes, subject to such Interest Payment Date not falling within a Determination Period (as determined in accordance with the Conditions of the Notes) (in which event, no Class P Certificate Payments or Residual Payments will be payable in respect of the Certificates).

In these Certificates Conditions:

- (a) **Interest Payment Date** means, each date determined as an Interest Payment Date in accordance with the Conditions of the Notes.
- (b) **Overcollateralisation Amount** of:
 - (i) a Class P Certificate on any date shall be in each case an initial amount of £15,190,000 divided by 100, less the aggregate amount of all payments in respect of that Class P Certificate which have been made since the Closing Date; or
 - (ii) all of the Class P Certificates on any date shall be an initial aggregate amount of £15,190,000, less the aggregate amount of all payments in respect of the Class P Certificates which have been made since the Closing Date;
- (c) **Class P Certificate Payment** means:
 - (i) prior to the delivery of a Note Acceleration Notice, for an Interest Payment Date, the amount by which Available Principal Receipts exceeds the amounts required to satisfy items (a) to (i) of the Pre-Acceleration Principal Priority of Payments on that Interest Payment Date; and
 - (ii) following the delivery of a Note Acceleration Notice, for any date on which amounts are to be applied in accordance with the Post-Acceleration Priority of Payments, the lesser of (A) the amount by which amounts available for payment in accordance with the Post-Acceleration Priority of Payments exceeds the amounts required to satisfy items (a) to (k) of the Post-Acceleration Priority of Payments on that date and (B) the Overcollateralisation Amount;

- (d) **Class P Certificate Payment Amount** means, in relation to any Class P Certificate and any Interest Payment Date, the Class P Certificate Payment as calculated in relation to such Interest Payment Date divided by 100;
- (e) **Class R Certificate Notional Amount** of:
 - (i) a Class R Certificate on any date shall be in each case an initial amount of £100,000, less the aggregate amount of all payments in respect of that Class R Certificate which have been made since the Closing Date; or
 - (ii) all of the Class R Certificates on any date shall be an initial aggregate amount of £10,000,000, less the aggregate amount of all payments in respect of the Class R Certificates which have been made since the Closing Date;
- (f) **Residual Payment** means:
 - (i) prior to the delivery of a Note Acceleration Notice, for an Interest Payment Date, the amount by which Available Revenue Receipts exceeds the amounts required to satisfy items (a) to (w) of the Pre-Acceleration Revenue Priority of Payments on that Interest Payment Date; and
 - (ii) following the delivery of a Note Acceleration Notice, for any date on which amounts are to be applied in accordance with the Post-Acceleration Priority of Payments, the amount by which amounts available for payment in accordance with the Post-Acceleration Priority of Payments exceeds the amounts required to satisfy items (a) to (l) of the Post-Acceleration Priority of Payments on that date; and
- (g) **Residual Payment Amount** means, for each Class R Certificate on any date on which amounts are to be applied in accordance with the relevant Priorities of Payments, the Residual Payment for that date, divided by 100.

5.3 Determination of Class P Certificate Payment and Residual Payment

The Cash Manager shall, as soon as practicable after 11.00 a.m. (London time) on each Interest Determination Date but in no event later than the third Business Day thereafter, determine:

- (a) the Class P Certificate Payment and, in respect of each Class P Certificate, the Class P Certificate Payment Amount; and
- (b) the Residual Payment and, in respect of each Class R Certificate, the Residual Payment Amount.

5.4 Publication of Class P Certificate Payment, Class P Certificate Payment Amount, Residual Payment and Residual Payment Amount

The Cash Manager shall cause the Class P Certificate Payment, the Class P Certificate Payment Amount, the Residual Payment and the Residual Payment Amount (if any) for each Interest Payment Date to be notified to the Issuer, the Note Trustee, the Registrar and the Paying Agents (as applicable) and to be published in accordance with Certificates Condition 15 (*Notice to Certificateholders*) as soon as possible after their determination and in no event later than the second Business Day thereafter. The Class P Certificate Payment, the Class P Certificate Payment Amount, the Residual Payment and the Residual Payment Amount may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

5.5 Determination by the Note Trustee

The Note Trustee may, without liability therefor, if the Cash Manager defaults at any time in its obligation to determine the Class P Certificate Payment, the Class P Certificate Payment Amount, the Residual Payment and the Residual Payment Amount (if any) in accordance with the above provisions and the Note Trustee has been notified of this default, determine or cause to be determined the Class P Certificate Payment, the Class P Certificate Payment Amount, the Residual Payment and the Residual Payment Amount (if any), in the manner provided in this Certificates Condition 5 (*Payments*). Any such determination shall be deemed to be determinations made by the Cash Manager.

5.6 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 Certificates Condition 5 (*Payments*), whether by the Cash Manager or the Note Trustee, will (in the absence of wilful default, gross negligence or fraud) be binding on the Issuer, the Cash Manager, the Note Trustee, the Registrar the Paying Agents and all Certificateholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Issuer or the Certificateholders shall attach to the Cash Manager, the Registrar or, if applicable, the Note Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Certificates Condition 5 (*Payments*).

5.7 Termination of Payments and cancellation of Certificates

Following the redemption in full of the Notes and the realisation of the Charged Assets, and payment of the proceeds on accordance with the relevant Priorities of Payments, no more Class P Certificate Payments or Residual Payments will be made by the Issuer and the Certificates shall be cancelled.

5.8 Determinations and Reconciliation

- (a) In the event that the Cash Manager does not receive any Servicer Report due during a Collection Period (each such period, a **Determination Period**), then the Cash Manager may use the Servicer Reports in respect of the three most recent Collection Periods for which all relevant Servicer Reports are available (or, where there are not at least three previous Collection Periods, any previous Collection Periods) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in this Condition 5.8 (Determinations and Reconciliation). When the Cash Manager receives all Servicer Reports relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 5.8(c). Any (i) calculations properly made on the basis of such estimates in accordance with Conditions 5.8(b) and/or 5.8(c); (ii) payments made under any of the Notes and Transaction Documents in accordance with such calculations; and (iii) reconciliation calculations and reconciliation payments made as a result of such reconciliation calculations, each in accordance with Conditions 5.8(b) and/or 5.8(c), shall be deemed to be made in accordance with the provisions of the Transaction Documents and will in themselves not lead to an Event of Default and no liability will attach to the Cash Manager in connection with the exercise by it of its powers, duties and discretion for such purposes.
- (b) In respect of any Determination Period the Cash Manager shall:
 - (i) determine the Interest Determination Ratio (as defined below) by reference to the three most recent Collection Periods in respect of which all relevant Servicer

Reports are available (or, where there are not at least three previous Collection Periods, any previous Collection Periods);

- (ii) calculate the Revenue Receipts for such Determination Period as the product of (A) the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the **Calculated Revenue Receipts**); and
 - (iii) calculate the Principal Receipts for such Determination Period as the product of (A) 1 minus the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the **Calculated Principal Receipts**).
- (c) Following any Determination Period, upon receipt by the Cash Manager of all Servicer Reports in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 5.8(b) to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amount (as defined below) as follows:
- (i) if the Reconciliation Amount is a positive number, the Cash Manager shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Revenue Ledger, as Available Principal Receipts (with a corresponding debit of the Revenue Ledger); and
 - (ii) if the Reconciliation Amount is a negative number, the Cash Manager shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Principal Ledger, as Available Revenue Receipts (with a corresponding debit of the Principal Ledger),

provided that the Cash Manager shall apply such Reconciliation Amount in determining Available Revenue Receipts and Available Principal Receipts for such Collection Period in accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Security Trustee of such Reconciliation Amount.

Interest Determination Ratio means (a) the aggregate Revenue Receipts calculated in the three preceding Collection Periods for which all relevant Servicer Reports are available (or, where there are not at least three previous such Collection Periods, any previous Collection Periods) divided by (b) the aggregate of all Revenue Receipts and all Principal Receipts calculated in such Collection Periods.

Reconciliation Amount means in respect of any Collection Period which is a Determination Period, (a) the actual Principal Receipts as determined in accordance with the available Servicer Reports, less (b) the Calculated Principal Receipts in respect of such Collection Period, plus (c) any Reconciliation Amount not applied in previous Collection Periods.

Servicer Report means the reports required to be provided from time to time by the Interim Servicer in accordance with the Interim Servicing Agreement and/or by the Servicer in accordance with the Servicing Agreement (as applicable).

6. PAYMENTS

6.1 Payment of Class P Certificate Payment Amounts and Residual Payment Amounts

Payments of Class P Certificate Payment Amounts and Residual Payment Amounts shall be made by Sterling cheque in the case of the Certificates, or upon application by the relevant Certificateholder to the specified office of the Principal Paying Agent not later than the 15th day before the due date

for any such payment, by transfer to a Sterling account maintained by the payee with a bank in London.

6.2 Laws and Regulations

Payments of Class P Certificate Payment Amounts and Residual Payment Amounts are subject, in all cases, to (i) any fiscal or other laws and regulations applicable thereto 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 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto. Certificateholders will not be charged commissions or expenses on payments.

6.3 Change of Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents provided that there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London, and a person appointed to perform the obligations of the Registrar with a specified office in Luxembourg or in London.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Certificateholders in accordance with Certificates Condition 15 (Notice to Certificateholders) and will notify the Rating Agencies of such change or addition.

6.4 No Payment on non-Business Day

If the date for payment of any amount in respect of a Certificate is not a Presentation Date, Certificateholders shall not be entitled to payment until the next following Presentation Date in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. In this Certificates Condition 6.4, the expression **Presentation Date** means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

6.5 Cancellation

All Class P Certificates paid to the value of the Overcollateralisation Amount will be cancelled upon such cancellation and may not be resold or re-issued.

7. TAXATION

All payments of Residual Payment Amounts or Class P Certificate Payment Amounts 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 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 Paying Agent nor any other person shall be obliged to make any additional payments to Certificateholders in respect of such withholding or deduction.

8. PRESCRIPTION

Claims in respect of Class P Certificate Payment Amounts and Residual Payment Amounts will be prescribed after five years from the Relevant Date in respect of the relevant payment.

In this Certificates 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 Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Certificateholders in accordance with Certificates Condition 15 (*Notice to Certificateholders*).

9. EVENTS OF DEFAULT

9.1 Event of Default

Provided all of the Notes have been redeemed in full, the Note Trustee at its absolute discretion may, and, provided all of the Notes have been redeemed in full, if (A) so directed in writing by the holders of at least 25 per cent. of (X) the number of the Class P Certificates then outstanding or (Y) provided no Class P Certificates remain outstanding, the number of the Class R Certificates then outstanding or (B) if so directed by an Extraordinary Resolution of the Class P Certificates or, provided no Class P Certificates remain outstanding, by an Extraordinary Resolution of the Class R Certificates, shall (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed) give a notice (a **Note Acceleration Notice**) to the Issuer that any Class P Certificate Payments pursuant to the Class P Certificates and/or any Residual Payments pursuant to the Class R Certificates are immediately due and payable in any of the following events (each, an **Event of Default**):

- (a) if default is made in the payment of any amount due in respect of the Certificates and the default continues for a period of 14 days; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Certificates Conditions or any Transaction Document to which it is a party which in the opinion of the Note Trustee is materially prejudicial to the interests of the Class P Certificateholders or, provided no Class P Certificates remain outstanding, the Class R Certificateholders and (except in any case where the Note Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 30 days (or such longer period as the Note Trustee may permit) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Class P Certificates, or provided all Class P Certificates shall have been redeemed in full, by Extraordinary Resolution of the Class R Certificates; or
- (d) if the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of the Class P Certificates, or provided all Class P Certificates shall have been redeemed in full, by Extraordinary Resolution of the Class R Certificates, or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and

prospective liabilities) or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or

- (e) if (i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application to the court for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) or an administration order is granted or the appointment of an administrator takes effect or an administrative or other receiver, manager or other similar official is appointed, in relation to the Issuer or in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer takes possession of the whole or any part of the undertaking or assets of the Issuer, or a distress, diligence, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of the Issuer and (ii) in the case of any such possession or any such last-mentioned process, unless initiated by the Issuer, is not discharged or otherwise ceases to apply within 30 days; or
- (f) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

9.2 General

Upon the service of a Note Acceleration Notice by the Note Trustee in accordance with Certificates Condition 9.1 (*Event of Default*), any Class P Certificate Payments pursuant to the Class P Certificates and any Residual Payments pursuant to the Class R Certificates shall thereby immediately become due and payable.

10. ENFORCEMENT

10.1 General

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

- (a) all of the Notes have been redeemed in full;
- (b) the Security Trustee or the Note Trustee shall have been so directed:
 - (i) by an Extraordinary Resolution of the Class P Certificates or, provided no Class P Certificates remain outstanding, by an Extraordinary Resolution of the Class R Certificates; or

- (ii) in writing by the holders of at least 25 per cent. of (A) the number of Class P Certificates then outstanding or (B) provided no Class P Certificates remain outstanding, the number of the Class R Certificates then outstanding by number of the Class R Certificates; and
- (c) in all cases, it shall have been indemnified and/or prefunded and/or secured to its satisfaction.

No Certificateholder may proceed directly against the Issuer unless the Note Trustee, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

10.2 Limitations on Enforcement

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

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

10.3 Limited Recourse

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

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

then the Certificateholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of Class P Certificate Amounts in respect of the Class P Certificates or Residual Amounts in respect of the Class R Certificates) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

11. MEETINGS OF CERTIFICATEHOLDERS AND NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

- 11.1 The Trust Deed contains provisions for convening meetings of the Noteholders of each Class and, in certain cases, more than one Class, and the Certificateholders (or the Class P Certificateholders or the Class R Certificateholders as a separate class of Certificateholder) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Conditions, these Certificates Conditions or the provisions of any of the Transaction Documents.

For the purposes of these Certificates Conditions, **Most Senior Class** means, in respect of the Notes, the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there

are no Class B Notes then outstanding, the Class C Notes or, if there are no Class C Notes then outstanding, the Class D Notes or, if there are no Class D Notes outstanding, the Class E Notes or, if there are no Class E Notes then outstanding, the Class F Notes or, if there are no Class F Notes then outstanding, the Class G Notes.

11.2 Most Senior Class of Notes, Limitations on other Noteholders and Certificateholders

Other than in relation to a Basic Terms Modification, which requires an Extraordinary Resolution of each of the relevant affected Classes of Notes and/or the Class P Certificates and/or the Class R Certificates passed at separate meetings of the holders of such classes and/or such Class P Certificates and/or such Class R Certificates:

- (a) A resolution (including an Extraordinary Resolution) passed at any meeting of the Most Senior Class of Noteholders shall be binding on all other Classes of Notes and the Certificates irrespective of the effect it has upon them.
- (b) A resolution (including an Extraordinary Resolution) passed at any meeting of a relevant Class of Noteholders shall be binding on (i) all other Classes of Noteholders ranking junior to such Class of Noteholders in the Priorities of Payments in each case and (ii) the Certificates, irrespective of the effect it has upon them.
- (c) A resolution (including an Extraordinary Resolution) passed at any meeting of the Class P Certificateholders shall be binding on the Class R Certificates, irrespective of the effect it has upon them.
- (d) No resolution or Extraordinary Resolution of any other Class of Noteholders or the Certificateholders shall take effect for any purpose while any of the Most Senior Class Notes remain outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the Most Senior Class of Noteholders or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Most Senior Class of Noteholders.

- 11.3 Other than in relation to Basic Terms Modifications and subject as provided in Certificates Conditions 11.2 and 11.4, a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of (A) one Class of Notes of Notes only or (B) the Class P Certificates only or (C) the Class R Certificates only, shall be deemed to have been duly passed if passed at a meeting of the holders of (A) that Class of Notes of Notes or (B) the Class P Certificates or (C) the Class R Certificates, as applicable; a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of more than one Class of Notes but does not give rise to a conflict of interest between the holders of such Classes of Notes so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of all the Classes of Notes so affected; a resolution which, in the opinion of the Note Trustee, affects the interests of the holders of any one or more Classes of Notes, the Class P Certificates and the Class R Certificates, but does not give rise to an actual or potential conflict of interest between the holders of such one or more Classes of Notes, the Class P Certificates and/or the Class R Certificates, shall be deemed to have been duly passed if passed at a single meeting of the holders of such one or more Classes of Notes without the consent of the Certificateholders; a resolution which in the opinion of the Note Trustee affects the interests of the holders of any two or more Classes of Notes and gives or may give rise to an actual or potential conflict of interest between the holders of such two or more Classes of Notes shall be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the holders of such two or more Classes of Notes, it shall be duly passed at separate meetings of the holders of such two or more Classes of Notes; and a resolution which in the opinion of the Note Trustee affects the interests of the holders of any one or more Classes of Notes, the Class P Certificates and/or the Class R Certificates and gives or may give rise to an actual or potential conflict of interest between the holders of such one or more Classes of Notes, the Class P Certificates and/or the Class R

Certificates, shall be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the holders of such one or more Classes of Notes and the Class P Certificates and/or the Certificates, it shall be duly passed at separate meetings of the holders of such one or more Classes of Notes and without the consent of the Class P Certificateholders or the Class R Certificateholders.

11.4 Quorum

- (a) Subject as provided below, the quorum at any meeting of:
- (i) Class P Certificateholders for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50% of the number of Class P Certificates then outstanding; and
 - (ii) Class R Certificateholders for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50% of the number of the Class R Certificates then outstanding by number of the Class R Certificates.
- (b) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Class or Classes of Notes or holders of any Class P Certificates or holders of any Class R Certificates passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of any Notes, (ii) sanction a modification of the date of payment of principal or interest in respect of the Notes, or where applicable, of the method of calculating the date of payment of principal or interest in respect of the Notes, or of the method of calculating the date of payment in respect of the Class P Certificates or the Class R Certificates, (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of the Notes, or where applicable, of the method of calculating the amount payable of any principal or interest in respect of the Notes, or of the definitions of Class P Certificate Payment or Class P Certificate Payment Amount or the definitions of Residual Payment or Residual Payment Amount (including, in relation to any Class of Notes or Class P Certificates or Class R Certificates, if any such modification is proposed for any Class of Notes senior to such Class or the Class P Certificates or the Class R Certificates) (iv) alter the currency in which payments under the Notes or the Class P Certificates or the Class R Certificates are to be made (v) alter the quorum or majority required in relation to this exception, (vi) sanction any scheme or proposal for the sale, conversion or cancellation of the Notes or the Class P Certificates or the Class R Certificates, (vii) alter the provisions of clause 25 (*Additional Right of Modification*) of the Trust Deed or Condition 13 (*Additional Right of Modification*) or Certificates Condition 12 (*Additional Right of Modification*), (viii) alter the provisions of paragraph 31, 32 and 33 of Schedule 5 to the Trust Deed or Condition 16 (*Notice to Noteholders*) or Certificates Condition 15 (*Notice to Certificateholders*), or (ix) alter any of the provisions contained in this exception (each a **Basic Terms Modification**) shall be one or more persons holding or representing in the aggregate not less than three-quarters of the aggregate Principal Amount Outstanding of the Notes of such Class or one or more persons holding or representing in the aggregate not less than three-quarters of the number of Class P Certificates then outstanding or one or more persons present and holding or representing in the aggregate not less than three-quarters of the number of Class R Certificates then outstanding. The quorum at any adjourned meeting (whether passing an Ordinary Resolution, Extraordinary Resolution or Extraordinary Resolution in relation to a Basic Terms Modification) shall be one or more persons present and holding or representing in the aggregate not less than one-quarter of the aggregate Principal Amount Outstanding of the Notes of such Class or one or more persons holding or representing in the aggregate not less than one-quarters of the number of Class P Certificates then outstanding or one or more persons present and holding or representing in the aggregate not less than one-quarter of the number of Class R Certificates then outstanding. Any Extraordinary Resolution in respect of such a modification shall only be effective if duly passed at separate meetings of each

Class of Noteholders so affected and/or by a meeting of the Class P Certificateholders and/or by a meeting of the Class R Certificateholders if so affected. Notwithstanding the above, the Seller will not have any voting rights in respect of any Class of Notes (unless it holds all (but not some only) of any class of Notes).

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

11.5 Other than in relation to an Extraordinary Resolution directing the Note Trustee to give a Note Acceleration Notice, or any modifications of the Conditions, the Certificate Conditions or the Transaction Documents pursuant to Clause 25 (*Additional Right of Modification*) of the Trust Deed, Condition 13 (*Additional Right of Modification*) or Certificates Condition 12 (*Additional Right of Modification*) and other than in relation to Basic Terms Modifications of the Notes (but not, for the avoidance of doubt, the Certificates) and subject to the more detailed provisions of the Trust Deed, an Extraordinary Resolution or an Ordinary Resolution of the Noteholders of any Class or the Class P Certificateholders or the Class R Certificateholders, may be duly passed and shall be binding on all of the Noteholders or the Noteholders of such Class and/or the Class P Certificateholders and/or the Class R Certificateholders (as applicable) in accordance with its terms regardless of whether or not such Noteholder or Certificateholder has notified the Note Trustee and, for so long as the Notes and/or the Class P Certificates and/or the Class R Certificates are held through the Clearing Systems, the Principal Paying Agent in accordance with Certificate Condition 11.5(c) below of its objection to such Ordinary Resolution or Extraordinary Resolution where:

- (a) notice of such Extraordinary Resolution or Ordinary Resolution, as applicable, (including the full text of the same) has been given to the Noteholders or the Noteholders of such Class and/or the Class P Certificateholders and/or the Class R Certificateholders in accordance with the provisions of Condition 16 (*Notice to Noteholders*) and Certificates Condition 15 (*Notice to Certificateholders*) and is simultaneously made available through Bloomberg or any industry recognised successor to Bloomberg on a page associated with the Notes and/or Certificates (unless impracticable to do so due to changes in the Bloomberg system following the Closing Date) (with such notice being repeated in the same manner 20 days after such notice is first given);
- (b) such notice contains a statement requiring such Noteholders or the Certificateholders to notify both the Note Trustee in writing (with such evidence as to holding and blocking of such Noteholder's or Certificateholder's holding of such Notes or Certificates, as applicable, as the Note Trustee may require) and, for so long as the Notes and/or Certificates are held through the Clearing Systems, the Principal Paying Agent via the Clearing Systems if they object to such Extraordinary Resolution or Ordinary Resolution, stating that unless holders of (i) in the case of an Extraordinary Resolution, 10 per cent. or more in (A) aggregate Principal Amount Outstanding of the Notes or the Notes of such Class (in the case of a meeting of the Noteholders) or (B) number of the Class P Certificates then outstanding (in the case of a meeting of Class P Certificateholders) or (C) number of the Class R Certificates then outstanding (in the case of a meeting of the Class R Certificateholders); or (ii) in the case of an Ordinary Resolution, 15 per cent. or more in (A) aggregate Principal Amount Outstanding of the Notes or the Notes of such Class (in the case of a meeting of the Noteholders) or (B) number of the Class P Certificates then outstanding (in the case of a meeting of Class P Certificateholders) or (C) number of the Class R Certificates then outstanding (in the case of a meeting of the Certificateholders), makes such objection, the Extraordinary Resolution (other than in respect of an Extraordinary Resolution directing the Note Trustee to give a Note Acceleration Notice or any modifications of the Conditions, the Certificate Conditions or the Transaction Documents pursuant to Clause 25 (*Additional Right of Modification*) of the Trust Deed, Condition 13 (*Additional Right of Modification*) or

Certificate Condition 12 (*Additional Right of Modification*) and other than in relation to Basic Terms Modifications in relation to the Notes only) or Ordinary Resolution will be deemed to be passed by the Noteholders or the Noteholders of such Class or the Class P Certificateholders or the Class R Certificateholders (as applicable) and specifying the requirements for the making of such objections (including addresses, email addresses and deadlines) further as set out in the following paragraph; and

- (c) holders of (i) in the case of an Extraordinary Resolution, 10 per cent. or more (A) aggregate Principal Amount Outstanding of the Notes or the Notes of such Class (in the case of a meeting of the Noteholders) or (B) number of the Class P Certificates then outstanding (in the case of a meeting of Class P Certificateholders) or (C) number of the Class R Certificates then outstanding (in the case of a meeting of the Class R Certificateholders) or (ii) in the case of an Ordinary Resolution, 15 per cent. or more in (A) aggregate Principal Amount Outstanding of the Notes or the Notes of such Class (in the case of a meeting of the Noteholders) or (B) number of the Class P Certificates then outstanding (in the case of a meeting of Class P Certificateholders) or (C) number of the Class R Certificates then outstanding (in the case of a meeting of the Class R Certificateholders) have not notified the Note Trustee in writing (with such evidence as to holding and blocking of such Noteholder's or Certificateholder's holding of such Notes or Certificates, as applicable, as the Note Trustee may require) and, for so long as the Notes and/or Certificates are held through the Clearing Systems, the Principal Paying Agent via the Clearing Systems of their objection to such Extraordinary Resolution or Ordinary Resolution within 40 days of the date that notice was first given to Noteholders and Certificateholders in accordance with Condition 16 (*Notices to Noteholders*) and Certificates Condition 15 (*Notices to Certificateholders*). For the avoidance of doubt, a notice given in accordance with this paragraph will not constitute a notice of meeting of Noteholders and/or Certificateholders and vice versa and a notice given in accordance with this paragraph cannot run concurrently with a notice of a meeting relating to the same matters.

Upon the Note Trustee receiving objections from the Noteholders or Certificateholders of 10 per cent. or more (in the case of an Extraordinary Resolution) or 15 per cent. or more (in the case of an Ordinary Resolution) in (A) aggregate of the Principal Amount Outstanding of the Notes of the relevant Class or Classes (in the case of a meeting of the Noteholders) or (B) number of the Class P Certificates then outstanding (in the case of a meeting of Class P Certificateholders) or (C) number of the Class R Certificates then outstanding (in the case of a meeting of the Class R Certificateholders), the Note Trustee shall give notice to the relevant Class or Classes of Noteholders or the Class P Certificateholders or the Class R Certificateholders or the Certificateholders (as applicable) in accordance with the provisions of Condition 16 (*Notice to Noteholders*) and Certificates Condition 15 (*Notice to Certificateholders*) that the relevant Extraordinary Resolution or the Ordinary Resolution (as the case may be) has not passed. In such circumstance, a meeting of Certificateholders may be called in accordance with the provisions of this Certificate Condition 11 (*Meetings of Certificateholders and Noteholders, Modification, Waiver and Substitution*) or a meeting of the Noteholders in accordance with Condition 12 (*Meetings of Noteholders, Modification, Waiver and substitution*) in order to pass the relevant Extraordinary Resolution or Ordinary Resolution in accordance with the provisions of this Certificate Condition 11 (*Meetings of Certificateholders and Noteholders, Modification, Waiver and Substitution*) or Condition 12 (*Meetings of Noteholders, Modification, Waiver and substitution*), as applicable.

- 11.6 The Note Trustee or, as the case may be, the Security Trustee, may agree with the Issuer and any other parties but without the consent or sanction of the Noteholders or the Certificateholders or the other Secured Creditors at any time and from time to time concur with the Issuer or any other person in making or sanctioning any modification (but, in the case of the Security Trustee only, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document):

- (a) to the Conditions, the Certificates Conditions, the Trust Deed or any other Transaction Document, other than in respect of a Basic Terms Modification, which in the opinion of the Note Trustee (acting in accordance with the Trust Deed), or as the case may be, the Security Trustee (acting on the directions of the Note Trustee, so long as there are any Notes or Certificates outstanding or all the Secured Creditors if there are no Notes or Certificates outstanding), will not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes outstanding (or if there are no Notes outstanding, the interests of the Class P Certificateholders, or if there are no Class P Certificateholders outstanding, the interests of the Class R Certificateholders), or the interests of the Note Trustee or the Security Trustee; or
 - (b) to the Conditions, the Certificates Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee (acting in accordance with the Trust Deed), or as the case may be, the Security Trustee (acting on the directions of the Note Trustee, so long as there are any Notes or Certificates outstanding or all the Secured Creditors if there are no Notes or Certificates outstanding), such modification is of a formal, minor or technical nature or to correct a manifest error.
- 11.7 The Note Trustee may also without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without prejudice to its rights in respect of any subsequent breach or Event of Default at any time and from time to time but only if and in so far as in the sole opinion of the Note Trustee (acting in accordance with the Trust Deed) the interests of the Noteholders of the Most Senior Class of Notes outstanding (or if there are no Notes outstanding, the interests of the Certificateholders of the Class P Certificates outstanding or, if there are no Class P Certificates outstanding, the Certificateholders of the Class R Certificates outstanding) shall not be materially prejudiced thereby waive or authorise any breach or proposed breach by the Issuer or any other person of any of the covenants or provisions contained in the Trust Deed or any other Transaction Document or determine that any Event of Default shall not be treated as such provided that the Note Trustee shall not exercise any power conferred on it in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class of Notes (or if there are no Notes outstanding, the interests of the Class P Certificateholders, or if there are no Class P Certificateholders outstanding, the interests of the Class R Certificateholders) or by a direction under Condition 10 (*Events of Default*) or Certificates Condition 9 (*Events of Default*)) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made.
- 11.8 Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and the Certificateholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders and the Certificateholders as soon as practicable thereafter in accordance with Condition 16 (*Notice to Noteholders*) and Certificates Condition 15 (*Notice to Certificateholders*).
- 11.9 Any modification to the Transaction Documents shall be notified by the Issuer in writing to the Rating Agencies.
- 11.10 In connection with any such substitution of principal debtor referred to in Condition 7.4 (*Optional Redemption for Taxation Reasons*), the Note Trustee and the Security Trustee may also agree, without the consent of the Noteholders, the Certificateholders or the other Secured Creditors, to a change of the laws governing the Notes, the Conditions, the Certificates, these Certificates Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee or, as the case may be, the Security Trustee, be materially prejudicial to the interests of the Noteholders of the Most Senior Class of Notes outstanding, or if there are no Notes outstanding, the Certificateholders of the Class P Certificates outstanding or, if there are no Class P Certificates outstanding, the Certificateholders of the Class R Certificates outstanding or if there are no Notes or Certificates outstanding, the other Secured Creditors.

- 11.11 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 Certificates Conditions or any of the Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee is required to have regard to the interests of the Certificateholders, it shall have regard to the general interests of the Certificateholders but shall not have regard to any interests arising from circumstances particular to individual Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Certificateholders be entitled to claim from the Issuer, the Note Trustee or the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Certificateholders.
- 11.12 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 Certificates Conditions or any of the Transaction Documents the Note Trustee shall, except where expressly provided otherwise, have regard to the interests of each class of Certificateholder equally (with each of the Class P Certificateholders and the Class R Certificateholders constituting a separate class for this purpose), provided that, the Note Trustee in its sole opinion shall have regard to the interests of only the Class P Certificateholders if, (for so long as there are any Class P Certificates outstanding), in the Note Trustee's opinion, there is a conflict between the interests of:
- (a) the Class P Certificateholders; and
 - (b) the Class R Certificateholders,
- and the Class R Certificateholders shall have no claim against the Note Trustee for so doing.
- 11.13 **Extraordinary Resolution** means in respect of the Class P Certificateholders or the R Certificateholders:
- (a) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed and these Certificates Conditions by a majority consisting of not less than two thirds of persons eligible to attend and vote at such meeting and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-quarters of the votes cast on such poll; or
 - (b) a resolution in writing signed by or on behalf of the Certificateholders of not less than three-quarters of the (A) number of the Class P Certificates then outstanding (in the case of a resolution of Class P Certificateholders) or (B) number of the Class R Certificates then outstanding (in the case of a resolution of the Class R Certificateholders), 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 Certificateholders.
- 11.14 **Ordinary Resolution** means in respect of the Class P Certificateholders or the Class R Certificateholders:
- (a) a resolution passed at a meeting duly convened and held in accordance with these presents by a clear majority of persons eligible to attend and vote at such meeting and voting at such meeting on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll; or

- (b) a resolution in writing signed by or on behalf of the Certificateholders of not less than a clear majority of the (A) number of the Class P Certificates then outstanding (in the case of a resolution of Class P Certificateholders) or (B) number of the Class R Certificates then outstanding (in the case of a resolution of the Class R Certificateholders), 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 Certificateholders.

11.15 Issuer Substitution Condition

The Note Trustee may concur, with the Issuer to any substitution under the Conditions, these Certificates Conditions and subject to such amendment of the Conditions, these Certificates Conditions and of any of the Transaction Documents and to such other conditions as the Note Trustee may require and subject to the terms of the Trust Deed, but without the consent of the Noteholders or the Certificateholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed and the Certificates and in respect of the other Secured Obligations, provided that the conditions set out in the Trust Deed are satisfied including, *inter alia*, that the Notes and the Certificates are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Certificates Condition 4 (*Issuer Covenants*). In the case of a substitution pursuant to the Conditions or this Certificates Condition 11.15 (*Issuer Substitution Condition*), the Note Trustee may in its absolute discretion agree, without the consent of the Noteholders or the Certificateholders, to a change in law governing the Note, the Certificates and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders of the Most Senior Class of Notes outstanding, the Class P Certificateholders or, if no Class P Certificates are outstanding, the Certificateholders of the Class R Certificates.

11.16 Master Services Change Request

The Trust Deed, the Deed of Charge and the Master Servicing Agreement contain provisions pursuant to which (but subject to any further conditions or provisions as may be in the Trust Deed, the Deed of Charge or the Master Servicing Agreement) the holders of at least 25 per cent. in Principal Amount Outstanding of any particular Class of Notes then outstanding or, the holders of at least 25 per cent. by number of the Class P Certificates then outstanding, or the holders of at least 25 per cent. by number of the Class R Certificates then outstanding may provide a Master Services Change Request to the Note Trustee and, following receipt of any such Master Services Change Request the Note Trustee will be required to (1) promptly provide a copy of that Master Services Change Request to the Noteholders of each Class and the Certificateholders in accordance with the Conditions and the Certificates Conditions and by way of publication on Bloomberg on the “Company News” screen relating to the Notes or the Certificates, and (2) provided that (a) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (or, if no Notes remain outstanding, 10 per cent. by number of Class P Certificates then outstanding, or if no Class P Certificates remain outstanding, 10 per cent. by number of the Class R Certificates then outstanding) have not (within 30 calendar days of being notified of the Mater Services Change Request by the Note Trustee) notified the Note Trustee in writing notifying the Note Trustee that such Noteholders or the Certificateholders, as applicable, do not consent to the Note Trustee directing the Issuer to request the changes to the Master Services specified in that Master Services Change Request and (b) the Note Trustee shall be indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damage and expenses which it may incur by so doing and provided the changes specified in the Master Services Change Request do not increase the obligations or duties or decrease the protections or rights of the Security Trustee and/or the Note Trustee in the Transaction Documents and/or

Conditions and/or Certificates Conditions, direct the Issuer to request certain changes to the Master Services in accordance with the Master Servicing Agreement. Thereafter the Noteholders, the Certificateholders, the Note Trustee and the Security Trustee (and each Secured Creditor other than the Master Servicer) shall be bound by such changes to the Master Services, irrespective of whether the same results in an increase in fees payable to the Master Servicer pursuant to Clause 2.12 of the Master Servicing Agreement.

Master Services Change Request means a written direction given to the Note Trustee by Noteholders representing at least 25 per cent. in Principal Amount Outstanding of any particular Class of Notes then outstanding or, from the holders of at least 25 per cent. by number of the Class P Certificates then outstanding, or from the holders of at least 25 per cent. by number of the Class R Certificates then outstanding requesting the Note Trustee to direct the Issuer to request certain changes to the Master Services in accordance with the Master Servicing Agreement.

12. ADDITIONAL RIGHT OF MODIFICATION

Notwithstanding the provisions of Certificates Condition 11 (*Meetings of Certificateholders and Noteholders, Modification, Waiver and Substitution*) but provided that there are Notes or Certificates outstanding, each of the Security Trustee and the Note Trustee shall be obliged, without any consent or sanction of the Noteholders or the Certificateholders, or, subject to paragraph (e)(C) below, any of the other Secured Creditors, to concur with the Issuer and any other person in making any modification (other than in respect of a Basic Terms Modification) to the Conditions, the Certificates Conditions or any other Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary:

- (a) for the purpose of complying with, 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 each of the Security Trustee and the Note Trustee that such modification is reasonably 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 proposed by any of the Account Bank or the Cash Manager in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to take action which is required to take under the new criteria or 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 Account Bank or the Cash Manager, as the case may be, certifies in writing to the Issuer or each of the Security Trustee and the Note Trustee that such modification is necessary for the purposes described in paragraph (ii)(x) and/or (y) above (and in the case of a certification provided to the Issuer, the Issuer shall certify to each of the Security Trustee and the Note Trustee that it has received the same from the Account Bank or the Cash, as the case may be); and
 - (B) the Issuer certifies in writing to each of the Security Trustee and the Note Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Rated Notes by such

Rating Agency or (y) such Rating Agency placing any Rated Notes on rating watch negative (or equivalent); and

- (b) for the purpose of complying with any changes in the requirements of Article 405 of the CRR, Article 17 of the AIFMD, Article 51 of the AIFMR, Article 254 of the Solvency II Regulation or Section 15G of the Securities Exchange Act of 1934, as added by section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, after the Issue Date, including as a result of the adoption of Regulatory Technical Standards in relation to the CRR, the AIFMR or the Solvency II Regulation or any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies to each of the Security Trustee and the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (c) for the purpose of enabling the Notes to be (or to remain) listed on the Irish Stock Exchange, provided that the Issuer certifies to each of the Security Trustee and the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (d) for the purposes of enabling the Issuer 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 each of the Security Trustee and the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (e) for the purpose of complying with any changes in the requirements of the Credit Rating Agencies Regulation after the Issue Date, including as a result of the adoption of Regulatory Technical Standards in relation to the Credit Rating Agencies Regulation or regulations or official guidance in relation thereto, provided that the Issuer certifies to each of the Security Trustee and the Note Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by the Issuer or the relevant transaction party, as the case may be, pursuant to paragraphs (a) to (e) above being a **Modification Certificate**), provided that:

- (A) at least 30 calendar days' prior written notice of any such proposed modification has been given to each of the Security Trustee and the Note Trustee;
- (B) the Modification Certificate in relation to such modification shall be provided to each of the Security Trustee and the Note Trustee both at the time each of the Security Trustee and the Note Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (C) the consent of each Secured Creditor (other than any Noteholder or Certificateholder) which is party to the relevant Transaction Document, or which, as a result of the relevant modification would be further contractually subordinated to any Secured Creditor than would otherwise have been the case prior to such modification, has been obtained; and
- (D) the Issuer pays all costs and expenses (including legal fees) incurred by the Issuer and each of the Security Trustee and the Note Trustee in connection with such modification,

and provided further that:

- (E) other than in the case of a modification pursuant to paragraph (a)(ii), either:

- I. the Issuer obtains from each of the Rating Agencies written confirmation (or certifies in the Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Rated Notes by such Rating Agency or (y) such Rating Agency placing any Rated Notes on rating watch negative (or equivalent); or
 - II. the Issuer certifies in the Modification Certificate that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Rated Notes by such Rating Agency or (y) such Rating Agency placing any Rated Notes on rating watch negative (or equivalent); and
- (F) (I) the Issuer has provided at least 30 calendar days' notice to the Note Trustee, the Noteholders of each Class and the Certificateholders of the proposed modification in accordance with Condition 16 (*Notice to Noteholders*) or Certificates Condition 15 (*Notice to Certificateholders*) (as applicable) and by publication on Bloomberg on the "Company News" screen relating to the Notes or the Certificates, and (II) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (or, if no Notes remain outstanding, 10 per cent. by number of the Class P Certificates then outstanding, or if no Class P Certificates remain outstanding, 10 per cent. by number of the Class R Certificates then outstanding) have not notified the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes or the Certificates, as applicable, may be held) within such notification period notifying the Note Trustee that such Noteholders or the Certificateholders, as applicable, 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 (or, if no Notes remain outstanding, 10 per cent. by number of the Class P Certificates then outstanding, or if no Class P Certificates remain outstanding, 10 per cent. by number of the Class R Certificates then outstanding) have notified the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes or Certificates, as applicable, 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 (or, if no Notes remain outstanding, an Extraordinary Resolution of the Class P Certificateholders, or if no Class P Certificates remain outstanding, an Extraordinary Resolution of the Class R Certificateholders) is passed in favour of such modification in accordance with the Conditions or the Certificates Conditions, as applicable.

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes or the relevant Certificateholder's holding of the Certificates, as applicable.

- (f) When implementing any modification pursuant to this Certificates Condition 12 (*Additional Right of Modification*), each of the Security Trustee and the Note Trustee shall not consider the interests of the Noteholders, the Certificateholders, any other Secured Creditor or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Certificates Condition 12 (*Additional Right of Modification*) and shall not be

liable to the Noteholders, the Certificateholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person.

- (g) Each of the Security Trustee and the Note Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Note Trustee would have the effect of (i) exposing the Security Trustee or the Note Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Security Trustee or the Note Trustee in the Transaction Documents and/or the Conditions and/or the Certificates Conditions.

Any such modification effected pursuant to this Certificates Condition 12 (*Additional Right of Modification*) shall be binding on all Noteholders and Certificateholders and shall be notified by the Issuer as soon as reasonably practicable to:

- (i) so long as any of the Rated Notes remain outstanding, each Rating Agency;
- (ii) the Secured Creditors; and
- (iii) the Noteholders and the Certificateholders in accordance with the Conditions and the Certificates Conditions, as applicable.

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

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

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

14. REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar. Replacement of any mutilated, defaced, lost, stolen or destroyed Certificate will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Certificate must be surrendered before a new one will be issued.

15. NOTICE TO CERTIFICATEHOLDERS

15.1 Publication of Notice

Whilst the Certificates are represented by Global Certificates, notices to Certificateholders will be valid if published as described above, or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Certificateholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid shall be deemed to have been given on the day of such delivery.

15.2 Note Trustee's Discretion to Select Alternative Method

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Certificateholders or category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the quotation systems on or by which the Certificates are then quoted and/or traded and provided that notice of such other method is given to the Certificateholders in such manner as the Note Trustee shall require.

16. REPLACEMENT CERTIFICATES

If the Issuer Substitution Condition (the terms and conditions to the substitution of the Issuer as principal debtor as set out in the Trust Deed) is satisfied, the Issuer may, without the consent of the Certificateholders, issue replacement certificates (**Replacement Certificates**) to replace the Certificates, which shall have terms and conditions which may differ from the terms and conditions of the Certificates which it replaces.

17. GOVERNING LAW

The Trust Deed, the Deed of Charge, the Certificates and these Certificates Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law (other than certain terms of the Deed of Charge which are particular to the law of Scotland, and any supplemental security documents to be granted pursuant thereto, which will be governed by and shall be construed in accordance with Scots law and other than certain terms of the Deed of Charge which are particular to the law of Northern Ireland, which shall be governed by and construed in accordance with Northern Irish law).

18. RIGHTS OF THIRD PARTIES

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

TAXATION

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and Certificates and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue & Customs (**HMRC**) practice relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Noteholders and Certificateholders depends on their individual circumstances and may be subject to change in the future (possibly with retrospective effect). Each prospective Noteholder or Certificateholder is urged to consult its own tax advisers about the tax consequences under its circumstances of purchasing, holding and selling the Notes under the laws of the United Kingdom, its political subdivisions and any other jurisdiction in which the prospective Noteholder or Certificateholder may be subject to tax.

Payment of Interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the **Act**). The Irish Stock Exchange is a recognised stock exchange for such purposes. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Main Securities Market of the Irish Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom income tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a UK source on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any available exemptions and reliefs, including any exemption for certain payments of interest to which a company within the charge to the UK corporation tax is entitled. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Withholding tax in respect of payments under the Certificates

Payments under the Certificates may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief or exemption as may be available.

Foreign Account Tax Compliance Act

FATCA imposes a new reporting regime and potentially a 30 per cent. 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 now in effect for payments from sources within the United States and will apply to "foreign passthrough payments" (a term not yet defined) no earlier than 1 January 2019. This foreign passthrough payment withholding would potentially apply to payments in respect of (i) any Notes or Certificates

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 payments” are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes or Certificates 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 entered into or announced their intention to enter into intergovernmental agreements to facilitate the implementation of FATCA (each, an “**IGA**”). Pursuant to FATCA and the “**Model 1 IGA**” and “**Model 2 IGA**” (each a “**Model IGA**”) 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 any law implementing an IGA (any such withholding being a “**FATCA Withholding**”) from payments it makes. An FFI in a Model 2 IGA jurisdiction and a Participating FFI in a non-IGA jurisdiction may, depending on the circumstances, be required to make a FATCA Withholding in respect of certain payments from sources within the United States. 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 “**U.S.-UK IGA**”) based largely on the Model 1 IGA.

The Issuer expects to be treated as a Reporting FI pursuant to the U.S.-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. Accordingly, the Issuer and financial institutions through which payments on the Notes or Certificates are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes or Certificates 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.

While the Notes and Certificates are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under or in respect of the Notes or Certificates by the Issuer, any paying agent or the Common Safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs 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 or the Certificates. The documentation expressly contemplates the possibility that the Notes or Certificates may convert into definitive form and therefore that they may cease to be held through the ICSDs. If this were to happen then, depending on the circumstances, a non-FATCA-compliant holder could be subject to FATCA Withholding. However, conversion into Registered Definitive Notes or Certificates is only anticipated to occur in remote circumstances.

Notwithstanding this, 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 payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of FATCA Withholding, 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. The Issuer’s obligations under the Notes and the Certificates are discharged once it has made payment to, or to the order of, the ICSDs, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the U.S.-UK IGA, all of which are subject to change or may be implemented in a materially different form.

SUBSCRIPTION AND SALE

Pursuant to a note purchase agreement dated on or about 26 February 2016 between Morgan Stanley & Co. International plc (a **Co-Arranger**), OSB (a **Co-Arranger** and, together with Morgan Stanley & Co. International plc, the **Co-Arrangers**), Deutsche Bank AG, London Branch (the **Initial Notes Purchaser**), the Seller and the Issuer (the **Note Purchase Agreement**), the Initial Notes Purchaser has agreed with the Issuer (subject to certain conditions) to subscribe and pay for each of the Class A Notes at the issue price of 99.10 per cent, Class B Notes at the issue price of 96.40 per cent, Class C Notes at the issue price of 96.00 per cent, Class D Notes at the issue price of 95.20 per cent, Class E Notes at the issue price of 95.00 per cent, Class F Notes at the issue price of 94.60 per cent and Class G Notes at the issue price of 89.40 per cent, in each case as a per cent. of the aggregate principal amount of the relevant Class of Notes on the Closing Date.

Additionally, on the Closing Date, the Issuer will agree to issue 100 per cent. of the Class P Certificates and 100 per cent. of the Class R Certificates to (or at the direction of) the Seller as deferred consideration for the Portfolio. In turn, on the Closing Date, the Seller will be required to direct the Issuer to issue the 100 per cent. of the Class P Certificates and 100 per cent. of the Class R Certificates to (or at the direction of) DB UK (as a Previous Seller) as deferred consideration for the Seller's acquisition of the Portfolio from the Previous Sellers. It is anticipated that, on the Closing Date, DB UK (as a Previous Seller) will direct the Seller to, and the Seller will in turn direct the Issuer to, issue all of the Class P Certificates and Class R Certificates to Deutsche Bank AG, London Branch.

The Issuer has agreed to indemnify the Co-Arrangers against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes and the Certificates.

Other than admission of the Notes to the Official List of the Irish Stock Exchange and the admission of the Notes to trading on its Main Securities Market, no action has been taken by the Issuer or the Co-Arrangers, 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.

United States

The Notes and the Certificates 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 in accordance with Regulation S or pursuant to any other exemption from the registration requirements of the Securities Act. Accordingly, the Notes and the Certificates are being offered and sold in offshore transactions in reliance on Regulation S.

The Initial Notes Purchaser has represented, warranted and agreed that it has offered and sold the Notes, and will offer and sell the Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the **distribution compliance period**), only in accordance with Rule 903 of Regulation S under the Securities Act. In addition, the Initial Notes Purchaser has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. See "*Transfer Restrictions and Investor Representations*" below.

United Kingdom

The Initial Notes Purchaser has represented to and agreed with the Issuer that:

- (a) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

General

Other than admission of the Notes to the Official List of the Irish Stock Exchange and the admission of the Notes to trading on its Main Securities Market, no action has been taken by the Issuer or the Co-Arrangers or that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, the Initial Notes Purchaser 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 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. Further the Initial Notes Purchaser has agreed that it will obtain any consent, approval or permission which is required for the offer, purchase or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers, purchases or sales and it will comply with all such laws and regulations.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and Sales

The Notes (including interests therein represented by a Global Note, a Registered Definitive Note or a Book-Entry Interest) have not been and will not be registered under the Securities Act or any state securities laws, and 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:

- (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; 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; and
- (c) the Issuer, the Registrar, the Co-Arrangers 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 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.”

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. It is expected that the admission of the Notes to the Official List of the Irish Stock Exchange and the admission of the Notes to trading on the Irish Stock Exchange's Main Securities Market will be granted on or around 26 February 2016. Transactions will normally be effected for settlement in Sterling and for delivery on the third working day after the date of the transaction. The Certificates will not be listed.
2. None of the Issuer or Holdings is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Holdings respectively is aware), since 23 December 2015 (being the date of incorporation of each of the Issuer and Holdings) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer or Holdings (as the case may be).
3. No statutory or non-statutory accounts within the meaning of sections 434 and 435 of the Companies Act 2006 (as amended) in respect of any financial year of the Issuer have been prepared. So long as the Notes are admitted to trading on the Irish Stock Exchange's Main Securities Market, the most recently published audited annual accounts of the Issuer from time to time shall be available at the specified office of the Principal Paying Agent in London. The Issuer does not publish interim accounts.
4. For so long as the Notes are admitted to the Official List of the Irish Stock Exchange and to trading on the Irish Stock Exchange's Main Securities Market, the Issuer shall maintain a Paying Agent in the United Kingdom.
5. Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.
6. Since 23 December 2015 (being the date of incorporation of each of the Issuer and Holdings), there has been (a) no material adverse change in the financial position or prospects of the Issuer or Holdings and (b) no significant change in the financial or trading position of the Issuer or Holdings.
7. The issue of the Notes and the Certificates was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on or about 23 February 2016.
8. The Notes and the Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISINs and Common Codes:

| Class of Notes | ISIN | Common Code |
|-----------------------|--------------|--------------------|
| Class A Notes | XS1371721512 | 137172151 |
| Class B Notes | XS1371721868 | 137172186 |
| Class C Notes | XS1371722593 | 137172259 |
| Class D Notes | XS1371723054 | 137172305 |
| Class E Notes | XS1371723138 | 137172313 |
| Class F Notes | XS1371723484 | 137172348 |
| Class G Notes | XS1371725000 | 137172500 |
| Class P Certificates | XS1373031910 | 137303191 |
| Class R Certificates | XS1373032132 | 137303213 |

9. From the date of this Prospectus and for so long as the Notes are listed on the Irish Stock Exchange and admitted to trading on its Main Securities Market, physical copies of the following documents may be inspected at the registered office of the Issuer (and, with the exception of (a) below, at the

specified office of the Principal Paying Agent) during usual business hours, on any weekday (public holidays excepted):

- (a) the Memorandum and Articles of Association of each of the Issuer and Holdings;
 - (b) copies of the following documents:
 - (i) the Agency Agreement;
 - (ii) the Back-up Servicing Agreement;
 - (iii) the Bank Account Agreement;
 - (iv) the Cash Management Agreement;
 - (v) the Corporate Services Agreement;
 - (vi) the Deed of Charge;
 - (vii) the Deed Polls;
 - (viii) the Master Definitions and Construction Schedule;
 - (ix) the Master Servicing Agreement;
 - (x) the Mortgage Sale Agreement and the Disclosure Letter;
 - (xi) the Interim Servicing Agreement;
 - (xii) the Servicing Agreement; and
 - (xiii) the Trust Deed.
10. The Cash Manager on behalf of the Issuer will publish the monthly Investor Report detailing, *inter alia*, certain aggregated loan data in relation to the Portfolio. Such Investor Reports will be published on the website at <http://www.osb.co.uk/#section4>. Investor Reports will also be made available to the Seller and the Rating Agencies. Other than as outlined above, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Loans.
11. The Issuer confirms that the Loans backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. Investors are advised that this confirmation is based on the information available to the Issuer at the date of this Prospectus and may be affected by the future performance of such assets backing the issue of the Notes. Investors are advised to review carefully any disclosure in this Prospectus together with any amendments or supplements thereto.
12. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent 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 Main Securities Market for the purposes of the Prospectus Directive.

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