IMPORTANT NOTICE

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

IMPORTANT: YOU MUST READ THE FOLLOWING BEFORE CONTINUING. THE FOLLOWING APPLIES TO THE PROSPECTUS FOLLOWING THIS PAGE, AND YOU ARE THEREFORE ADVISED TO READ THIS CAREFULLY BEFORE READING, ACCESSING OR MAKING ANY OTHER USE OF THE PROSPECTUS. IN ACCESSING THE PROSPECTUS, YOU AGREE TO BE BOUND BY THE FOLLOWING TERMS AND CONDITIONS, INCLUDING ANY MODIFICATIONS TO THEM ANY TIME YOU RECEIVE ANY INFORMATION FROM US AS A RESULT OF SUCH ACCESS.

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.

THE NOTES AND CERTIFICATES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER RELEVANT JURISDICTION AND THE NOTES AND CERTIFICATES ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES AND CERTIFICATES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN 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 (**REGULATION S**)) UNLESS REGISTERED UNDER THE SECURITIES ACT, OR PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS OF THE UNITED STATES.

THIS PROSPECTUS HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THIS PROSPECTUS MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED. BY ACCESSING THE PROSPECTUS, YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT (A) YOU HAVE UNDERSTOOD AND AGREE TO THE TERMS SET OUT HEREIN, (B) YOU CONSENT TO DELIVERY OF THE PROSPECTUS BY ELECTRONIC TRANSMISSION, (C) YOU ARE NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) OR ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND (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.

This prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Slate No.2 plc (the **Issuer**), Consilium Airton Limited, (the **Seller**), J.P. Morgan Securities plc (the **Arranger**), J.P. Morgan Securities plc (the **Lead Manager** and **Sole Bookrunner**) nor any person who controls any such person nor any director, officer, employee or agent of any such person or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the prospectus distributed to you in electronic format and the hard copy version available to you on request from the Lead Manager.

SLATE No.2 PLC

(*Incorporated in England and Wales with limited liability, registered number 09232072*)

Class of Notes/ Certificates	Initial Principal Amount	Issue Price	Reference Rate	Margin	Ratings (Moody's/S&P)	Final Maturity Date
Class X Certificates	N/A	N/A	N/A	Class X Payment	Aaasf/AAA(sf)	N/A
Class A Notes	£330,688,000	100%	Three Month LIBOR*	1.10% per annum	Aaasf/AAA(sf)	The Interest Payment Date falling in October 2044**
Class B Notes	£16,330,000	100%	Three Month LIBOR*	1.70% per annum	Aa1sf/AA(sf)	The Interest Payment Date falling in October 2044**
Class C Notes	£20,413,000	100%	Three Month LIBOR*	1.90% per annum	Aa3sf/A+(sf)	The Interest Payment Date falling in October 2044**
Class D Notes	£18,372,000	100%	Three Month LIBOR*	2.50% per annum	Baa2sf/BBB(sf)	The Interest Payment Date falling in October 2044**
Class E Notes	£4,082,000	100%	Three Month LIBOR*	3.50% per annum	Ba3sf/BBB(sf)	The Interest Payment Date falling in October 2044**
Class Y Certificates	N/A	N/A	N/A	Class Y Payment	Not Rated	N/A
Class F Notes	£18,373,000	100%	Three Month LIBOR*	5.00% per annum	Not Rated	The Interest Payment Date falling in October 2044**
Class Z Certificates	N/A	N/A	N/A	Class Z Payment	Not Rated	N/A

ARRANGER

J.P. MORGAN

LEAD MANAGER AND SOLE BOOKRUNNER

J.P. MORGAN

The date of this Prospectus is 24 October 2014

* Except in respect of the first Interest Period, where the Reference Rate will be the linear interpolation of LIBOR for two and three month deposits in Sterling.

** Subject to the right of the Retention Holder Call Option exercisable on and from the First Optional Redemption Date.

Issue Date	The Issuer will issue the Notes in the classes set out above on or about 27 October 2014 (the **Closing Date**).
Standalone/ programme issuance	Standalone issuance.
Listing	This Prospectus comprises a prospectus for the purposes of Directive 2003/71/EC (as amended) (the **Prospectus Directive**). This Prospectus has been approved by the Central Bank of Ireland (the **Central Bank**) as the competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E 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 the 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 Class X Certificates, the Class Y Certificates and the Class Z Certificates (together, the **Certificates**) will not be listed.
Underlying Assets	The Issuer will make payments on the Notes from, *inter alia*, payments of principal and revenue received from a portfolio comprising mortgage loans sold by Consilium Airton Limited (referred to in this Prospectus as **Consilium Airton Limited** and as the **Seller**) which were purchased by the Seller from Mortgage Express (**MX** (an unlimited company and a wholly owned subsidiary of Bradford & Bingley PLC) the **Original Seller**). All of the Loans in the Portfolio were originally originated by Kensington Mortgage Company Limited (**Kensington**) or GMAC-RFC Limited (**GMAC**). The Loans and their Related Security are secured over residential properties located in England, Wales and Scotland (the **Portfolio**) which will be purchased by the Issuer from the Seller on the Closing Date. See the sections entitled "*Transaction Overview – Portfolio and Servicing*", "*The Loans*" and "*Characteristics of the Provisional Portfolio*" for further details.
Credit Enhancement	Credit enhancement of the Notes is provided in the following manner: • in relation to any Class of Notes (other than the Class F Notes), the overcollateralisation funded by Notes ranking junior to such Class of Notes in the Priority of Payments; • excess Available Revenue Receipts; • prior to the service of an Enforcement Notice and in respect of the Rated Notes and the Class X Certificates only, the availability of amounts credited to the Rated Note Reserve Fund; and • following service of an Enforcement Notice, all amounts credited to the Rated Note Reserve Fund subject to application in accordance with the Post-Enforcement Priority of Payments.

See the sections entitled "*Transaction Overview – Credit Structure and Cashflow*" *and* "*Credit Structure*" for further details. In relation to the Rated Note Reserve Fund, see the section entitled "*Credit Structure – Rated Note Reserve Fund*" for further details.

Liquidity Support

Liquidity support for the Notes is provided in the following manner:

- in respect of the Rated Notes and the Class X Certificates only, the subordination in payment of those Classes of Notes and Certificates ranking junior in the Priority of Payments;
- in respect of the Class A Notes and the Class X Certificates only, the Principal Addition Amounts (as defined herein); and
- in respect of the Rated Notes and Class X Certificates only, all amounts standing to the credit of the Rated Note Reserve Fund.

See the sections entitled "*Transaction Overview – Credit Structure and Cashflow*" *and* "*Credit Structure*" for further details. In relation to the Rated Note Reserve Fund, see the section entitled "*Credit Structure – Rated Note Reserve Fund*" for further details.

Redemption Provisions

Information on any optional and mandatory redemption of the Notes is summarised on page 76 ("*Transaction Overview – Summary of the Terms and Conditions of the Notes"*) and set out in full in Condition 8 (*Redemption*) of the terms and conditions of the Notes (the **Conditions**).

Credit Rating Agencies

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

Credit Ratings

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes are the **Rated Notes**.

The ratings assigned to the Rated Notes and the Class X Certificates shall address, *inter alia*:

- the likelihood of full and timely payments to the holders of the Class A Notes of interest and to the Class X Certificateholders of Class X Payments, in each case on each Interest Payment Date;
- the likelihood of full and ultimate payment to the holders of the Class B Notes, Class C Notes, Class D Notes and the Class E Notes (together with the holders of the Class A Notes, the **Rated Noteholders**) of all payments of interest on the Final Maturity Date; and
- 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.

Ratings are expected to be assigned to the Class X Certificates, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes on or before the Closing Date.

The Class Y Certificates, the Class F Notes and the Class Z Certificates will not be rated. The assignment of a rating to the Class X Certificates, Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes by any Rating Agency is not a recommendation to invest in the Class X Certificates, Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes respectively or to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency.

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 the Prospectus.

Retention Undertaking

On the Closing Date, Commercial First Group Limited (the **Retention Holder**) will, as an originator for the purposes of the CRR and the AIFM 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**) and Article 51 of Regulation (EU) No 231/2013, referred to as the Alternative Investment Fund Manager Regulation (the **AIFM 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 the Retention Holder, acting through its wholly owned subsidiary the Seller holding no less than 5 per cent. of the nominal value of each of the Notes and Certificates sold or transferred to investors on the Closing Date, as required by the text of each of Article 405 of the CRR and Article 51 of the AIFM Regulation. The Retention Holder will undertake to hold all of the shares in the Seller for so long as the Seller holds the material net economic interest in the securitisation. Any change in the manner in which the interest is held will be notified to the Noteholders. See the section entitled "*EU Risk Retention*" for further information.

Certificates	In addition to the Notes, the Issuer will issue the Certificates on the Closing Date. The Certificates represent the right to receive the Class X Payments and the Class Y Payments and the Class Z Payments, as applicable in accordance with the Terms and Conditions of the Certificates. See the section entitled "*Terms and Conditions of the Certificates*" for further details. The Certificates will not be listed. Only the Class X Certificates will be rated.
Significant Investor	The Seller or its affiliates will on the Closing Date purchase 100 per cent. of the Class A Notes and 100 per cent. of the Class F Notes.

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.

IMPORTANT NOTICE

THE NOTES WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE NOTES WILL NOT BE OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY OF THE SELLER, THE RETENTION HOLDER, THE LEGAL TITLE HOLDER, THE ORIGINATORS, THE ORIGINAL SELLER, THE ARRANGER, THE LEAD MANAGER, THE SOLE BOOKRUNNER, THE SERVICER, THE BACK-UP SERVICER, THE BACK-UP SERVICER FACILITATOR, THE SERVICING CONSULTANT, THE INTERIM SUB-SERVICER, THE CASH MANAGER, THE ISSUER ACCOUNT BANK, THE COLLECTION ACCOUNT BANK, HOLDINGS, THE CORPORATE SERVICES PROVIDER, THE AGENT BANK, THE REGISTRAR, THE NOTE TRUSTEE, THE SECURITY TRUSTEE (EACH AS DEFINED HEREIN), ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY SUCH ENTITIES OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS (TOGETHER, THE "RELEVANT PARTIES"). NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE NOTES SHALL BE ACCEPTED BY ANY OF THE RELEVANT PARTIES OR BY ANY PERSON OTHER THAN THE ISSUER.

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

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

THE NOTES 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 RESALES OR TRANSFERS, SEE "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

THE LEAD MANAGER, CONSILIUM AIRTON LIMITED 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 OUT IN THE SUBSCRIPTION AGREEMENT AND DESCRIBED IN THIS PROSPECTUS AND, IN CONNECTION THEREWITH, MAY BE REQUIRED TO PROVIDE CONFIRMATION OF ITS COMPLIANCE WITH SUCH RESALE AND OTHER TRANSFER RESTRICTIONS IN CERTAIN CASES. SEE "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

NONE OF THE ISSUER NOR ANY RELEVANT PARTY MAKES ANY REPRESENTATION TO ANY PROSPECTIVE INVESTOR OR PURCHASER OF THE NOTES REGARDING THE LEGALITY OF INVESTMENT THEREIN BY SUCH PROSPECTIVE INVESTOR OR PURCHASER UNDER APPLICABLE LEGAL INVESTMENT OR SIMILAR LAWS OR REGULATIONS.

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

EXCEPT AS SPECIFICALLY EXCLUDED THEREIN, COMMERCIAL FIRST GROUP LIMITED ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*CONSILIUM AIRTON LIMITED AND COMMERCIAL FIRST GROUP LIMITED* AND "*RISK RETENTION*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF COMMERCIAL FIRST GROUP LIMITED (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 COMMERCIAL FIRST GROUP LIMITED OR CONSILIUM AIRTON LIMITED AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTIONS REFERRED TO ABOVE AND NOT SPECIFICALLY EXCLUDED THEREIN) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

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

THE SECTION REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

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

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

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

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

THE INTERIM-SUB SERVICER AND THE INTERIM COLLECTION ACCOUNT BANK ARE NOT A PARTY TO THE TRANSACTION DOCUMENTS AND HAVE NO OBLIGATIONS IN RESPECT OF THE ISSUER, THE NOTES AND/OR THE CERTIFICATES.

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

NO PERSON IS AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFERING OR SALE OF THE NOTES OTHER THAN THOSE CONTAINED IN OR CONSISTENT WITH THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ANY OTHER RELEVANT PARTY OR ANY OF THEIR RESPECTIVE AFFILIATES OR ADVISERS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE OR ALLOTMENT MADE IN CONNECTION WITH THE OFFERING OF THE NOTES SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION OR CONSTITUTE A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR ANY OTHER RELEVANT PARTY IN THE OTHER INFORMATION CONTAINED HEREIN SINCE THE DATE HEREOF. THE INFORMATION CONTAINED IN THIS PROSPECTUS WAS OBTAINED FROM THE ISSUER AND THE OTHER SOURCES IDENTIFIED HEREIN, BUT NO ASSURANCE CAN BE GIVEN BY THE ISSUER OR THE APPROPRIATE RELEVANT PARTY AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. NONE OF THE ISSUER OR THE APPROPRIATE RELEVANT PARTY HAVE SEPARATELY VERIFIED THE INFORMATION CONTAINED HEREIN. ACCORDINGLY, NONE OF THE ISSUER OR THE APPROPRIATE RELEVANT PARTY 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, REGULATORY OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL, BUSINESS, ACCOUNTING, REGULATORY AND TAX ADVISERS PRIOR TO MAKING A DECISION TO INVEST IN THE NOTES.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF ANY RELEVANT PARTY OR ANY OF THEM TO SUBSCRIBE FOR OR PURCHASE ANY OF THE NOTES OR CERTIFICATES IN ANY JURISDICTION WHERE SUCH ACTION WOULD

BE UNLAWFUL AND NEITHER THIS PROSPECTUS, NOR ANY PART THEREOF, MAY BE USED FOR OR IN CONNECTION WITH ANY OFFER TO, OR SOLICITATION BY, ANY PERSON IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

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

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

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

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 Relevant Parties has attempted to verify any such statements, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements. None of the Relevant Parties assumes any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

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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 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 and the 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 the 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 shall be accepted by any of the Relevant Parties 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 on the Notes, amounts due in respect of the Certificates and its operating and administrative expenses will be dependent solely on receipts from or in connection with the English Loans and the Scottish Loans (the **Loans**) in the Portfolio, interest earned on the Issuer Accounts, income from any Authorised Investments and the Rated Note Reserve Fund (applied in accordance with the terms of the Cash Management Agreement). Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes, the Certificates and/or any other payment obligation of the Issuer under the applicable Priority of Payments. If such funds are insufficient, any such insufficiency will be borne by the Noteholders, the Certificateholders and the other Secured Creditors, subject to the applicable Priority of Payments. The recourse of the Noteholders and Certificateholders to the Charged Assets following service of an Enforcement Notice is described below (see further "*Security and insolvency considerations*" below).

Limited recourse

The Notes and the Certificates will be limited recourse obligations of the Issuer. Other than the source of funds referred to in the foregoing paragraph, 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 (including payments of principal and interest) and amounts due in respect of 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 (in the case of the Noteholders, principally payments of principal and interest in respect of the Notes and in the case of the Certificates amounts due in respect of the Class X Payments, the Class Y Payments, the Class X Early Termination Amount and the Class Y Early Termination Amount) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be extinguished.

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 and payments due on the Certificates

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) on the Notes (other than the Class A Notes) or the Class Y Payments due in respect of the Class Y Certificates, as applicable, that would otherwise be payable absent the deferral provisions in respect of any Class of Notes or Certificates (other than the Class A Notes and Class X Certificates) after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer will be entitled under Condition 17 (*Subordination by Deferral*) and Certificates Condition 16 *(Subordination by Deferral)* of the Conditions and Certificates Conditions, as applicable, to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as the relevant Class of Notes or Certificates becomes due and repayable in full in accordance with the Conditions or the Certificates Conditions. Any such deferral in accordance with the Conditions or the Certificates Conditions will not constitute an Event of Default.

In the event that amounts are not paid in full on the Notes or the Certificates (other than the Class A Notes and the Class X Certificates) as noted above such failure will not constitute an Event of Default until the Final Maturity Date and the Note Trustee and the Security Trustee will not be able to accelerate the Notes or payments due in respect of the Class Y Certificates until the Final Maturity Date and prior to such date will not be able to take any action to enforce the Security or effect a sale or disposal of the Portfolio.

Failure to pay interest or amounts due in respect of the Class A Notes or the Class X Certificates shall constitute an Event of Default under the Notes or the Certificates 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 Servicer and (during the Interim Period) the Interim Sub-Servicer, on behalf of the Issuer, to realise or recover sufficient funds under the arrears and default procedures in respect of any Loan and its Related Security in order to discharge all amounts due and owing by the relevant Borrower(s) under such Loan, which may adversely affect payments on the Notes 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 or the Certificateholders from all risk of loss. Should there be credit losses arising in respect of the Loans, this could have an adverse effect on the ability of the Issuer to make payments of interest and/or principal on the Notes and payments due in respect of the Certificates.

Liquidity of the Issuer

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) or payments being paid to a Borrower in respect of a Flexible Draw or a customer taking a payment holiday in accordance with the terms and conditions of the relevant Loan. This risk is addressed in respect of the Rated Notes and the Class X Certificates by the provision of liquidity from alternative sources (including, in the case of the Class A Notes and the Class X Certificates, the use of Principal Addition Amounts to the extent of any Senior Expenses Deficit, and, in the case of all of the Rated Notes and the Certificates, including the Class A Notes and Class X Certificates, the amounts credited to the Rated Note Reserve Fund, as more fully described in the section entitled "*Credit Structure*". However, no assurance can be made as to the effectiveness of such liquidity support features, or that such features will protect the Noteholders or the Certificateholders from all risk of delayed payment and/or loss.

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

The Class X Certificates and the Class A Notes will rank *pari passu* without preference or priority among themselves at all times as to payments of interest in respect of the Class A Notes and Class X Payments in respect of the Class X Certificates and principal in respect of the Class A Notes and Class X Early Termination Amount in respect of the Class X Certificates, as provided in the Conditions and the Certificates Conditions and the Transaction Documents.

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

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

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

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

The Class Y Certificates rank *pari passu* without preference or priority among themselves in relation to payment of Class Y Payments and Class Y Early Termination Amount, but subordinate to all payments due in respect of the Class X Certificates and the Rated Notes, as provided in the terms and conditions of the Certificates (the **Certificates Conditions**) and the Transaction Documents.

The Class F Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to all payments due in respect of the Class X Certificates and the Class Y Certificates and the Rated Notes.

The Class Z Certificates rank *pari passu* without preference or priority among themselves in relation to payment of Class Z Payments, but subordinate to all payments due in respect of the Class X Certificates, the Rated Notes, the Class Y Certificates and the Class F Notes as provided in the Certificate Conditions.

In addition to the above, payments on the Notes and the Certificates are subordinate to payments of certain fees, costs and expenses payable to the other Secured Creditors (including the Note Trustee, the Security Trustee, the Issuer Account Bank, the Servicer (other than any amounts due in respect of (other than in respect of the Class F Notes and Class Y Certificates) the Subordinated Servicer Fees), the Servicing Consultant (other than any amounts due in respect of (other than in respect of the Class F Notes and the Class Y Certificates) the Subordinated Servicing Consultant Fees), the Back-Up Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Paying Agents, the Registrar and the Agent Bank) and certain third parties. For further information on the likely costs payable to such Secured Creditors, please see "*Transaction Overview – Fees*" below.

The priority of the Notes and the Certificates are further set out in "*Cashflows – Application of Available Revenue Receipts Prior to the Service of an Enforcement Notice on the Issuer*", "*Cashflows – Application of Available Redemption Receipts prior to the service of an Enforcement Notice on the Issuer*" and "*Cashflows – Distributions Following the Service of an Enforcement Notice on the Issuer*".

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

Revenue and Principal Deficiency Ledger

If, on any Interest Payment Date, as a result of shortfalls in Available Revenue Receipts (excluding for such purposes any Principal Addition Amounts), there would be a Senior Expenses Deficit, the Issuer shall apply Available Redemption Receipts (if any) in accordance with item (a) of the Pre-Enforcement Redemption Priority of Payments to cure such Senior Expenses Deficit (such reapplied amounts, **Principal Addition Amounts**). Available Redemption Receipts may only be redirected as Principal Addition Amounts and applied as Available Revenue Receipts to cover such Senior Expenses Deficit (arising as a result of any inability to pay amounts due in respect of interest on the Class A Notes, Class X Payments and certain prior ranking payments). The Issuer will not be able to use Available Redemption Receipts (prior to the redemption of the Notes in full) to pay interest on any other Class of Notes, the Class Y Payments or the Class Z Payments to the extent Available Revenue Receipts are not sufficient.

Application of any Available Redemption Receipts as Principal Addition Amounts (in addition to the aggregate of (i) all realised losses on the Loans which are not recovered from the proceeds following the sale of the Property to which such Loan relates and (b) any loss to the Issuer as a result of an exercise of any set-off by any Borrower in respect of its Loan (together, the **Losses**)) will be recorded first 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, any principal deficiencies (should they arise) will be recouped from Available Revenue Receipts (including amounts applied from the Rated Note Reserve Fund). Available Revenue Receipts will be applied, after meeting prior ranking obligations as set out under the Pre-Enforcement Revenue Priority of Payments, to credit *first* the Class A Principal Deficiency Sub-Ledger, *second* the Class B Principal Deficiency Sub-Ledger, *third* the Class C Principal Deficiency Sub-Ledger, *fourth* the Class D Principal Deficiency Sub-Ledger, *fifth* the Class E Principal Deficiency Sub-Ledger and *sixth* the Class F 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 Available Revenue Receipts and Available Redemption Receipts may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Notes; and

- there may be insufficient Available Revenue Receipts and Available Redemption Receipts to repay the Notes and all amounts due in respect of the Certificates on or prior to the Final Maturity Date of the Notes.

Interest Rate Risk

The Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of the Loans and the rate of interest payable in respect of the Notes. In addition amounts due in respect of the Class X Certificates and the Class Y Certificates are based on a fixed payment schedule set out in the Certificate Conditions. Some of the Loans in the Portfolio pay or will pay a fixed rate of interest for an initial period of time or a rate set by reference to the relevant Standard Variable Rate or BBR. However, the Issuer's liabilities under the Rated Notes are based on LIBOR for the relevant period. In addition, (a) for the Interim Period, the rate of interest on those Loans where the relevant interest rate is based on the Standard Variable Rate will be set at the Original Seller's Standard Variable Rate provided that the Standard Variable Rate will not be lower than the minimum of (i) the Original Seller's Standard Variable Rate as at the First Cut-Off Date and (ii) the Original Seller's Standard Variable Rate as at the First Cut-Off Date plus the BBR Change (whether positive or negative); and (b) for the period on and from the Transfer Date to the date falling 12 months thereafter, the Standard Variable Rate applicable to the relevant Loans will be set so to equal the Original Seller's Standard Variable Rate as at the First Cut-Off Date plus the BBR Change (and is therefore bench-marked against BBR movements and not any LIBOR movements). **BBR Change** means the Bank of England Base Rate on the relevant Interest Determination Date, minus the Bank of England Base Rate as of the First Cut-Off Date. During the Interim Period, the Original Seller does not have an obligation to increase the relevant Standard Variable Rate in line with movements in the BBR or at all (although they have agreed during the Interim Period not to decrease the Standard Variable Rate other than to reflect a decrease in BBR).

Following the date falling one year after the Transfer Date the Servicer shall set the Standard Variable Rate in relation to the variable rate Loans in the Portfolio according to the Standard Variable Rate setting policy to adjust the Standard Variable Rates in line with movements in LIBOR to be reset on a semi annual basis, or quarterly where there has been a change in LIBOR of 0.5 per cent. or more, subject to a small tolerance to avoid customer disruption. The rate resetting dates in respect of the Loans are on the semi-annual Interest Determination Dates, (or the intervening quarterly Interest Determination Dates as necessary).

In the event that there was an increase in LIBOR, without (for whatever reason) a corresponding increase in the Standard Variable Rate, the Issuer may receive insufficient amounts to pay interest due in respect of the Notes and Class X Payments and Class Y Payments due in respect of the Class X Certificates and the Class Y Certificates and hence funds available to pay any amount on the Class Z Certificates may be reduced, as applicable.

For further considerations relating to the Standard Variable Rate, please see "Risk factors - Perfection and consolidation of the Standard Variable Rates" below.

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

The yield to maturity on the Notes will depend on, among other things, the amount and timing of payment of principal and interest on the Loans. Prepayments on the Loans may result from early repayment of the Loans by the relevant Borrower (whether through refinancing or otherwise), 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. The yield to maturity of the Notes may be adversely affected by, among other things, a higher or lower than anticipated rate of prepayments on the Loans.

The rate of prepayment of Loans is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing programmes, local and regional economic conditions and homeowner mobility. However, the rate of payment cannot be predicted. Subject to the terms and conditions of the Loans, a Borrower may "overpay" or prepay principal at any time. No assurance can be given as to the level of prepayments that the Portfolio will experience. In addition in respect of the period from and including the Closing Date to and including the date falling 12 months after the Transfer Date the Borrowers will not be charged any Early Repayment Charges arising as a result of any such prepayment. Accelerated prepayments will lead to a reduction in the weighted average life of the Notes, subject to any previously repaid amounts being advanced to Borrowers as a result of a Flexible Loan. Generally, when market interest rates increase, borrowers are less likely to prepay their mortgage loans, while conversely, when market interest rates decrease, borrowers (in particular those paying by reference to a fixed interest rate, where there are no or minimal associated Early Repayment Charges) are generally more likely to prepay their mortgage loans. Borrowers may prepay mortgage loans when they refinance their loans or sell their properties (either voluntarily or as a result of enforcement action taken). If the Seller and Commercial First Group Limited are required, on a joint and several basis, to repurchase a Loan and its 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 relevant Loans.

Payments and prepayments of principal on the Loans will be applied, *inter alia*, to reduce the Principal Amount Outstanding of the Notes on a pass-through basis on each Interest Payment Date in accordance with the Pre-Enforcement Redemption Priority of Payments (see "*Cashflows*" below).

The Consideration payable in respect of the Loans will be calculated as if the first Collection Period in respect of the Loans will start on (and include) the First Cut-Off Date and end on the last calendar day of December 2014. Adjustments to the consideration payable in respect of the Mortgage Loans will be made to recognise as Redemption Receipts amounts of principal received on the Loans in the period between the First Cut-Off Date and the Closing Date. Thereafter each Collection Period will be set by reference to three calendar months and, in respect of each Interest Payment Date, ending on the last calendar day of the immediately preceding month. Therefore in respect of the first Interest Payment Date, Noteholders (and in particular the Class A Noteholders) may receive a higher rate of redemption than in respect of other Interest Payment Dates.

The Mortgage Sale Agreement provides that on the Reconciliation Date, the Issuer may receive additional Consideration Adjustment Payments. These Redemption Receipts and Consideration Adjustment Payments will form part of the Available Redemption Receipts and will be used to redeem the Notes (and in particular the Class A Notes) on the first Interest Payment Date resulting in a redemption of the Class A Notes at a time that is earlier than would otherwise be anticipated.

In addition on and from the First Optional Redemption Date the Issuer may, subject to certain conditions and receipt of funds pursuant to the Retention Holder Call Option, redeem all of the Notes and cancel the Certificates. The Retention Holder has the option pursuant to the Mortgage Sale Agreement, to either elect to purchase the Loans from the Issuer or to effect a third party portfolio sale of the Loans, where applicable, by the appointment of a third party portfolio manager to execute such a sale. However the Retention Holder does not have an obligation to exercise its rights in respect of the Retention Holder Call Option on the First Optional Redemption Date or at any time thereafter and as such, no assurance can be given that the Notes and Certificates will be redeemed in full on or following the First Optional Redemption Date as a result of a purchase or sale of the Portfolio.

The Retention Holder has the obligation pursuant to the Mortgage Sale Agreement to purchase the Loans from the Issuer and thereby effect a redemption of the Notes on the occurrence of a Risk Retention Regulatory Change Event.

In addition, the Issuer may, subject to the Conditions, redeem all of the Notes and cancel the Certificates if (A) a change in tax law results in the Issuer being required to make a deduction or withholding for or on account of tax, or (B) as a result of certain illegality events. Any redemption of the Notes and cancellation of the Certificates following such matters, in particular where such event occurs within a short time of the Closing Date, may adversely affect the yield to maturity of the Notes and/or the Certificates.

Absence of secondary market

There is currently a limited secondary market for the Notes and the Certificates, and no assurance is provided that an active and liquid secondary market for the Notes and the Certificates will develop. None of the Notes or Certificates have been, or will be, registered under the Securities Act 1933 (as amended) or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set out under "*Subscription and Sale*" and "*Transfer Restrictions and Investor Representations*". To the extent that a secondary market exists or develops, it may not continue for the life of the Notes or 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 the Final Maturity Date.

Ratings of the Rated Notes and the Class X Certificates

The ratings of the Rated Notes and the Class X Certificates address the likelihood of (A) full and timely payment to the holders of the Class A Notes of all payments of interest and in respect of the Class X

Certificates, Class X Payments due on each Interest Payment Date; (B) full and ultimate payment to the holders of the Class B Notes, Class C Notes, Class D Notes and the Class E Notes (together with the holders of the Class A Notes, the **Rated Noteholders**) of all payments of interest due on each Interest Payment Date and (C) the ultimate payment of principal on or before the Final Maturity Date of the Rated Notes. The Class Y Certificates, the Class F Notes and the Class Z Certificates will not be rated by the Rating Agencies.

The expected ratings of the Rated Notes and the Class X Certificates to be assigned on the Closing Date are set out under "*Ratings*". 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 a reduction in the perceived creditworthiness of third parties, including a reduction in the credit rating of the Servicer and/or the Issuer Account Bank) in the future so warrant. See also "*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 and/or the Class X Certificates may be withdrawn, lowered or qualified.

Rating agencies other than the Rating Agencies could seek to rate the Rated Notes and the Class X Certificates and if such unsolicited ratings are lower than the comparable ratings assigned to the Rated Notes and the Class X Certificates by the Rating Agencies, those unsolicited ratings could have an adverse effect on the value of the Rated Notes and the Class X Certificates. 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 Rating Agencies only.

As highlighted above, the ratings assigned to the Rated Notes and Class X Certificates by each Rating Agency are based on, among other things, the issuer default rating and the short-term and/or long-term unsecured, unguaranteed and unsubordinated debt ratings of the Issuer Account Bank and the Collection 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 and the Class X Certificates. 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 the Class X Certificates and, as a consequence, the resale price of the Rated Notes and the Class X Certificates in the market and the prima facie eligibility of certain classes of the Rated Notes and the Class X Certificates for use in liquidity schemes established by, *inter alios*, various central banks.

Rating Agency confirmation in relation to the Rated Notes and the Class X Certificates in respect of certain actions

The terms of certain Transaction Documents provide that certain actions to be taken by the Issuer and/or the other parties to the Transaction Documents are contingent on such actions not having an adverse effect on the ratings assigned to the Rated Notes and the Class X Certificates. In such circumstances, the Note Trustee or the Security Trustee may require the Issuer to seek 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 ratings of the Rated Notes and the Class X Certificates (a **Rating Agency Confirmation**).

A Rating Agency Confirmation that any action or inaction 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 ratings of the Rated Notes and the Class X Certificates 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 Noteholders of the Rated Notes and the Class X Certificates. While entitled to have regard to the fact that the Rating Agencies have confirmed that the then current ratings of the Rated Notes and the Class X Certificates would not be adversely affected, the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Secured Creditors (including the Noteholders of the Rated Notes and the Class X Certificates), 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 Noteholders of the Rated Notes and the Class X Certificates), the Issuer, the Note Trustee, the Security Trustee or any other person whether by way of contract or otherwise. In addition the Note Trustee and/or the Security Trustee, as applicable, may, but is not required to, have regard to any Rating Agency Confirmation.

Any such Rating Agency Confirmation may or may not be given at the sole discretion of each Rating Agency. 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. It should be noted that, depending on the nature of the request, the timing of delivery of the request and of 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 securities 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.

Where the Transaction Documents allow the Note Trustee or the Security Trustee to seek 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 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 a director certifying and confirming that each of the events in sub-paragraphs (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 and the Class X Certificates as a result of the action or step. Such a downgrade, qualification or withdrawal to the then current ratings of the Rated Notes and the Class X Certificates may have an adverse effect on the value of the Rated Notes and the Class X Certificates.

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, as applicable or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class shall (subject, in each case, to being indemnified and/or prefunded and/or secured to its satisfaction), give an Enforcement Notice to the Issuer that all classes of the Notes and all amounts due in respect of the Class X Early Termination Amount and the Class Y Early Termination Amount are immediately due and repayable at (in respect of the Notes) their respective Principal Amount Outstanding, together with accrued interest thereon and (in respect of the Class X Certificates and the Class Y Certificates) the Class X Early Termination Amount and the Class Y Early Termination Amount and all other amounts due in respect of the Certificates, as applicable, as provided in a trust deed between the Issuer, the Security Trustee and the Note Trustee (the **Trust Deed**).

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) the other Transaction Documents to which it is a party or in respect of which (in the case of the Security Trustee) it holds security. In respect of and at any time after the service of an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security. However, neither the Note Trustee nor the Security Trustee shall be bound to take any such proceedings or steps (including, but not limited to, the giving of an Enforcement Notice in accordance with Condition 11 (*Events of Default*) or Certificates Condition 10 (*Events of Default*)) unless it should have been directed to do so by the holders of the Most Senior Class and it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

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

In addition, each of the Note Trustee and the Security Trustee 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 and amounts due in respect of the Certificates.

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

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 requisite majority for such vote).

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, to (a) any modification of, or the waiver or authorisation of any breach or proposed breach of, the Conditions, 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 Noteholders or Certificateholders or (b) any modification which, in the opinion of the Note Trustee, or, as the case may be, the Security Trustee, is of a formal, minor or technical nature or to correct a manifest error. The Conditions and Certificates Conditions also provide that the Issuer may enter into any new and/or amended bank account agreement or collection account agreement (including where the unsecured, unsubordinated and unguaranteed debt obligations of the Issuer Account Bank are downgraded below the Account Bank Rating and the Issuer is required (within 30 calendar days) to arrange for the transfer at its own cost of the relevant account to an appropriately rated bank or financial institution on similar terms to those set out in the Bank Account Agreement in order to maintain the ratings of the Notes at their then current ratings), provided that the Cash Manager certifies to the Security Trustee and/or the Note Trustee (upon which the Security Trustee and Note Trustee shall rely without liability) that any such new agreement and/or amendment would not have an adverse effect on the then current rating of the Most Senior Class and provided that neither the Note Trustee nor the Security Trustee shall be obliged to agree to any such new agreement and/or amendment which, in the sole opinion of the Note Trustee or the Security Trustee, would have the effect of (a) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections, of the Note Trustee and/or the Security Trustee under the Transaction Documents and/or the Conditions. The Conditions and Certificates Conditions also specify that certain categories of amendments (including changes to majorities required to pass resolutions or quorum requirements) would be classified as Basic Terms Modifications. Investors should note that a Basic Terms Modification is required to be sanctioned by an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes and/or the Certificates then in issue, unless the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the holders of those affected Class or Classes of Notes then outstanding and the holders of the Certificates then in issue. The Note Trustee and/or the Security 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, at any time authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions or the Certificates Conditions. See "*Terms and Conditions of the Notes* – Condition 13 (*Meetings of Noteholders and Certificateholders, Modification, Waiver* and Substitution)" and "*Terms and Conditions of the Certificates* –Certificates Condition 12 (*Meetings of Certificateholders and Noteholders, Modification, Waiver and Substitution*)" below.

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

Rights of Noteholders, Certificateholders and Secured Creditors

Conflict between Classes of Noteholders or Certificateholders

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 and Certificateholders 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 or Certificates, on the one hand, and the interests of the holders of one or more Classes of Notes or Certificates, 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 relevant affected Class of Notes or Certificates ranking in priority to other relevant Classes of Notes or Certificates in the Pre-Enforcement Revenue Priority of Payments.

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

In addition, prospective investors should note that the Trust Deed provides that no Extraordinary Resolution of the holders of a Class of Notes or Certificates, other than the holders of the Most Senior Class, shall take effect for any purpose while the Most Senior Class remains outstanding unless such Extraordinary Resolution shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class or the Note Trustee is of the opinion it would not be materially prejudicial to the interests of the holders of the Most Senior Class. Where the Most Senior Class comprises the Class A Notes and the Class X Certificates, the Class A Notes and the Class X Certificates shall (other than in respect of a Basic Terms Modification) be considered together as a single Class and therefore (other than in limited circumstances) any resolution of the Class A Notes and the Class X Certificates will be duly passed if held at a single meeting of the Class A Noteholders and the Class X Certificateholders or by a written resolution of the Class A Noteholders and the Class X Certificateholders.

Conflict between Noteholders and Certificateholders, and other Secured Creditors

So long as any of the Notes or Certificates are outstanding, neither the Security Trustee nor the Note Trustee shall have regard to the interests of the other Secured Creditors, subject to the provisions of the Trust Deed and Condition 13.5 and Certificate Condition 12.5.

Risks related to the Mortgages

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 (the Seller itself having been assigned such rights from the Original Seller pursuant to the terms of the Mortgage Portfolio Sale Agreement). However the Seller was not the originator of the Loans and the said rights may therefore not have been effectively assigned to it by the Original Seller and in respect of the Original Seller, effectively assigned to it by the Originators. The Issuer may therefore not have any direct rights against any solicitors or valuers who, when acting for the Originator in relation to the origination of any Loan, may have been negligent or fraudulent. However, and notwithstanding the absence of any such direct rights, the Seller pursuant to the Mortgage Sale Agreement has undertaken, where appropriate, to either instigate action against such solicitor or valuer, 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. Any failure by or inability of the Seller to take action against third parties may have an adverse effect on the Issuer's ability to make payments of interest and/or principal in respect of the Notes and payments due in respect of the Certificates.

Original Seller to initially retain legal title to the Loans and risks relating to set-off

As the sale by the Original Seller to the Seller of the English Loans and their Related Security takes effect in equity only and the sale by the Original Seller to the Seller of the Scottish Loans was made pursuant to certain Scottish declarations of trust created by the Original Seller in favour of the Seller pursuant to the Mortgage Portfolio Sales Agreement (the **Scottish Declaration of Trust**), the Seller only has a beneficial interest in the Loans and their Related Security. The sale by the Seller to the Issuer of the English Loans and their Related Security (until legal title is conveyed) also 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 the Seller (as beneficiary under the trust created by the Scottish Declaration of Trust (the **Scottish Trust**)) assigning its interest as beneficiary under the Scottish Trust in respect of the Scottish Loans and their Related Security in favour of the Issuer. By virtue of the Scottish Declaration of Trust by the Original Seller and (following the Transfer Date) by the Legal Title Holder, and the assignation by the Seller of its interests as beneficiary under the Scottish Trust in favour of the Issuer, the beneficial interest in such Scottish Loan and their Related Security is held on trust 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.

In each case, this means that legal title to the Loans and their Related Security in the Portfolio will remain with the Original Seller until the Transfer Date or if earlier the occurrence of certain insolvency events in respect of the Original Seller. The legal title to the mortgages will be transferred to the Legal Title Holder on that date and subsequently the legal title to the Loans will remain with the Legal Title Holder until certain perfection trigger events occur under the terms of the Mortgage Sale Agreement (see "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*", below). The Issuer has not applied, and prior to the occurrence of a Perfection Event will not apply, to the Land Registry to register or record its equitable interest in the English Mortgages and will not 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 each Scottish Declaration of Trust.

Following the Transfer Date (i) notice of the transfer of legal title to the Loans to the Legal Title Holder will be given to the Borrowers in respect of the English Loans and their Related Security, and (ii) notice of the assignation of the Scottish Loans and their Related Security will be given to the Borrowers. Until such time of notice, equitable or independent set-off rights may accrue in favour of any Borrower against his or her obligation to make payments to the Original Seller under the relevant Loan. The transfer of legal title in the Loans to the Legal Title Holder and consequently the Issuer's beneficial interest in the Loans and their Related Security will continue to be subject to any prior rights any applicable Borrower may become entitled to after the transfer. However following notice of the assignment or assignation to the Legal Title Holder, being given to the Borrowers, 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. For further information on the effects of set-off in relation to the Portfolio, see below "Set-off may adversely affect the value of the Portfolio or any part thereof".

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 the Original Seller for value of any of such Loans and their Related Security without notice of any of the interests of the Issuer might obtain a good title free of any such interest. If this occurred, then the Issuer would not have good title to the affected 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 the Original Seller of contractual obligations made to the Seller or from fraud, negligence or mistake on the part of the Seller or the Original Seller or any of its respective personnel or agents.

Prior to the Transfer Date, neither the Seller nor the Issuer would be able to enforce any Borrower's obligations under a Loan or their Related Security itself but to the extent that the Interim Sub-Servicer failed to take any or appropriate enforcement action against the relevant Borrower (in accordance with the Enforcement Procedures of the Interim Sub-Servicer) would be able to take action (under the power of attorney to be entered into pursuant to the Mortgage Portfolio Sale Agreement) or would have to join the Original Seller as a party to any legal proceedings. Borrowers will also have the right to redeem their Mortgages by repaying the relevant Loan directly to the Original Seller. However, the Original Seller will undertake, pursuant to the Mortgage Portfolio Sale Agreement, to hold any money repaid to it in respect of relevant Loans to the order of the Seller. In addition, the Seller will pursuant to the Mortgage Sale Agreement agree to hold any money repaid to it in respect of relevant Loans received from the Original Seller or any other party (or on their behalf) to the order of the Issuer.

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

Following the Transfer Date and for so long as the Legal Title Holder (on behalf of the Issuer) has legal title to the Loans and their Related Security, the Legal Title Holder will undertake in the Mortgage Sale Agreement for the benefit of the Issuer that it will lend its name to, and take such other steps as may 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 such Legal Title Holder, in respect of which please see the section entitled "*Summary of Key Transaction Documents – Mortgage Sale Agreement*" below. If a Perfection Event occurs in respect of the Legal Title Holder, it shall transfer legal title in respect of the Loans to the Issuer or a nominee of the Issuer to hold on its behalf.

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

As described above, the sale by the Seller to the Issuer of the English Loans and their Related Security will be given effect by an assignment and the sale of the Scottish Loans and their Related Security being given effect by an assignation of the Scottish Trust.

Once notice has been given to the Borrowers of the assignment or assignation of the Loans and their Related Security to the Legal Title Holder, independent set-off rights which a Borrower has against the Original

Seller will crystallise and further rights of independent set-off would cease to accrue from that date and no new rights of independent set-off could be asserted following that notice. Set-off rights arising under "transaction set-off" (being those set-off claims arising out of a transaction connected with the Loan, such as a failure to make a Flexible Drawing where the Borrower has a right to demand a drawing under the relevant terms and conditions of the Loan following an earlier overpayment) will not be affected by that notice and will continue to exist.

The relevant Borrower may set off any claim for damages arising from the Original Seller's breach of contract (such as a failure to advance additional funds under a Borrower's express right to demand a Flexible Drawing be made to them pursuant to the terms and conditions of the relevant Loan) against the Original Seller's (and, as equitable assignee of or holder of the beneficial interest in the Loans and their Related Security, the Issuer's) claim for payment of principal and/or interest under the relevant Loan as and when it becomes due. These set-off claims will constitute transaction set-off, as described above.

The amount of any such claim against the Original Seller for equitable set-off will, in many cases, be the cost to the Borrower of finding an alternative source of funds. For example in the case of a failure by the Original Seller or, following a Transfer Date, a Legal Title Holder to fund a Flexible Drawing, the Borrower could set-off against the Issuer any additional cost of funding incurred in borrowring an amount equal to the requested Flexible Drawing. In addition, where the Original Seller or following the Transfer Date the Legal Title Holder have failed to effect a Port, having committed to do so, the Borrower could set off against the Issuer, where the Original Seller or, following the Transfer Date, the Legal Title Holder, 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 the Original Seller's or the Legal Title Holder'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 the Original Seller's or the Legal Title Holder's breach of contract where there are special circumstances communicated by the Borrower to the Original Seller or the Legal Title Holder, as applicable 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 Servicer 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 Original Seller, 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.

Borrower remediations may arise from time to time in respect of the Loans. It is expected that the majority of any pending remediations will be completed in advance of the Transfer Date and, to the extent that any remediation payments are due to Borrowers, the Original Seller will undertake to the Seller to carry out all remediation with the Borrowers and either pay such amounts directly to the relevant Borrowers to the extent a payment is due, or effect a remediation payment to the Borrower by way of an adjustment to the Current Balance of the affected Loans with a corresponding payment to the Seller and from the Seller to the Issuer (being a **Remediation Receipt**). Any such Remediation Receipt will be treated as Available Redemption Receipts to be applied on each Interest Payment Date to effect a redemption of the Notes on such date. To the extent any remediation is ongoing following the Transfer Date, the Servicer (on behalf of the Issuer) will effect such a remediation. However the Original Seller will continue to compensate the Seller (and through the Seller the Issuer) for the consequences of such remediation.

Whilst it is not expected that any remediation will be material in the context of the Portfolio, no assurance can be given that the Issuer is fully compensated for any such remediation payments or that further remediation payments will be not be payable to the Borrowers either as a result of any action taken by or on behalf of the Original Seller or the Legal Title Holder. In addition, the Seller is only required to pay Remediation Receipts to the Issuer to the extent it has received a corresponding amount from the Original Seller. Any additional remediation or any remediation for which the Issuer is not directly or indirectly fully compensated would have an adverse effect on the amounts available to the Issuer to effect payments on the Notes and the Certificates.

Characteristics of the Portfolio

The information in the section headed "*Characteristics of the Provisional Portfolio*" has been extracted from the systems of the Interim Sub-Servicer as at 31 May 2014 (the **Portfolio Reference Date**). The Provisional Portfolio as at the Portfolio Reference Date comprised 3,555 Sub-Accounts with an aggregate Current Balance of £408,257,444.81 (the **Initial Principal Balance**). The portfolio that will be sold to the Issuer on the Closing Date (the **Portfolio**) comprise the Provisional Portfolio less any loans that have been removed as a result of not being compliant with the Loan Warranties, any loans which have been redeemed in full as at the Closing Date, or any loans which were removed from the Provisional Portfolio by the Original Seller and the characteristics of the Portfolio will vary from those set out in the tables in this Prospectus as a result of these items.

Servicing, Third Party Risk and risks relating to the Interim Period

Issuer Reliance on Other Third Parties

The Issuer is also a party to contracts with a number of other third parties who have agreed to perform services in relation to the Issuer and/or Notes and Certificates. In particular, but without limitation, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer and the Legal Title Holder pursuant to the Corporate Services Agreement, the Servicer, has agreed to provide certain administration services in respect of the Portfolio pursuant to the Servicing Agreement, the Issuer Account Bank has agreed to provide the Issuer Account to the Issuer pursuant to the Bank Account Agreement, the Servicing Consultant has agreed to provide certain services in respect of the Portfolio pursuant to the Servicing Agreement, the Back-Up Servicer has agreed to provide certain services in the event that the appointment of the Servicer is terminated, the Cash Manager has agreed to provide cash management services pursuant to the Cash Management Agreement, and the Paying Agents, the Registrar and the Agent Bank have all agreed to provide services with respect to the Notes 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 or if such a party resigns without a sufficiently experienced substitute or any substitute being appointed in their place promptly thereafter, collections on the Portfolio and/or payments to Noteholders and Certificateholders may be disrupted and Noteholders and/or Certificateholders may be adversely affected.

The Servicer

Pepper (UK) Limited will be appointed by the Issuer as Servicer to service the Loans and their Related Security on the Closing Date. Prior to the Transfer Date, the Servicer will sub-delegate its servicing obligations to B&B (in its capacity as Interim Sub-Servicer) (the **Interim Sub-Servicer)** pursuant to the terms of an interim sub-servicing agreement (the **Interim Sub-Servicing Agreement)**. If the Servicer breaches the terms of the Servicing Agreement, then (prior to the delivery of an Enforcement Notice and with the prior written consent of the Security Trustee) the Issuer or (after delivery of an Enforcement Notice) the Security Trustee will be entitled to terminate the appointment of the Servicer in accordance with the terms of the Servicing Agreement and the Back-Up Servicer shall (to the extent it is still appointed) assume the role of Servicer. If there is no back-up servicer appointed when the appointment of the Servicer is terminated, the Issuer, and the Seller and the Back-Up Servicer Facilitator shall use their reasonable endeavours to appoint a new servicer in its place whose appointment is approved by the Security Trustee, provided that the Issuer shall not be entitled to terminate the Servicing Agreement during the Interim Period, unless the appointment of the Interim Sub-Servicer has also been terminated.

The aggregate liability of the Servicer in respect of any claim arising out of or in connection with the Transaction Documents shall, except in respect of funds held on trust for the Issuer and for which the Servicer fails to account or, the Servicer's fraud or wilful default or that of its officers, directors or employees in the performance of its obligations under the Transaction Documents shall be limited to £500,000 as to any twelve month period, provided that during the Interim Period (other than in respect of certain obligations identified as direct obligations in the Interim Sub-Servicing Agreement (the **Interim Servicing Period Direct Obligations**) (as to which see further below)), the liability of the Servicer to the Issuer shall be limited to the extent of any recoveries received from the Interim Sub-Servicer. The liability of the Interim Sub-Servicer is also subject in certain cases to a liability cap pursuant to the terms of the Interim Sub-Servicing Agreement.

In relation to Interim Servicing Period Direct Obligations, the Servicer's liability in contract tort (including negligence) or otherwise in respect of the Transaction Documents shall be limited to £100,000 in aggregate.

In the event that the Issuer suffers a loss in respect of the Portfolio, or becomes liable to a third party, in each case as a result of any claim arising out of or in connection with the performance (or non-performance) of the Servicer's duties and obligations under the Servicing Agreement and the Servicer is liable to the Issuer for such acts or omissions pursuant to the terms of the Servicing Agreement, any loss over and above the liability cap set out in the Servicing Agreement (to the extent enforceable under applicable law and other than as a result of the fraud or wilful default of the Servicer or that of its officers, directors or employees) and, in respect of the Interim Period as limited by the amounts received by the Servicer from the Interim Sub-Servicer, may be irrecoverable by the Issuer. This may result in less proceeds being available to meet the obligations of the Issuer in respect of the Notes.

Any change in Servicer could delay collection of payments on the Loans and ultimately could adversely affect the ability of the Issuer to make payments in full on the Notes.

There can be no assurance that the Back-Up Servicer will be able to perform its obligation under the Back-Up Servicing Agreement, in which case there can be no assurance that a replacement servicer with sufficient experience of servicing loans would be found who would be willing and able to service the Loans on the terms, or substantially similar terms, of the Servicing Agreement, although such risk is mitigated by the terms of the Servicing Agreement pursuant to which Commercial First Mortgages Limited (in its capacity as the Back-Up Servicer Facilitator), in certain circumstances, shall assist the Issuer in appointing a replacement Servicer and/or replacement Back-Up Servicer. Further, it may be that the terms on which a replacement 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 Certificateholders are adversely affected. In addition, as described below, any replacement servicer will be required, inter alia, to be authorised under the Financial Services and Markets Act 2000 (the **FSMA**) in order to service the Loans. The ability of a replacement servicer to fully perform the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a replacement servicer may affect payments on the Loans and hence the Issuer's ability to make payments when due on the Notes.

Investors should note that the Servicer has no obligation itself to advance payments to the Issuer that Borrowers fail to make under a Loan or to fund or make a Further Advance or a Flexible Drawing to the extent requested by a Borrower.

For further details on the arrangements with the Servicer, please see "*Summary of the Key Transaction Documents – Servicing Agreement*" below.

Interim Period Collection Account Bank

During the Interim Period, money arising under the Loans will continue to be paid into collection accounts (the **Original Collection Accounts**) of the Original Seller and held with the bank at which such Original Collection Accounts were held prior to the Closing Date (the **Interim Period Collection Account Bank**). The Interim Period Collection Account Bank is not a party to the transaction, has no contractual relationship with any of the Issuer, the Seller, the Servicer or any other parties to the transaction (each a **Transaction Party**) and does not owe any obligation to any Transaction Party. In addition, the Interim Period Collection Account Bank is not subject to the minimum rating requirements. Two risks arise in this regard.

It cannot be guaranteed that during the Interim Period circumstances will not arise which could negatively impact the ability of the Interim Period Collection Account Bank to properly transfer collections to the Issuer within the required timeframes. It is not contemplated that, the Interim Period Collection Account Bank will for any reason cease to act as collection account bank for the Original Seller. However, in the event it refused to so act or was for any reason unable to act, the effect of this would be that the Original Seller would need to make alternative arrangements for the collection of monies from Borrowers; therefore the Seller and the Issuer could experience instability in receipt of cash flows which could negatively affect the ability of the Issuer to make payments under the Notes and the Certificates in a timely manner.

Additionally as neither the Issuer, the Seller nor the Servicer (nor any Transaction Party) has the benefit of a contractual nexus with the Interim Period Collection Account Bank, in the event of default by the Interim Period Collection Account Bank of its obligations to the Original Seller to transfer collections to (or for the benefit of) the Seller and at its direction to the Issuer, difficulties may arise in respect of any enforcement action brought against the Interim Period Collection Account Bank. The effect of this would be collections due to the Issuer could be delayed whilst a replacement Interim Period Collection Account Bank was sought and action brought to recover monies from the former Interim Period Collection Account Bank.

To mitigate against the risks of failure by the Interim Period Collection Account Bank, the Original Seller will undertake to the Seller that in the event that amounts are received by the Original Seller from Borrowers in respect of the Loans (including any amounts received in the Original Collection Accounts), an amount equal to such amount received by or on behalf of the Original Seller (including any amount received by the Interim Period Collection Account Bank in respect of the Loans) will be paid by the Original Seller to the Seller (and the Seller will transfer such amount to the Issuer) notwithstanding any default or insolvency of the Interim Period Collection Account Bank. If the Original Seller fails to pay an amount equal to such amounts received in respect of the Loans by the Original Seller (including where there has been a default or insolvency of the Interim Period Collection Account Bank) when due under the Mortgage Portfolio Sale Agreement, NRAM and B&B will each unconditionally and irrevocably pay to the Seller (and the Seller will transfer such amount to the Issuer) on demand any such amount which remains due and unpaid.

Change of counterparties

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

These criteria include requirements imposed by the FCA under the FSMA and requirements in relation to the short-term and long-term unguaranteed and unsecured ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria set out in the relevant Transaction Documents and as described in this Prospectus, 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 and principal on the Rated Notes and, in respect of the Class X Certificates, the Class X Payment and/or Class X Early Termination Amount and/or lead to a downgrade in the ratings of the Rated Notes and/or the Class X Certificates.

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 and/or Certificateholders may not be required in relation to such amendments and/or waivers.

Certain material interests and potential for conflicts

On the Closing Date, the Seller intends to obtain funding from certain affiliated entities to help finance the acquisition of part of the notes to be acquired by the Retention Holder pursuant to the Risk Retention Undertaking (the **Retention Notes**). It is expected that such funding will be secured over the relevant Retention Notes and be provided to the Seller on a full recourse basis (guaranteed by the Retention Holder). It is further expected that such entities will, at least for a certain period of time, enter into one or more funding transactions with the Lead Manager, an affiliate and/or other parties, again secured over some of the Retention Notes, and provided to such funds on a full recourse basis.

The Arranger and the Lead Manager is part of global investment banking and securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and high-net-worth individuals. As such, they actively make markets in and trade financial instruments for their own account and for the accounts of customers in the ordinary course of their business. The financial services that the Arranger and the Lead Manager and Sole Bookrunner may provide also include financing and, as such, the Arranger and the Lead Manager and Sole Bookrunner may have and/or may provide financing directly or indirectly to the Retention Holder (or the Seller) and/or any of its affiliates and related entities and such financing may directly or indirectly involve financing the Retention Notes. In the case of any such financing, the Arranger and the Lead Manager and Sole Bookrunner may have received security over assets of the Seller or Commercial First Group Limited as the Retention Holder and/or its affiliates, including security over the Retention Notes, resulting in the Arranger and the Lead Manager and Sole Bookrunner having enforcement rights and remedies which may include the right to appropriate or sell the Retention Notes. In carrying out such sale, the Arranger and Lead Manager and Sole Bookrunner would not be required to have regard to the retention requirements and any such sale may therefore from such time cause the transaction described in this Prospectus to cease to be compliant with such requirements.

The 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 (and analogous arrangements) 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.

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. The court has a wide discretion and may adopt a sympathetic attitude towards a Borrower faced with eviction. Any possession order given in favour of the lender may be suspended to allow the Borrower more time to pay. In addition, if 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 or 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.

Credit Impairments

The Portfolio comprises certain Loans made to Borrowers who as of the Portfolio Reference Date may have impairments to their credit profile, such as a county court judgment (or a Sheriff Court decree, being the Scottish equivalent of a county court judgment), an individual voluntary arrangement or a bankruptcy order. Loans made to Borrowers with credit impairments may experience higher rates of delinquency, write-offs and enforcement than have historically been experienced by mortgage loans made to borrowers without credit impairments and therefore carry a higher degree of risk.

In addition, whilst the underwriting standards of originators generally consider, among other things, a borrower's credit history, employment history and status, repayment ability and debt service-to-income ratio, as well as the value of the property and those underwriting standards are used with a view, in part, to mitigating the risks in lending to borrowers, the Seller was not the originator of the Loans and therefore has limited knowledge as to the origination and lending policies used by the relevant Originator in relation to the Loans.

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

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 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 at the end of the relevant fixed). This increase in Borrowers' monthly payments, which (in the case of a Loan with an initial fixed rate) may be compounded by any further increase in the related mortgage interest rate during the relevant fixed period, may ultimately result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid increased monthly payments (caused by, for example, the expiry of an initial fixed rate, or a rise in the related variable interest rates) by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates, slower prepayment rates and higher losses on the Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and/or principal on the Notes and payments on 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 the United Kingdom should experience an overall decline in property values, such a decline could in certain circumstances result in the value of the Related Security being significantly reduced and, in the event that the Related Security is required to be enforced, may result in an adverse effect on payments on the Notes and 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. A 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 if the Security is required to be enforced and the resulting proceeds are insufficient to make payments on all Notes and may affect the ability of the Issuer to make payments on the 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*" or otherwise) have insufficient resources to pay amounts in respect of their loans as and when they fall due. This could lead to higher delinquency rates and to losses which in turn may adversely affect payments on the Notes and the Certificates.

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 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 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 in the region that relies most heavily on that industry. Any natural disasters in a particular region may reduce the value of affected Properties. This may result in a loss being incurred upon the sale of such Properties. These circumstances could affect receipts on the Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Loans as at the Portfolio Reference Date, see "*Characteristics of the Provisional Portfolio – Geographic Region*".

Interest-only Loans

Each Loan in the Portfolio may be repayable either on a capital repayment basis or an interest-only basis (**Interest-only Loans**) (see "*The Loans"– Repayment Terms* below). The Portfolio contains 59.22% Interest-only Loans, calculated on the basis of the Current Balance of the Portfolio as at the Portfolio Reference Date. Where the Borrower is only required to pay interest during the term of the Loan, with the capital being repaid in a lump sum at the end of the term, it is generally recommended that borrowers ensure that some repayment mechanism such as an investment policy is put in place to ensure that funds will be available to repay the capital at the end of the term. The Seller does not have and the Issuer shall not have the benefit of any investment policies taken out by Borrowers.

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**).

Borrowers of interest-only loans may not make payment of the premiums due on any relevant investment or life policy taken out in relation to repayment of the relevant interest only mortgages in full or on time, which policies may therefore lapse, and/or no further benefits may accrue thereunder. In certain cases, the policy may be surrendered but not necessarily in return for a cash payment and any cash received by the Borrower may not be applied in paying amounts due under the Loan. Thus the ability of such a Borrower to repay an Interest-only Loan at maturity without resorting to the sale of the underlying property depends on such

Borrower's responsibility in ensuring that sufficient funds are available from a given source such as pension policies, Personal Equity Plans (PEPs), Individual Savings Accounts (ISAs) 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 Notes if the resulting Principal Deficiency Ledger entry cannot be cured from Available Revenue Receipts being applied for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments.

As a result of recent UK government attention, borrowers with interest-only loans which are mortgages have been encouraged to switch to a repayment loan, whereby the principal of the loan is repaid over its term. Should a Borrower elect, subject to the consent of the Original Seller or the Legal Title Holder as appropriate and the Servicer, to amend the terms of its Loan from an Interest-only Loan to a Repayment Loan, the relevant Loan would remain with the Issuer as part of the Portfolio, resulting in the Issuer and Noteholders receiving redemption payments on the relevant Loan and the relevant Notes respectively, earlier than would otherwise be the case. See further "*Risk Factors – Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption*" above.

Insurance Policies

The Mortgage Conditions require borrowers to have buildings insurance for the relevant Property. However, it will be difficult in practice for the Servicer and/or the Issuer to determine whether the relevant Borrower has valid insurance in place at any time. The Issuer does not have the benefit of any contingent insurance to cover the risks of a Borrower failing to have buildings insurance but will have the benefit of a policy (**Properties in Possession Cover**), which will give the Issuer certain protection in respect of the risks associated with repossessed properties. However, no assurance can be given that the Issuer will always receive the benefit of any claims made under this insurance contract or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected Property or otherwise cover the losses of the Issuer. This could adversely affect the Issuer's ability to make payment of interest and/or principal in respect of the Notes and payments due in respect of the Certificates

Searches, Investigations and Warranties in Relation to the Loans

Knowledge of matters represented in Loan Warranties

Although the Seller will give certain representations and warranties in respect of the Loans sold by it, the Seller was not the originator of any of the Loans comprised in the Portfolio and has acquired its interest in the Loans and their Related Security under a mortgage portfolio sale agreement entered into on 13 October 2014 by the Original Seller, Commercial First Group Limited and Consilium Airton Limited (the **Mortgage Portfolio Sale Agreement**) in respect of the Loans. The Mortgage Portfolio Sale Agreement contains limited warranties in respect of the Loans and there is no repurchase obligation on any of the Original Seller following breaches of such warranties. The liability of the Original Seller is limited in both amount and duration and is subject to certain minimum threshold amounts. The Seller does not have direct knowledge as to whether certain Loan Warranties (including the Loan Warranties which relate to the origination process) are correct or not. Accordingly since the Seller does not have direct knowledge as to matters relating to the actual origination of the Loans, although the Seller and the Lead Manager have conducted limited due diligence on 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 after the end of the Interim Period there is no ongoing active involvement of the Original Seller to monitor or notify any defect in relation to the circumstances of the Loans. The Servicer will have limited obligations to monitor compliance with the Loan Warranties following the Closing Date and those warranties given by the Original Seller pursuant to the Mortgage Portfolio Sale Agreement as to which please see the section "*Searches, Investigations and Warranties*" below.

To the extent that the Servicer detects any breach of the Loan Warranties or warranties made by the Original Seller the Servicer shall inform the Issuer and the Security Trustee of such breach providing details thereof, please see the section headed "*Servicing Agreement*" below

The Seller did not originate the Loans

Pursuant to the Mortgage Portfolio Sale Agreement, the Original Seller made certain warranties to the Seller in connection with the Loans (the **Originator Warranties**). The Originator Warranties are limited in time and scope and, in particular, only limited warranties were given in relation to the origination of the Loans, the underwriting standards applied to the Loans or that applicable lending criteria were complied with in all cases. The Originator Warranties are more limited than the Loan Warranties given by the Seller.

Neither the Original Seller nor the Seller originated the Loans and therefore no assurance can be given that the Lending Criteria were applied at the time of origination of the Loans or that different criteria were applied.

Servicing during the Interim Period

The Issuer will appoint Pepper (UK) Limited to service the Loans in its capacity as the Servicer pursuant to the Servicing Agreement. The Servicer will sub-delegate certain primary servicing obligations in respect of the Loans comprising the Portfolio to B&B (the **Interim Sub-Servicer**). The Issuer has no contractual nexus with the Interim Sub-Servicer, and, in the event that the Interim Sub-Servicer does not comply with the terms of the Interim Sub-Servicing Agreement, the Issuer will not be able to proceed against the Interim Sub-Servicer directly.

During the Interim Period, the liability of the Servicer to the Issuer is (other than in respect of Interim Servicing Period Direct Obligations) limited to amounts it can recover from the Interim Sub-Servicer for breach of the terms of the Interim Sub-Servicing Agreement. Other than in respect of certain matters (including fraud and wilful default) the liability of the Interim Sub-Servicer is limited in terms of time and amount.

Whilst Pepper (UK) Limited will continue to act as Servicer throughout and after the Interim Period, there will be a difference in the servicing levels and procedures applied in respect of primary servicing of the Loans in the Portfolio during the lifetime of the transaction. It is not envisaged that there will be a materially significant difference in the servicing standards before and after the Transfer Date, although an effect of separate and distinct servicing standards could mean the Issuer and /or the Security Trustee was unable to enforce a higher standard of servicing by the Servicer prior to the Transfer Date. During the Interim Period, the standard of servicing will be set by reference to the standard that is applicable to the Original Seller prior to the relevant Transfer Date and such Loans will continue to be serviced in the manner such Loans were serviced during the 12 months prior to the Closing Date. In addition, the Servicer is required to act in accordance with certain policies of the Original Seller for 12 months after the Interim Period.

The effect of this is that there could be a delay in receipt by the Issuer of Revenue Receipts and Redemption Receipts and/or enforcement proceedings and/or any indemnity payments from, indirectly, the Interim Sub-Servicer, and as a result, the Issuer may have less funds available to it to meet its payment obligations under the Notes and the Certificates.

Fees, costs and expenses of the Servicer

The Issuer will pay the fees, costs and expenses of the Servicer.

The Servicer will be entitled to recover fees, costs and expenses on an ongoing basis (including for the avoidance of doubt, any costs or expenses incurred in relation to any audit in respect of title and security). The fees, costs and expenses of the Interim Sub-Servicer will be payable by the Servicer to the Interim Sub-Servicer on a monthly basis and such fees will be treated as an expense of the Servicer. Any fees, costs and expenses of the Servicer will rank ahead of all amounts payable to Noteholders and Certificateholders (other than in respect of certain subordinated amounts).

Transfer costs

The Interim Sub-Servicer will transfer servicing to the Servicer at the end of the Interim Period. The Issuer will be responsible for these costs to the extent that they relate to the Portfolio. In addition shortly following the Transfer Date, the Servicer may (on behalf of the Issuer) conduct an audit of the title and security in respect of the Loans. Any such costs will (subject to the Servicing Fee Cap) rank ahead of payments to Noteholders and Certificateholders. These costs will rank in priority to payments on the Notes and the Certificates, save to the extent that any such amounts represent Subordinated Servicer Fees.

Servicing transfer may not occur by the Transfer Date or at all.

The terms of the Interim Sub-Servicing Agreement and the Mortgage Portfolio Sale Agreement provide for servicing in respect of the Loans to be transferred or migrated to the Servicer within a maximum period of one year from the Closing Date. The terms of the Interim Sub-Servicing Agreement provide for a detailed migration plan for the transfer of servicing to the Servicer (including the establishment of new collection accounts in the name of the Legal Title Holder). In addition during the Interim Period, the Servicer and the Interim Sub-Servicer will have regular contact to effect such a migration. However no assurance can be given that the migration of primary servicing to the Servicer will occur on or prior to the Transfer Date or at all.

In addition, all migrations of mortgage portfolios carries certain risks, both in relation to the compatibility of IT systems and the physical moving of loan files. Though the migration plan will look to eliminate certain operational risks, there can be no assurance that there will be no disruption in the collection of amounts from Borrowers. Any disruption to the servicing of the Loans, in particular any delay in collecting payments from Borrowers, whether by way of direct debit or otherwise, would have an adverse effect on the ability of the Issuer to make payments under the Notes and the Certificates.

Limitations on certain activities relating to the Loans during and after the Interim Period

Pursuant to the terms of the Mortgage Portfolio Sale Agreement, the Seller (as purchaser of the Loans) has covenanted to effect or refrain from taking certain action in relating to the Loans during the Interim Period and in certain cases for the period of 12 months following the Transfer Date. Both the Servicer and the Issuer (in their separate capacities) have acknowledged and agreed to adhere to the terms of the restrictions set out in the Mortgage Portfolio Sale Agreement.

As above during the Interim Period and for the period of 12 months after the Transfer Date, the Issuer and Servicer will have limitations on the ability to move any standard variable rate and the recovery of any Early Repayment Charges and related fees and costs. The Seller and the Issuer have each confirmed that they will not charge a Borrower any Early Repayment Charges, and, during the Interim Period, the standard variable rate will be set by reference to the Original Seller's standard variable rate. For more information on the rate setting please see "*Risk Factors – Servicing, Third Party Risk and risks relating to the Interim Period*", above

Should there not be an increase in the Standard Variable Rate in a rising interest rate environment, the liabilities of the Issuer under the Notes will increase while the payment flows on the Loan will remain unchanged, which could have an adverse effect on the ability of the Issuer to make payments under Notes and Certificates.

Limitation on increase in Standard Variable Rate

As noted above, the Issuer and the Seller have agreed that any increase in the Standard Variable Rate (for the period of 12 months following the Transfer Date) will be linked solely to and adjusted as a result of any corresponding changes in the BBR, such that any increase in the BBR will permit a corresponding increase in the relevant Standard Variable Rate.

Furthermore, the Seller and the Issuer have each covenanted (for the period of 12 months following the Transfer Date) not to charge any fee or charge which a Borrower is required to pay under the terms of the relevant Loan in the event that such Borrower repays all or any part of the relevant Loan before a specified date (including the fees, costs and expenses of the Servicer in respect of such repayment) (the **Early Repayment Charges**) to Borrowers. Any of the above restrictions could have an adverse effect on the Issuer's ability to make payments under the Notes and the Certificates in a timely fashion.

Flexible Redraws

Certain of the Loans originated by Kensington permit Borrowers (to the extent of previous overpayments – including any overpayments made prior to the Closing Date or in respect of any retentions) either not make any further payments under the loan to the extent the relevant account is in credit or request a Flexible Draw (subject to satisfaction of certain conditions set out in the terms and conditions of the mortgage loan). Any Flexible Draw will be funded by the Issuer from Redemption Receipts, prior to application in accordance with the Pre-Enforcement Redemption Priority of Payments.

The exercise of such rights by Borrowers (in particular where a number of Borrowers have exercised such rights) would have an adverse effect on the amount of funds available to pay interest and other amounts due on the Notes and amounts due in respect of the Certificates.

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 the **Regulation Effective Date**). Residential mortgage lending under the FSMA is regulated by the FCA (which, together with the PRA, was, prior to 1 April 2013, known as the FSA). 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.

A credit agreement is a **Regulated Mortgage Contract** under the FSMA if, at the time it is entered into on or after the Regulation Effective Date, (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 person's spouse, near relative or a borrower with whom the borrower has a relationship which is characteristic of a spouse). In general, buy-to-let credit agreements entered into on or after the Regulation Effective Date should not be Regulated Mortgage Contracts.

On and from the Regulation Effective Date, subject to any exemption, persons carrying on any specified regulated mortgage-related activities by way of business must be authorised under the FSMA. The specified activities currently are: (a) entering into a Regulated Mortgage Contract as lender; (b) administering a Regulated Mortgage Contract (**administering** in this context broadly means notifying borrowers of changes in mortgage payments and/or collecting payments due under the mortgage loan); (c) advising in respect of Regulated Mortgage Contracts; and (d) arranging 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 Originator) 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 Servicer holds 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 Regulated Mortgage Contracts. The Seller and the Issuer are not, and do not propose to be, authorised persons under the FSMA. The Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not carry on the regulated activity of administering Regulated Mortgage Contracts by having them administered pursuant to a servicing agreement by an entity having the required authorisation and permission under the FSMA. If such a servicing agreement terminates, however, 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 the Issuer will only hold beneficial title to the Loans. In the event that legal title is transferred to the Issuer upon the occurrence of a Perfection Event, in respect of consumer credit, 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 the Issuer will have appointed a servicer in respect of the Loans and the Issuer is not expected to grant credit. Consumer credit will likely fall within the exemption under paragraph 55 of the Financial Services and Markets Act 2000 (Exemption) Order 2001; as such the Issuer will not require, and does 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. In addition, on and after the Regulation Effective Date, 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 FSA'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, 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 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.

So as to avoid dual regulation, it is intended that Regulated Mortgage Contracts are not regulated by the CCA. Certain regulations made in 2005 and 2008 under the FSMA are designed to clarify the position in this regard. This exemption only affects credit agreements made on or after the Regulation Effective Date and credit agreements made before the Regulation Effective Date but subsequently changed such that a new contract is entered into on or after the Regulation Effective Date 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 "*Risk Factors – 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). 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, then the Seller will, upon receipt of notice from the Issuer, be solely liable to repurchase the relevant Loans and their Related Security from the Issuer in accordance with the Mortgage Sale Agreement.

Credit agreements that were entered into before the Regulation Effective Date, but are subsequently changed such that a new contract is entered into on or after the Regulation Effective Date, 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 Originator) 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 Servicer to take certain forbearance-related actions (which may not have been contemplated as at the date of this Prospectus or the Transaction Documents) in respect of one or more Loans and their Related Security. No assurance can be made that any such actions will not impact on the Issuer's ability to make payments in full when due on the Notes, although the impact of this will depend on the number of Loans that involve a borrower who experiences payment difficulties.

Changes in the regulatory structure of the United Kingdom's financial services industry came into effect on 1 April 2013 when the new regulator, the FCA, replaced the previous regulator, the FSA, in relation to the regulation of residential mortgage business under the FSMA. It remains to be seen if the FCA may adopt a more stringent approach towards the regulation of residential mortgage business than that adopted by the FSA.

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

In January 2011, HM Treasury announced proposals to enhance consumer protection in the mortgage market. Regulations have been drafted to provide for consumer protection when a mortgage book is sold by a regulated mortgage lender to an unregulated entity. In this regard, it is proposed that the definition of the regulated activity of administering a Regulated Mortgage Contract will be expanded so that any entity which exercises specified rights in relation to Regulated Mortgage Contracts, such as changing interest rates or taking action to repossess a property against a borrower, will be required to be authorised and regulated under the FSMA.

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 come into force on 26 April 2014 with transitional arrangements where, among other things, the borrower does not take on additional borrowing.

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 Originator, the Issuer, 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.

- Under section 75 of the CCA, in certain circumstances the lender is liable to the borrower in relation to misrepresentation and 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 will 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.

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 was fully implemented by 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 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 Original Seller, or any assignee such as the Issuer, to repay amounts received from such borrower. In applying the "unfair relationship" test, the courts are able to consider a wider range of circumstances surrounding the transaction, including the creditor's and the lender's conduct before and after making the agreement. There is no statutory definition of the word "unfair" in the CCA as the intention is for the test to be flexible and subject to judicial discretion and it is therefore difficult to predict whether a court would find a relationship "unfair". However, the word "unfair" is not an unfamiliar term in UK legislation due to the UTCCR (as defined below). The courts may, but are not obliged to, look solely to the CCA 2006 for guidance. The principle of "treating customers fairly" under the FSMA, and guidance published by the FSA and, as of 1 April 2013, the FCA on that principle and by the 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.

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 annual 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 when due.

The Original Seller 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). 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, then the Seller will, upon receipt of notice from the Issuer, be liable to repurchase the relevant Loan(s) and their Related Security from the Issuer.

Mortgage Directive

On 31 March 2011, the European Commission published a proposal for a directive on credit agreements relating to residential immovable property for consumers (the **Mortgage Directive**). The council of the European Union adopted the Mortgage Directive on 28 January 2014 (Directive 2014/17/EU). 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 extends the Consumer Credit Directive (2008/48/EC) to (c) 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 also applies to buy-to-let mortgages.

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 is consulting on the implementation of the Mortgage Directive, proposing, for the most part, to implement the minimum requirements only including, among other things, the exercise of an option to put in place an alternative appropriate framework for the regulation of buy-to-let mortgages. Until the Mortgage Directive is implemented into UK law, it is too early to tell what effect the implementation of the Mortgage Directive into UK law would have on the Seller, the Original Seller, the Issuer and/or the Servicer and their respective businesses and operations.

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 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 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 Originator is permitted to do) is found to be unfair, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower under the loan or any other loan agreement that the borrower has taken with the lender (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.

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 previous regulator, 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 handbook and now in the FCA handbook) came into force. This guide is designed to explain the FCA's policy on how it would use its powers under the 1999 Regulations. 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. Even with changes in regulatory structure in the United Kingdom that came into effect on 1 April 2013, the guidance issued by the FSA previously remains strongly influential until amendments or new guidance is announced by the FCA. Based on enforcement history, the FCA's approach in respect of the regulation of the fairness of mortgage terms appears to be at least as stringent as that previously adopted by the FSA.

MCOB rules for Regulated Mortgage Contracts require that, (a) arrears charges represent a reasonable estimate of the cost of the additional administration required as a result of the borrower being in arrears, and (b) from 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.

In March 2013, The Law Commission and The Scottish Law Commission (together, the **Commissions**) published advice to the UK Government on reforming the UTCCR. The Commissions recommend, among other things, that a term which specifies the main subject matter of the contract, or a price term, should only be exempt from being reviewed as to its fairness if the term is transparent and prominent. The Commissions also recommend that the UTCCR should expressly provide 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. Such reforms are included in the Consumer Rights Bill which was first presented to Parliament in January 2014.

While the CMA and FCA have powers to enforce the UTCCR, it would be for a court to determine their proper interpretation. The extremely broad and general wording of the UTCCR makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the UTCCR may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Loans is found to be unfair for the purpose of the UTCCR, this may adversely affect the ability of the Issuer to make payments to Noteholders on the Notes.

The guidance issued by the FSA (and as of 1 April 2013, the FCA) and the OFT 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 Originator, Seller, the Issuer, the Servicer or their respective businesses and operations.

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. Transitional provisions exist by which certain complaints relating to breach of the Mortgage Code, issued by the Council of Mortgage Lenders, before the Regulation Effective Date may be dealt with by the Ombudsman.

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.

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. 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. However draft amendments to the CPUTR propose to give consumers a right to redress for certain prohibited misleading and aggressive commercial practices, including a right to unwind agreements. This will apply 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, and (b) automatically capitalising a payment shortfall.

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.

Mortgage repossession

A protocol for mortgage repossession cases in England and Wales came into force on 19 November 2008 and a revised protocol for mortgage repossession cases in Northern Ireland came into force on 5 September 2011. Both protocols set 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 the Original Seller or the Legal Title Holder 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.

These protocos and 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.

Consultation Paper on the power of sale and residential property

On 29 December 2009, the Ministry of Justice of the United Kingdom published a consultation paper (entitled 'Mortgages: power of sale and residential property' (CP55/09)) which contains proposals to amend the law to prevent mortgagees from selling residential properties in England and Wales without a court order or the consent of the borrower. It is not known if, and to what extent, these proposals will be enacted in the future as a matter of law. If the proposals are enacted, the ability of the mortgagee to exercise its power of sale in relation to the English Loans may be restricted and this may affect the Issuer's ability to make payments on the Notes when due. This consultation closed on 28 March 2010 and is yet to publish a response or further guidelines.

Potential effects of any additional regulatory changes

No assurance can be given that additional regulatory changes by the CMA, the FCA, the Ombudsman or any other regulatory authority will not arise with regard to the mortgage market in the United Kingdom generally, an Original Seller's particular sector in that market or specifically in relation to an Original Seller. Any such action or developments or compliance costs may have a material adverse effect on the Originator (during the Interim Period), the Interim Sub-Servicer (during the Interim Period), the Issuer, the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full on the Notes when due.

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

On 8 October 2008, the UK Government announced the introduction of a new credit guarantee scheme pursuant to which the UK Government would make available to eligible institutions for an interim period a guarantee of new short and medium term debt issuance to assist in refinancing maturing, wholesale funding obligations as they fall due. The UK Government indicated that certain debt instruments including the Notes were not covered by the guarantee provided under the scheme and, as such, for the avoidance of doubt, the obligations of the Issuer in respect of the Notes are not guaranteed by the UK Government under the above credit guarantee scheme. This scheme was closed to new issuance on 28 February 2010 and the scheme closed upon the expiry of the final guarantee on 26 October 2012. In addition, on 19 January 2009, the UK Government announced the introduction of the asset backed securities guarantee scheme which closed on 31 December 2009. The Notes are not guaranteed by the UK Government under the asset backed securities guarantee scheme. Also, any investment in the Notes does not have the status of a protected claim under the UK Financial Services Compensation Scheme and accordingly, the Notes 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 are available from 1 April 2013. 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 are available from 1 October 2013. 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.

Insolvency legislation in the United Kingdom

The Issuer has represented in the Transaction Documents that it will have its centre of main interests in the United Kingdom and may therefore be subject to the insolvency proceedings under the laws of England and Wales.

Company voluntary arrangement and small companies moratorium

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

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

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

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

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

Security and insolvency considerations

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see "*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 would be subject to administration if it became insolvent. In such circumstances, the primary emphasis may be to rescue the Issuer as a going concern which may lead to the ability to realise the Security being delayed, the value of the Security being impaired and/or conflict with the interests of the Noteholders.

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

While the transaction structure (through the use of limited recourse provisions and non-petition clauses) is designed to minimise the likelihood of the Issuer becoming insolvent, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws 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 Assets (although it should be noted that there is no equivalent concept of recharacterisation of fixed security as floating charges under Scots law). If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets.

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

Liquidation expenses

Prior to the House of Lords' decision in the case of *Re Leyland Daf* [2004] UKHL 9 (**Re Leyland Daf**), the general position was that, in a liquidation of a company, the liquidation expenses ranked ahead of unsecured debts and floating chargees' claims. *Re Leyland Daf* reversed this position so that liquidation expenses could no longer be recouped out of assets subject to a floating charge. However, section 176ZA of the Insolvency Act 1986, which came into force on 6 April 2008, effectively reversed by statute the House of Lords' decision in *Re Leyland Daf.* As a result costs and expenses of a liquidation will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to the approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to rules 4.218A to 4.218E of the Insolvency Rules 1986. In general, the reversal of *Re Leyland Daf* applies in respect of all liquidations commenced on or after 6 April 2008.

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

Risks relating to the Banking Act 2009

The Banking Act 2009 (the **Banking Act**), which came into effect on 21 February 2009, includes (among other things) provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of a UK bank or building society (such as the Issuer Account Bank or the Collection Account Bank). In addition, pursuant to recent amendments made to the Banking Act (which have not yet taken effect and key aspects of which remain unclear), provision has been made for certain tools to be used in respect of a wider range of UK entities, including investment firms and certain banking group companies provided that certain conditions are met. The tools available under the Banking Act include share and property transfer powers (including powers for partial property transfers), certain ancillary powers (including powers to modify certain contractual arrangements in certain circumstances) and two new 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.

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

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

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

As noted above, amendments have been made to the Banking Act, which come into force on 1 August 2014, such that specified stabilisation tools (including the property transfer powers) may be used in respect of certain banking group companies provided certain conditions are met. While the UK authorities provided an exclusion for certain securitisation companies, aspects of the relief are unclear meaning that no assurance can be provided that the Noteholders will not be adversely affected by an action taken under the relevant amended provisions. That said, it should be noted that the UK Government indicated in the context of a previous consultation that it intended to "exclude entities that facilitate capital market arrangements", which should include the Issuer.

Further amendments have been made to the Banking Act (but have not yet taken effect) to introduce a new bail-in tool, which tool would permit the Bank of England in certain circumstances to cancel or modify contracts for the purposes of reducing or deferring liabilities of relevant entities (including UK banks, banking group companies and building societies) and/or to convert liabilities of such entities into different forms. When in force, there can be no assurance that the Noteholders will not be adversely affected by the amendments and/or any action taken under the new bail-in tool. The new bail-in tool may come into force in advance of the implementation of the bank recovery and resolution directive discussed in the paragraph below. Accordingly, it is not yet possible to assess the full impact of the UK bail-in tool on a relevant entity and there can be no assurance that, once it is implemented, the fact of its implementation or the taking of any actions currently contemplated in it would not materially and adversely affect the relevant entity's operating results, financial position and prospects.

Lastly, the European Council has adopted a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms. The directive was published in the Official Journal of the EU on 12 June 2014 and came into force on 2 July 2014. Amongst other things, the directive provides for the introduction of a package of minimum early intervention and resolution-related tools and powers for relevant authorities (including a bail-in tool) and for special rules for cross-border groups. While many of the provisions contained in the directive are similar to provisions in the Banking Act, amendments will be required to the Banking Act to reflect the directive as adopted. Member States have until the end of 2014 to transpose the directive into national law. There can be no assurance that Noteholders will not be adversely affected by an action taken under such national laws, or by any suggestion of such action.

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 (a) Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) 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.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **EU Savings Directive**), Member States are required to provide to the tax authorities of other Member States details of payments of certain interest or similar income paid or secured by a person established in a Member State to or for an individual resident in another Member State or certain limited types of entity established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive (the **Amending Directive**) amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the EU Savings Directive, in particular to include certain additional types of income payable on securities. The Amending Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the EU Savings Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment by the Issuer in respect of the Notes were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer, any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Notes as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

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 and the Certificates.

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 EU Member States (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). 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 would apply 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 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 5I of Regulation (EC) No 1287/2006 are exempt.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially extend to transactions involving shares and certain derivatives, with this initial implementation occurring by 1 January 2016. However, full details are not available and further changes could be made prior to adoption. The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

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

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States; and (ii) certain "foreign passthru payments" in each case where made (a) to certain non-U.S. financial institutions that do not comply with this new reporting regime; or (b) to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. 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 FATCA will affect the amount of any payment received by the ICSDs. 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 paid the ICSDs, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Prospective investors should refer to the section "*Taxation – Foreign Account Tax Compliance Act*".

Withholding Tax

In the event that any withholding or deduction for or on account of any taxes is imposed in respect of payments to Noteholders or Certificateholders of any amounts due under the Notes or Certificates, neither the Issuer nor any other person is obliged to gross up or otherwise compensate Noteholders or Certificateholders for the lesser amounts the Noteholders or Certificateholders will receive as a result of such withholding or deduction. However, in such circumstances, the Issuer will, in accordance with Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) of the Notes, use reasonable endeavours to prevent such an imposition in respect of payments under the Notes and the Certificates.

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 European Economic Area 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 and the Certificates is discussed further under "*United Kingdom Taxation*" below.

Clearance has been obtained in accordance with the non-statutory clearance procedure set out in HMRC's Non-Statutory Business Clearance Guidance confirming that any payments of deferred consideration payable in accordance with the terms of the Certificates are not qualifying annual payments within the meaning of section 899 of the Income Tax Act 2007 such that the Issuer will not be subject to a requirement to deduct income tax (withholding or otherwise) in respect of payments under the Certificates.

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.

It is possible that, prior to the maturity of the Notes, 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 may become payable in Euro; (b) law may allow or require the Notes to be redenominated into Euro and additional measures to be taken in respect of such Notes; 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. 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.

LIBOR

The London Inter-Bank Offering Rate (**LIBOR**) and the Euro Interbank Offered Rate (**EURIBOR**) have been subject to review and are currently subject to various investigations regarding whether the banks that contributed to the British Bankers' Association (the **BBA**) in connection with the calculation of daily LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR for their own benefit. As a result of the review work already undertaken and of the investigations described above, LIBOR and EURIBOR are currently the subject of proposals for reform at both a UK and an EU level and certain reforms have already been adopted, including the replacement of the BBA with the ICE Benchmark Administration Limited (**IBA**) as the new administrator of LIBOR.

Investors should be aware that: (a) actions by the IBA as the new administrator of LIBOR, regulators or law-enforcement agencies may affect LIBOR and EURIBOR (and/or the determinations thereof) in unknown ways, which could adversely affect the value of the Notes, (b) any uncertainty with respect to LIBOR (including in relation to the determination of the rate of interest payable on the Loans) and/or EURIBOR may adversely affect liquidity of the Notes and their market value and (c) it is not possible to ascertain at this time whether any reforms to LIBOR and/or EURIBOR would have the effect of a sudden or prolonged increase or decrease in LIBOR or whether such reforms could have an adverse impact on the value of the Notes and the payment of interest thereunder.

Registered 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 Registered Definitive Notes are required to be issued, a Noteholder who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive a Registered Definitive Note in respect of such holding and may need to purchase a principal amount of Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount).

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

Book-Entry Interests

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

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

Except as noted in the previous paragraphs, payments of principal and interest on, and other amounts due in respect of, the Global Note will be made by the Principal Paying Agent to a nominee of the Common Depositary in the case of the Global Note. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payments 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 "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 Certificates, holders of Book-Entry Interests will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Registered Definitive Notes are issued in accordance with the relevant provisions described herein under "*Terms and Conditions of the Notes*" below. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the 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. No Relevant Party nor any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

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

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

Scottish Referendum

On 18 September 2014, a referendum was held in Scotland on the issue of Scottish independence from the rest of the United Kingdom. The result of the referendum was a majority 'no' vote against Scottish independence. However, in the run-up to the referendum, the main Westminster political parties promised (in the event of a no vote) to devolve to the Scottish Parliament additional legislative powers normally reserved to the UK Parliament, such as welfare and income tax raising powers. As there is currently no consensus between the main Westminster political parties and the Scottish Government on the exact nature of these powers, the impact of this on the Scottish economy and on Scottish political and policy developments is uncertain and may affect some Borrowers' ability to pay amounts when due on the Mortgage Loans originated in Scotland, which may adversely affect payments on the Notes. A consultation paper on the additional devolved powers is expected at the end of October 2014 and a White Paper at the end of November 2014 with a draft Scotland Bill outlining the additional devolved powers to follow in early 2015.

Economic conditions in the Eurozone

Concerns relating to credit risk of sovereigns and of those entities which have exposure to sovereigns have recently intensified. 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 persist 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 the Servicer, the Issuer 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, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Change of Law

The structure of the transaction and, *inter alia*, the issue of the Notes and the ratings which are to be assigned to the Rated Notes and the Class X Certificates 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.

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

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

The changes under CRD IV and Basel III as described above may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes, therefore impacting investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Notes.

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

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

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Lead Manager, the Arranger, the Seller, the Interim Sub-Servicer, or the Servicer makes any representation to any prospective investor or purchaser of the Notes and/or the Certificates regarding the regulatory capital treatment of their investment on the Closing Date, the Transfer Date or at any time in the future.

In particular, investors should be aware of the EU risk retention and due diligence requirements which currently apply, or 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 the position of its note in the relevant priorities of payment, 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 asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

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

With respect to the commitment of the Retention Holder to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer or another relevant party (or, after the Closing Date, by Pepper (UK) Limited in its capacity as the Servicer on the Issuer's behalf), please see the statements set out in the section of this Prospectus headed *"EU Risk Retention"*. 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 Servicer, the Seller, the Arranger nor the Lead Manager or any other party makes any representation that the information described above is sufficient in all circumstances for such purposes.

The EU risk retention and due diligence requirements described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may 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.

CRA Regulation

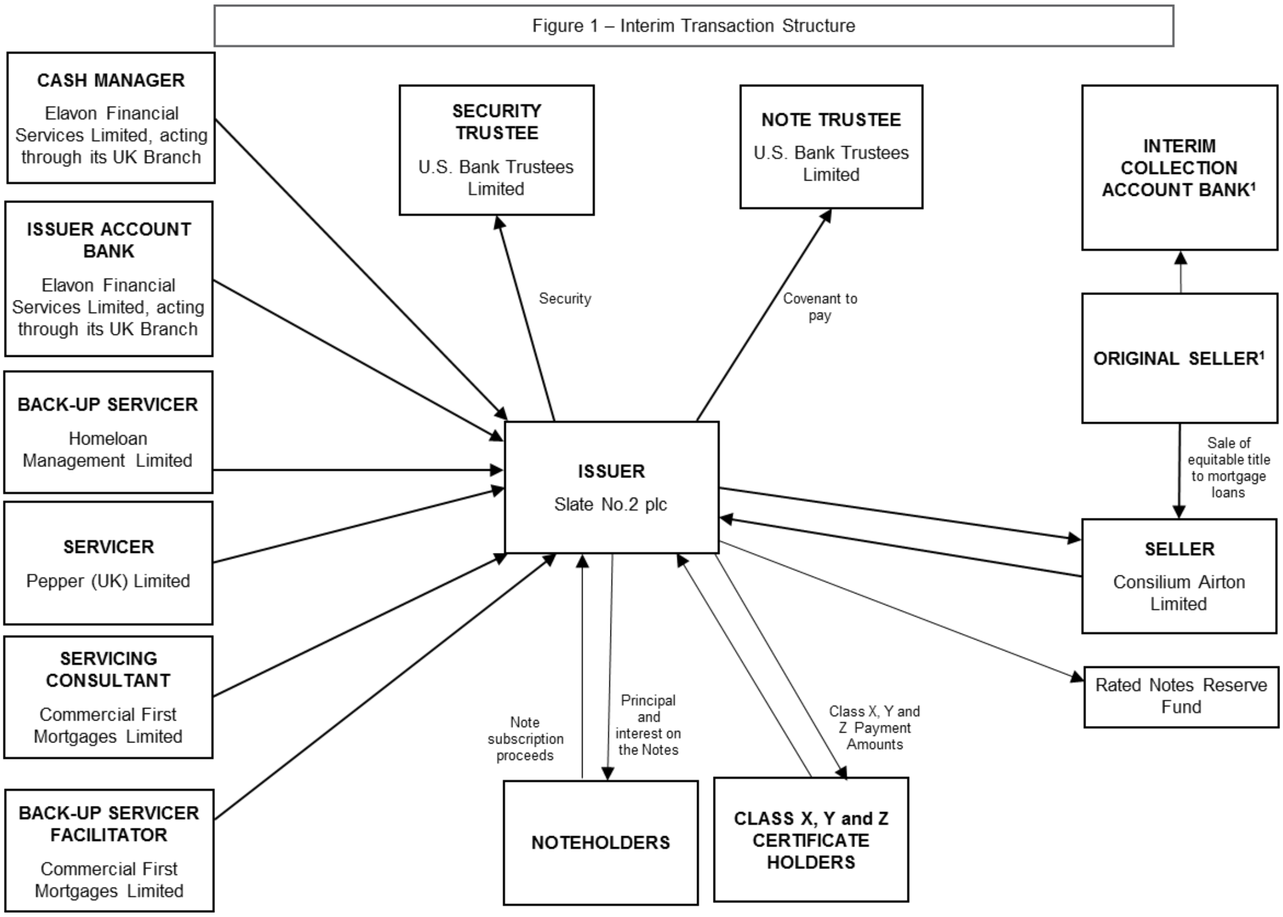
In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended),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

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

STRUCTURE DIAGRAMS

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION ONGOING CASH FLOWS



[1]The Original Seller and the Interim Period Collection Account Bank are not Transaction Parties and are not subject to any of the Transaction Documents.

Figure 2 – Transaction Structure Post-Final Transfer Date

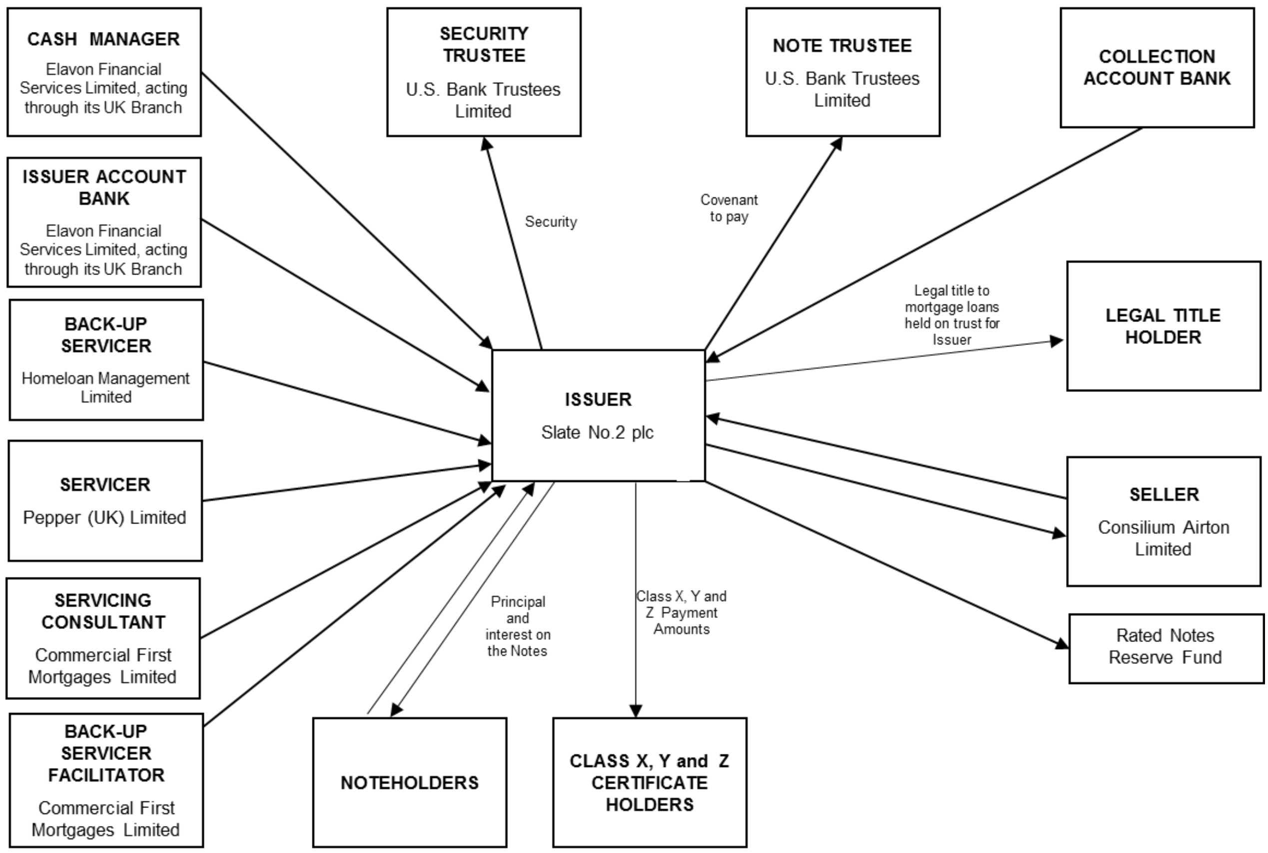
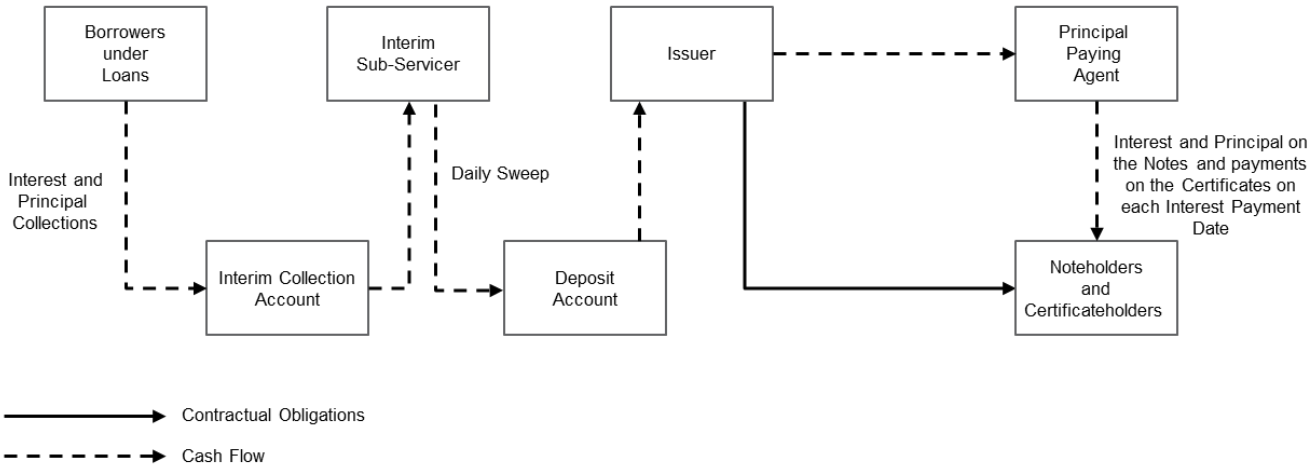
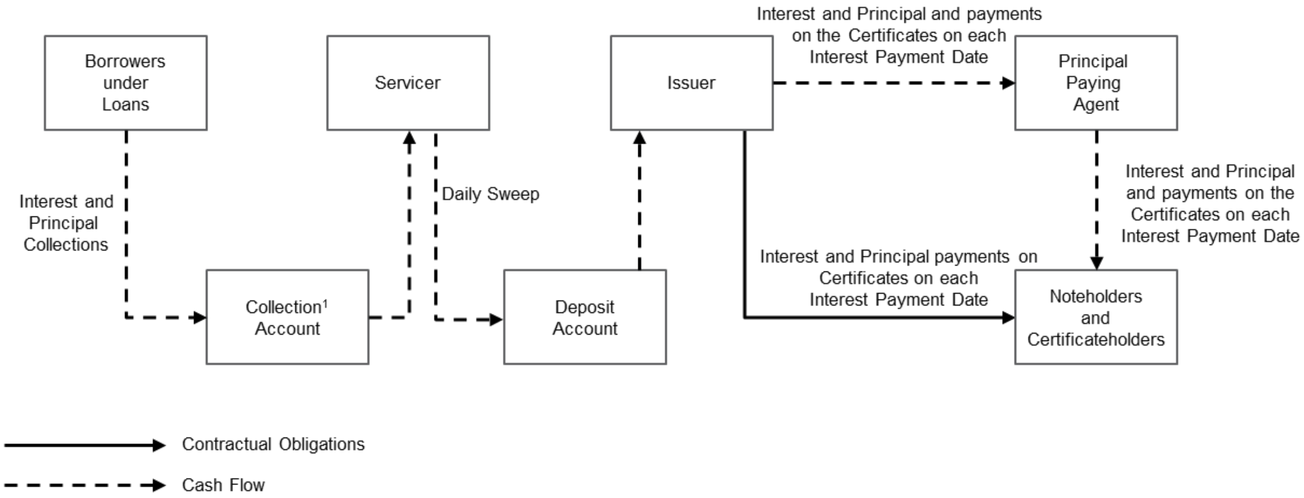


Figure 3 – Cashflow Structure Interim Period



None of the Original Seller, Interim Sub-Servicer or Interim Period Collection Account Bank are parties to the transaction.

Figure 4 – Cashflow Structure Post- Final Transfer Date



[1] Held in the name of the Legal Title Holder

The Issuer will purchase the Portfolio on the Closing Date from the Seller.

OWNERSHIP STRUCTURE DIAGRAM OF THE ISSUER

Figure 3 – Ownership Structure

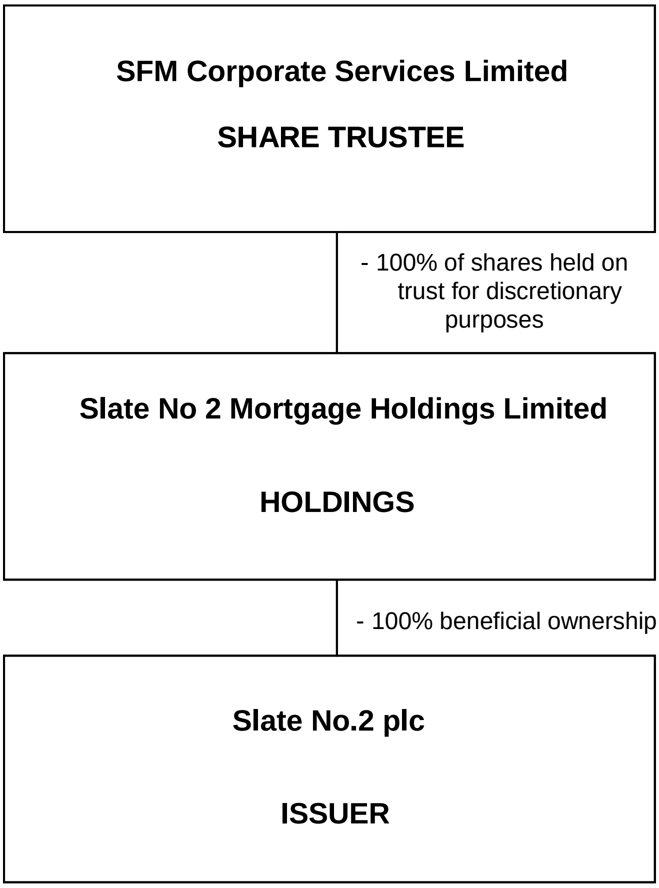


Figure 3 illustrates the ownership structure of the special purpose companies that are parties to the Transaction Documents, as follows:

- 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, Commercial First Group Limited or any member of the group of companies containing the Seller or Commercial First Group Limited.

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 and the Certificates 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.

Details of the Originators have (for ease of reference) been set out in this Section. However the Originators are not Transaction Parties.

Party	Name	Address	Document under which appointed/Further Information
Issuer	Slate No.2 plc	35 Great St. Helen's, London EC3A 6AP	See the section entitled "*The Issuer*" for further information.
Holdings	Slate No.2 Mortgage Holdings Limited	35 Great St. Helen's, London EC3A 6AP	See the section entitled "*Holdings*" for further information.
Legal Title Holder	Trillium Mortgages Limited	35 Great St. Helen's, London EC3A 6AP	On and from the Transfer Date, the Mortgage Sale Agreement. See section entitled "*Description of the Legal Title Holder*".
Seller	Consilium Airton Limited	Jessop House, Jessop Avenue, Cheltenham, Gloucestershire GL50 3WG	See the sections entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*" and "*The Seller*" for further information.
Parent and **Retention Holder**	Commercial First Group Limited	Jessop House, Jessop Avenue, Cheltenham, Gloucestershire GL50 3WG	See the section entitled *"EU Risk Retention Requirements*" for further information.

Servicer	Pepper (UK) Limited	114A Cromwell Road London SW7 4ES	The Servicing Agreement by, *inter alios*, the Issuer, the Seller, the Legal Title Holder and the Security Trustee. See the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*" and "*The Servicer*" for further information.
Back-Up Servicer	Homeloan Management Limited	The Bailey Skipton North Yorkshire BD23 1DN	Back-Up Servicing Agreement by, *inter alios* the Issuer and the Security Trustee. See the section entitled "*Summary of the Key Transaction Documents – Back-Up Servicing Agreement*" and "*The Back-Up Servicer*" for further information.
Servicing Consultant	Commercial First Mortgages Limited	Jessop House Jessop Avenue Cheltenham Gloucester GL50 3WG	Servicing Agreement by, *inter alios* the Issuer and the Security Trustee. See the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*" for further information.
Back-Up Servicer Facilitator	Commercial First Mortgages Limited	Jessop House Jessop Avenue Cheltenham Gloucester GL50 3WG	Servicing Agreement by, *inter alios* the Issuer and the Security Trustee. See the section entitled "*Summary of the Key Transaction Documents – Servicing Agreement*" 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, *inter alios*, the Issuer. See the sections entitled "*Summary of the Key Transaction Documents – Cash Management Agreement*" and "*The Cash Manager*" for further information.

Issuer Account Bank	Elavon Financial Services Limited, acting through its UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR	The Bank Account Agreement by the Issuer, the Issuer Account Bank and the Security Trustee. See the sections entitled "*Summary of the Key Transaction Documents – The Bank Account Agreement*" and "*Issuer Account Bank*" for further information.
Collection Account Bank	Suitably rated institution to be appointed prior to the Transfer Date	Not applicable	The Collection Account Declaration of Trust. See the section entitled "*Summary of the Key Transaction Documents – The Collection Account Declaration of Trust*" for more information.
Security Trustee	U.S. Bank Trustees Limited	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Deed of Charge. See the sections entitled "*Terms and Conditions of the Notes*" and "*The Note Trustee and Security Trustee*" for further information.
Note Trustee	U.S. Bank Trustees Limited	125 Old Broad Street, Fifth Floor, London EC2N 1AR	Trust Deed. See the sections entitled "*Terms and Conditions of the Notes*" and "*The Note Trustee and Security Trustee*" 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. See the section entitled "*Terms and Conditions of the Notes*" for further information.
Registrar	Elavon Financial Services Limited	Block E, Cherrywood Business Park, Loughlinstown, Dublin, Ireland	In respect of the Notes and Certificates, the Agency Agreement, by the Issuer. See the section entitled "*Terms and Conditions of the Notes*" for further information.
Corporate Services Provider	Structured Finance Management Limited	35 Great St. Helen's, London, EC3A 6AP	Corporate Services Agreement by the Issuer, Holdings and the Legal Title Holder. See the section entitled "*The Corporate Services Provider*" for further information.
Share Trustee	SFM Corporate Services Limited	35 Great St. Helen's, London EC3A 6AP	Share Trust Deed by the Share Trustee.

Arranger, Sole Bookrunner and **Lead Manager**	J.P. Morgan Securities plc	25 Bank Street Canary Wharf London E14 5JP	Subscription Agreement. See the section entitled "*Subscription and Sale*" for further information.
The Originators are not a party to any of the Transaction Documents.			
Original Seller	Mortgage Express	PO BOX 88 Croft Road Crossflatts Bingley West Yorkshire BD16 2UA	
	Bradford & Bingley PLC	Croft Road Crossflatts Bingley West Yorkshire BD16 2UA	
Originators and each an **Originator**	Kensington Mortgage Company Limited	2 Gresham Street London EC2V 7QP	
	GMAC-RFC Limited	5 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA	

TRANSACTION OVERVIEW – PORTFOLIO AND SERVICING

DESCRIPTION OF THE PORTFOLIO

*The section below sets out a description of the mortgage loans and their related security comprising the Portfolio originally acquired by Consilium Airton Limited from the Original Seller. On the Closing Date, the Seller will sell its equitable interest in the loans comprising the Portfolio to the Issuer. Please refer to the sections entitled "**Summary of the Key Transaction Documents – Mortgage Sale Agreement**", "**Characteristics of the Provisional Portfolio**" and "**The Loans**" for further detail in respect of the characteristics of the Portfolio and the sale arrangements in respect of the Portfolio.*

Sale of Portfolio:

On the Closing Date pursuant to the Mortgage Portfolio Sale Agreement, the Seller will acquire a portfolio of Loans and their Related Security from the Original Seller.

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

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

Each Loan and its Related Security comprising the Portfolio were originated by the Originators and where applicable later acquired by the Original Seller from the relevant Originator. As such, the Seller has no contractual relationship with any of the Borrowers in respect of any Loan.

The sale by the Seller to the Issuer of each English Loan and its Related Security in the Portfolio will be given effect by an equitable assignment.

The sale by the Seller to the Issuer of each Scottish Loan and its Related Security in the Portfolio will be given effect by an assignation by the Seller of its interest as Beneficiary under the Scottish Trust in favour of the Issuer granted, in relation to the Portfolio on the Closing Date, pursuant to the Mortgage Sale Agreement.

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 and the assignation of such beneficial interest, as applicable. The terms **repurchase** and **repurchased** when used in this Prospectus in connection with a Loan and its Related Security shall be construed to include (A) the repurchase of the equitable interest of the Issuer in respect of such Loan and its Related Security (to the extent that it is an English Loan) and the repurchase of the beneficial interest in respect of such Loan and its Related Security (to the extent that it is a Scottish Loan) under the relevant Scottish Declaration of Trust and (B) the purchase by the Seller of such Loan and its Related Security from the Issuer pursuant to the terms of the Mortgage Sale Agreement.

Prior to the occurrence of a Perfection Event in respect of the Legal Title Holder and prior to the earlier of the Transfer Date or, if earlier, an insolvency event in respect of the Original Seller, notice of the sale of the Loans and their Related Security comprising the Portfolio will not be given to the relevant individual or individuals specified as borrowers in respect of a Loan or the individual or individuals (if any) from time to time assuming an obligation to repay (under a guarantee or otherwise) such Loan or any part of it (collectively, the **Borrowers** and each a **Borrower**) and the Issuer will not apply to the Land Registry or the Registers of Scotland to register or record its equitable or beneficial interest in the English Mortgages or take any steps to complete or perfect its title to the Scottish Mortgages.

During the Interim Period and prior to the occurrence of an insolvency event in respect of the Original Seller, the legal title to each Loan and its Related Security in the Portfolio will be held by the Original Seller on bare trust for the Seller who in turn will hold such interests in the like upon trust for the Issuer (save that, in respect of a Scottish Loan, the Original Seller will hold title under the Scottish Trust the interest in which has been assigned by the Seller to the Issuer). On and following the Transfer Date notice of the transfer of legal title to the Loans and their Related Security to the Legal Title Holder will be sent to the relevant Borrowers, and legal title to the Loans and their Related Security (subject to appropriate registration or recording at the Land Registry or the Registers of Scotland (as appropriate)) will pass to the Legal Title Holder.

Following the Interim Period, the Seller, Issuer and Legal Title Holder agree that legal title in the Loans and their Related Security will be transferred to the Legal Title Holder and held on trust on behalf of the Issuer (including, in respect of any Scottish Loan, under the Scottish Trust). If a Perfection Event occurs in respect of a Legal Title Holder, it shall transfer legal title in respect of the relevant Loans to the Issuer or a nominee of the Issuer to hold on its behalf.

Transfer Date

The Original Seller will transfer legal title in the Loans and their Related Security to the Legal Title Holder on the earlier to occur of (i) the date falling 12 months after the Closing Date, (ii) such other date agreed by the Original Seller and the Seller in accordance with the Mortgage Portfolio Sale Agreement or (iii) the occurrence of an insolvency event in respect of the Original Seller (the **Transfer Date**).

On the Transfer Date the Seller will direct the transfer of legal title to the Loans and their Related Security comprising the Portfolio to the Legal Title Holder.

See the sections entitled "*The Loans*, "*Characteristics of the Portfolio*" and "*The Legal Title Holder*" for further details.

Interim Period

The period of time between the Closing Date and the Transfer Date is referred to as the Interim Period (the **Interim Period**), during which the Original Seller shall hold legal title in the Loans and their Related Security comprising the Portfolio.

Features of the Loans:

The following is a summary of certain features of the Loans comprising the Portfolio as at the Portfolio Reference Date and investors should refer to, and carefully consider, further details in respect of the Loans set out in the sections of this Prospectus entitled "*The Loans*" and "*Characteristics of the*

Provisional Portfolio". The Loans comprise loans to Borrowers and are secured by first priority charges or (in Scotland) first ranking standard securities over freehold, heritable and leasehold properties in England, Wales, and Scotland.

Originators	GMAC-RFC and Kensington		
Number of Sub-Accounts in the Provisional Portfolio	3,555		
	Average	Minimum	Maximum
Current Balance	£114,840.35	£375.80	£820,438.53
	Weighted average	Minimum	Maximum
ICLTV	72.49%	2.93%	89.95%
Seasoning (years)*	7.65	0.04	12.60
Remaining Term (years)*	15.36	1.17	28.17

Consideration: The consideration from the Issuer to the Seller in respect of the sale of the Portfolio shall be: (a) a cash consideration payable on the Closing Date subject to the provisions relating to Consideration Adjustment Payment below; (b) an amount equal to the balance of the Reconciliation Ledger on the Reconciliation Date payable to the Seller prior to the first Interest Payment Date following the Reconciliation Date; and (c) the issue of the Certificates (the **Consideration)**.

The Consideration payable to the Seller shall be calculated to be net of an amount equal to all estimated amounts (comprising estimated Revenue Receipts and Redemption Receipts) received on the Loans and their Related Security comprised in the Portfolio from (and including) the First Cut-Off Date to (but excluding) the Closing Date. The Consideration will be determined on the basis of the Provisional Portfolio as of the Portfolio Reference Date but will be adjusted for certain Loans that are expected to be removed at the request of the Seller (the **Excluded Loans**). As of the date of this Prospectus, the list of Excluded Loans may not have been finalised. A list of Excluded Loans will be provided three Business Days prior to the Closing Date. Pursuant to the terms of the Mortgage Sale Agreement, the Seller and the Issuer have agreed to a reconciliation period after which the cash consideration payable to the Seller may be adjusted as described below.

The following amounts will be withheld from the cash consideration payable to the Seller by the Issuer on the Closing Date: (i) an amount equal

* As at 20 June 2014.

to the Expected Pre-Closing Collections; (ii) an amount equal to the Expected Excluded Balance and (iii) an additional amount (the **Additional Adjustment Amount**). The amounts withheld on account of Expected Pre-Closing Collections will be retained by the Issuer in the Deposit Account and allocated as Revenue Receipts and as Redemption Receipts (as appropriate). The amounts withheld on account of the Expected Excluded Balance will be retained by the Issuer in the Deposit Account and allocated as Redemption Receipts up to the Outstanding Principal Balance of the Expected Excluded Loans on the Portfolio Reference Date and any remainder shall be applied as Revenue Receipts. The Additional Adjustment Amount will be retained by the Issuer in the Deposit Account and credited to a ledger established by the Issuer (the **Reconciliation Ledger**).

On the date being 20 Business Days after the Closing Date (or such other date agreed between the Issuer and the Seller) (the **Reconciliation Date**), the Seller will provide the Issuer with details of (i) the Actual Pre-Closing Collections and (ii) the Actual Excluded Balance.

If:

(a) the Actual Pre-Closing Collections exceeds the Expected Pre-Closing Collections, then amounts in the Deposit Account equal to the excess shall be debited from the Reconciliation Ledger and allocated as Available Revenue Receipts and as Available Redemption Receipts (as appropriate) and if there is any remaining shortfall then the Issuer shall be entitled to receive from the Seller such excess which shall be paid into the Deposit Account and allocated as Available Revenue Receipts and as Available Redemption Receipts (as appropriate);

(b) the Actual Pre-Closing Collections is less than the Expected Pre-Closing Collections, then the Issuer shall be required to apply amounts of Available Revenue Receipts and Available Redemption Receipts (as appropriate) to credit the Reconciliation Ledger in an amount equal to the shortfall;

(c) the Actual Excluded Balance exceeds the Expected Excluded Balance, then amounts in the Deposit Account equal to the excess shall be debited from the Reconciliation Ledger and allocated as Available Redemption Receipts up to the Outstanding Principal Balance of the Relevant Excluded Loans (as at the First Cut-Off Date) and any remainder shall be applied as Available Revenue Receipts and if there is any remaining shortfall then the Issuer shall be entitled to receive from the Seller such excess which shall be paid into the Deposit Account and allocated as Available Redemption Receipts up to the Outstanding Principal Balance (as at the Portfolio Reference Date) of the remaining Relevant Excluded Loans and any remainder shall be applied as Available Revenue Receipts;

(d) the Actual Excluded Balance is less than the Expected Excluded Balance then the Issuer shall be required to apply amounts, equal to the shortfall, of Available Redemption Receipts up to the

Outstanding Principal Balance (as at the Portfolio Reference Date) of the Relevant Excluded Loans and if there is a shortfall remaining, then to apply any Available Revenue Receipts to make up any difference, in each case to credit the Reconciliation Ledger;

Thereafter, any amounts standing to the credit of the Reconciliation Ledger shall then be paid by the Issuer to the Seller and no further Consideration shall be payable by the Issuer to the Seller. The amounts referred to in paragraphs (a) to (d) above are referred to as **Consideration Adjustment Payments**.

The **Actual Pre-Closing Collections** is the Pre-Closing Collections determined on the Reconciliation Date.

The **Expected Pre-Closing Collections** is the amount of Pre-Closing Collections which is estimated on or before the Closing Date as agreed between the Seller and the Issuer.

The **Actual Excluded Balance** is the original purchase price of Loans which are Excluded Loans on the Reconciliation Date.

The **Expected Excluded Balance** is an estimate of the Actual Excluded Balance as estimated on or before the Closing Date and agreed between the Seller and the Issuer.

The **Expected Excluded Loans** means those Loans which are expected to be excluded from the Portfolio as identified to the Seller.

Relevant Excluded Loans means those loans that give rise to a discrepancy between the Actual Excluded Balance and the Expected Excluded Balance

The Additional Adjustment Amount is £8,000,000.

The **Current Balance** of a Loan means, on any date, the aggregate balance of the Loan at such date (but without double counting) including:

(a) the original principal amount advanced to the relevant Borrower secured or intended to be secured by the related Mortgage and which has not been paid, repaid or prepaid by the relevant Borrower; and

(b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has not been paid by the relevant Borrower and which has been properly capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent and added to the amounts secured or intended to be secured by the related Mortgage; and

(c) any other amount (including, for the avoidance of doubt, Accrued Interest and Arrears of Interest) which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent but which is secured or intended to be secured by the related Mortgage, on the basis of the start of day position on such date (which for the avoidance of doubt is inclusive of any interest rate accrual amount relating to the previous month or otherwise that has been applied on such day but is exclusive of any other payments or postings on such date).

The **Outstanding Principal Balance** of a Loan means the aggregate of items (a) and (b) in the definition of Current Balance.

Representations and Warranties:

The Seller will make certain Loan Warranties to the Issuer regarding the Loans and Related Security comprised in the Portfolio on the Closing Date which include the following:.

(a) each Loan is secured by (in the case of English Loans) a first ranking mortgage or charge or (in the case of Scottish Loans) a first ranking standard security;

(b) each Loan was made on the basis of Standard Documentation;

(c) interest on each Loan is payable in accordance with the Mortgage Conditions and monthly in arrear unless as a result of any forbearance;

(d) each Loan was acquired by the Seller (from the Original Seller) and is denominated in Sterling and may not be changed by the Borrower into any other currency;

(e) each Property is located in England, Wales or Scotland; and

(f) as at the Portfolio Reference Date no Loan was in one or more Monthly Subscription in arrears;

(g) prior to the granting of a Further Advance, the Lending Criteria of a relevant Originator were met, subject to certain exemptions on a case by case basis.

Lending Criteria means in respect of a Loan, the lending criteria of the relevant Originator as at the date such Loan was granted or as agreed with the Seller.

See the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties*" for further details.

Repurchase of the Loans and Related Security:

The Seller and Commercial First Group Limited are jointly and severally liable for the repurchase of the relevant Loans and their Related Security upon a material breach of Loan Warranties (which the Seller fails to remedy within the agreed grace period).

Balance Adjustment Payments:

In the event that:

(a) any term which relates to the recovery of interest under the Standard Documentation applicable to a Loan and its Related Security is unfair; or

(b) there has been any breach of or non-observance or non-compliance with any obligation, undertaking, covenant or condition on the part of the Seller or the Original Seller relating to the interest payable by or applicable to a Borrower under any Loan or which would otherwise render any amount due from a Borrower unenforceable or uncollectible,

the Seller or Commercial First Group Limited shall make a payment to the Issuer to compensate the Issuer for the non-recovery of such amounts or the amounts by which the Loan of a Borrower has been written down or adjusted as a result of any compensation or Remediation Receipts due to a Borrower subject to the Seller or Commercial First Group Limited being able to recover such amount from the Original Seller.

The Issuer and the Servicer shall agree to reflect any adjustments to the Current Balance of a Loan where the Issuer has received a corresponding payment from the Seller or Commercial First Group Limited to compensate the Issuer for any such adjustment (each a **Balance Adjustment Payment**). Any Balance Adjustment Payment shall be treated as Available Redemption Receipts.

Further Advances, Ports and Product Switches:

No Further Advances will be made to the Borrowers whether before or after the Transfer Date unless contractually required in accordance with the Mortgage Conditions.

Further Advance means, in relation to a Loan, any advance of further money to the relevant Borrower following the advance of the initial principal amount by the Originator to the relevant Borrower under a Loan (**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.

The Interim Sub-Servicer (acting as a delegate of the Servicer) on behalf of the Issuer will prior to the Transfer Date agree to a Port in accordance with the policies of the Original Seller and, at all times before and after the Transfer Date, if a Port is required in accordance with the terms and conditions of the relevant Mortgage Loan. To the extent that the Port results in the repayment of the existing Loan and the creation of a new Loan such new Loan will be transferred to the Issuer and the Issuer shall apply Redemption Receipts to purchase such new Loan from the Seller. Following the Transfer Date a Port will, unless a contrary requirement is set out in the applicable Mortgage Conditions or there is a gap between the sale of the old Property and the purchase of a new Property in relation to the Loan to be Ported be effected by the Servicer without triggering a redemption of the existing Loan, but will result in a substitution of Security for the relevant Loan. A Port will only be effected if following the completion of the Port there is no increase in the outstanding Current Balance of the relevant Loan and no increase in the LTV of the relevant Loan, or as required in accordance with the Mortgage Conditions or otherwise.

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 whether or not resulting in the creation of a new Mortgage Loan or not.

The Servicer shall not agree to a request for a Product Switch from a Borrower whether before or after the Transfer Date.

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 actual or anticipated 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 in which case such variation will constitute a Product Switch);

(c) imposed by statute;

(d) in the rate of interest payable in respect of a Loan (i) as a result of any variation in the Floating Mortgage Rate or (ii) where the terms of the Mortgage change the rate of interest payable by a Borrower on termination of an interest discount for a fixed period of time or the terms of the Loan otherwise change the interest rate payable;

(e) in the frequency with which the interest payable in respect of the Loan is charged; or

(f) agreed with a Borrower to change the Loan from an Interest-only Loan to a Repayment Loan.

Certain of the Loans permit a Borrower to request (and oblige the relevant legal title holder to agree to) a redrawing where the relevant Borrower has made an earlier overpayment under their Mortgage Loans) (**Flexible Redraw** and the advances made in respect of such Flexible Redraws, a **Flexible Drawing**).

Any Flexible Drawings will be sold by the Seller to the Issuer and will form part of the Portfolio. The Issuer will acquire and following the Transfer Date fund such Flexible Drawings required under the terms and conditions of the Loan in the order approved using Redemption Receipts from time to time.

Consideration for repurchase:

The consideration payable by the Seller or Commercial First Group Limited in respect of the repurchase of an affected Loan and its Related Security shall be equal to the Current Balance of such Loan (disregarding for the purposes of any such calculation (a) any porting in relation to such Loan and (b) to the extent that the Current Balance of such Loan has been reduced as a result of the exercise of any set-off right which the relevant Borrower has against the Original Seller and/or the Legal Title Holder (following the end of the Interim Period), the amount of any such reduction in the Current Balance)) on the relevant date of any such repurchase, plus the Issuer's costs and expenses (if any) associated with the transfer of such Loan and its Related Security to the Seller. See the section entitled "*Summary of the Key Transaction Documents - Repurchase by the Seller*

and/or Commercial First Group Limited – Repurchase price" for further information.

Perfection Events and Transfer Date:	Prior to the completion of the transfer of legal title of the Loans and their Related Security to the Legal Title Holder occurring on the earlier of (i) the occurrence of an insolvency event in relation to an Original Seller and (ii) the Transfer Date, legal title of the Loans and their Related Security will remain with the Original Seller and the Issuer will hold only the equitable title or, in relation to any Scottish Loans and their Related Security, the beneficial interest in those Loans and their Related Security pursuant to each Scottish Declaration of Trust and will therefore be subject to certain risks as set out in the risk factor entitled "*Original Seller to initially retain legal title to the Loans and risks relating to set-off*" in the section entitled "*Risk Factors*". Prior to the occurrence of a Perfection Event in respect of the Legal Title Holder and following the Transfer Date (or if earlier the occurrence of an insolvency event in respect of the Original Seller), the Legal Title Holder will hold the legal title to the Loans and their Related Security in the Portfolio (but excluding any Loan and its Related Security which has been repurchased by the Seller or Commercial First Group Limited) on bare trust for the Issuer (including, in respect of a Scottish Loan, under the Scottish Trust). See "*Perfection Events*" in the section entitled "*Transaction Overview – Triggers Tables – Non-Rating Triggers Table*".
Servicing of the Portfolio – Servicer:	The Servicer agrees to service the Loans and their Related Security on behalf of the Issuer and the Legal Title Holder. 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 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 Servicer may also resign upon the occurrence of a Servicer Resignation Event. A resignation in such circumstances does not require the same notice period as a resignation as described above but is subject to a requirement that the Back-Up Servicer is appointed. See "*Summary of the Key Transaction Documents – Servicing Agreement*" below.
Servicing of the Portfolio – Interim Sub-Servicer:	Pursuant to the terms of the Interim Sub-Servicing Agreement, the Servicer will, during the Interim Period, sub-delegate the servicing of the Loans and their Related Security to the Interim Sub-Servicer. The Servicer will remain responsible to the Issuer and the Security Trustee for the performance by the Interim Sub-Servicer provided that during such Interim Period, the Servicer will (other than in respect of the Services not delegated to the Interim Sub-Servicer) be subject to the standards to which the Interim Sub-Servicer has been servicing all loans owned by the Original Seller (the **Interim Servicing Standards**) and will only be liable to the

extent of any amounts recovered from the Interim Sub-Servicer under the Interim Sub-Servicing Agreement. The appointment of the Interim Sub-Servicer may be terminated by the Servicer (subject to the terms of the Interim Sub-Servicing Agreement) upon the occurrence of an Interim Sub-Servicer Termination Event (see "*Interim Sub-Servicer Termination Event*" in the "*Non-Rating Triggers Table*"), and "*Summary of the Key Transaction Documents —Servicing Agreement*" below.

Servicing Consultant: The Servicing Consultant will be appointed pursuant to the terms of the Servicing Agreement to consult on the Servicer's carrying out of certain functions on behalf of the Issuer in respect of the Loans and their Related Security:

(a) varying any Service Specification;

(b) varying the Enforcement Procedures;

(c) consulting with the Servicer on proposed amendments to the interest rates in respect of the Loans, subject at all times to the terms of the Servicing Agreement and the terms and conditions of the relevant Loans; and

(d) consulting with the Servicer on various matters as set out in the Servicing Agreement.

Although the Servicing Consultant will consult with the Servicer in the performance of certain of the duties of the Servicer under the Servicing Agreement, any decisions as to actions to be taken by the Servicer will be taken by the Servicer itself.

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.

Back-Up Servicer Facilitator: The Back-Up Servicer Facilitator will agree to promptly, following the assumption of the role of servicer by the Back-Up Servicer or on a default by the Back-Up Servicer, use its reasonable endeavours to identify (on behalf of the Issuer) a suitable replacement back-up servicer to act as back-up servicer.

Purchase of Portfolio by Retention Holder: The Retention Holder may, by giving of a written notice to the Issuer, purchase all (but not part) of the Loans and their Related Security on any Interest Payment Date on and following the First Optional Redemption Date.

In connection with the exercise of the Retention Holder Portfolio Purchase Option, the Retention Holder will be required to deposit the full amount of the Retention Holder Portfolio Purchase Option Purchase Price into the Deposit Account on the date of transfer of beneficial title to the Loans being no later than on the day falling two Business Days prior to the Interest Payment Date on which the Notes are to be redeemed or take such other action agreed with the Security Trustee.

It will be a condition for the exercise of the Retention Holder 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) the Issuer, the Legal Title Holder and the Note Trustee 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, the Legal Title Holder or the Security Trustee 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 shall be borne by the Retention Holder.

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

Consideration for purchase by Retention Holder:

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

(a) the aggregate Principal Amount Outstanding of the Rated Notes and the Class F Notes plus accrued and unpaid interest thereon plus the Class X Early Termination Amount and the Class Y Early Termination Amount calculated as at the Interest Payment Date on which the Retention Holder Portfolio Purchase Option is expected to be completed; plus

(b) any fees, costs and expenses of the Issuer payable senior to the Rated Notes and the Class F Notes and the Class X Certificates and the Class Y Certificates and the Class Z Certificates in the relevant Priority of Payments; less

(c) the balance of the Rated Note Reserve Fund (calculated as at the Interest Payment Date on which the Retention Holder Portfolio Purchase Option is expected to be completed),

(the **Retention Holder Portfolio Purchase Option Purchase Price**).

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

Optional Redemption of the Notes for Tax and other Reasons

The Retention Holder may, pursuant to the terms of the Mortgage Sale Agreement, purchase the Loans in respect of any optional redemption of the Notes pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*). The consideration payable by the Retention Holder shall be an amount equal to the consideration that would have been paid in respect of the Retention Holder Portfolio Purchase Option.

Market Sale of Portfolio:

In the event that the Retention Holder does not elect to exercise the Retention Holder Portfolio Purchase Option, the Retention Holder may appoint by giving written notice to the Issuer an agent to act on behalf of the Issuer to sell the Portfolio for the best price then obtainable and for such amount as may be agreed by the Retention Holder, provided that any sale proceeds must be for an amount not less than the price specified in the section entitled "Consideration for Market Purchase" set out below (the **Market Portfolio Purchase**). Any fees of the third party appointed by the Retention Holder shall be for the account of the Retention Holder.

Any third party purchaser of the Portfolio pursuant to the Market Portfolio Purchase will be required to deposit the full amount of the purchase price into the Deposit Account on the date of transfer of the beneficial title to the Loans being no later than on the day falling 2 Business Days before the Interest Payment Date on which the Notes are to be redeemed or take such other action as may be agreed with the Security Trustee (such Interest Payment Date being on or after the First Optional Redemption Date).

It will be a condition of the Market Portfolio Purchase that either (i) the purchaser of the legal (if applicable) and the beneficial title in the Loans being purchased is resident for tax purposes in the United Kingdom, or (ii) each of the Issuer and the Legal Title Holder (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 Legal Title Holder to a risk of loss in consequence of United Kingdom income tax being required to be withheld from amounts paid in respect of the Loans. The costs relating to such tax advice shall be borne by the purchaser of the Mortgage Portfolio.

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

Consideration for market purchase:

The purchase price (net of any Third Party Sale Expenses) payable in respect of the Market Portfolio Purchase shall be an amount no less than the sum of:

(a) the aggregate Principal Amount Outstanding of the Rated Notes and the Class F Notes plus accrued and unpaid interest thereon plus the Class X Early Termination Amount and the Class Y Early Termination Amount and the Class Z Payment (if any) calculated as at the Interest Payment Date on which the Market Portfolio Purchase is expected to be completed; plus

(b) any fees, costs and expenses of the Issuer payable senior to the Rated Notes and the Class F Notes and the Class X Certificates and the Class Y Certificates and the Class Z Certificates in the relevant Priority of Payments; less

(c) the balance of the Rated Note Reserve Fund (calculated as at the Interest Payment Date on which the Market Portfolio Purchase is expected to be completed).

Third Party Sale Expenses means the costs and expenses in relation to the sale of the Loans and their Related Security pursuant to an auction or sale process as directed by the Retention Holder and any third party portfolio manager (including any costs and expenses of the third party portfolio manager).

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

Risk Retention Regulatory Change

The Seller and/or the Retention Holder (or its delegate) shall have the right (but not any obligation) to acquire or re-acquire the entire beneficial interest of the Issuer in the Portfolio upon the occurrence of an Risk Retention Regulatory Change Event in accordance with the terms of Condition 8.5 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*). The price payable by or on behalf of Seller and/or the Retention Holder to the Issuer to acquire the beneficial interest of the entire Portfolio from the Issuer shall be a price equal to the Retention Holder Portfolio Purchase Option Purchase Price on the Business Day prior to re-acquisition.

An exercise of a purchase right in respect of the entire Portfolio following an Risk Retention Regulatory Change Event, is referred to as the Risk Retention Regulatory Change Option.

Following exercise of the Risk Retention Regulatory Change Option, the Issuer will give not more than 40 nor less than 5 Business Days' notice to the Noteholders and the Certificateholders in accordance with Condition 16 (*Notice to Noteholders*) and Certificate Condition 15 (*Notice to Certificateholders*) and the Note Trustee stating that the Notes and Certificates will be redeemed on the Interest Payment Date immediately following the exercise of such option by the Seller.

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

The purchaser of the Loans comprising the Portfolio will be required to deposit the full amount of the Retention Holder Portfolio Purchase Option Purchase Price in the Deposit Account on the date of sale of the beneficial interest in the Loans no later than the day falling 2 Business Days immediately preceding the Interest Payment Date on which the Notes are to be redeemed or take such other action agreed with the Security Trustee. The Retention Holder Portfolio Purchase Option Purchase Price will be held in escrow pending completion of transfer of the beneficial title to the

Retention Holder Portfolio Purchase Option Loans. The full amount of the Retention Holder Portfolio Purchase Option Purchase Price will be applied in accordance with the Priority of Payments on the next following Interest Payment Date.

Risk Retention Regulatory Change Event means any change in or the adoption of any new law, rule or regulation which as a matter of English law has a binding effect on the Retention Holder or the Seller after the Closing Date which would impose a positive obligation on either of them to subscribe for any Notes over and above those required to be maintained by it under its Risk Retention Undertaking.

Risk Retention Regulatory Change Option means the option of the Retention Holder in the Mortgage Sale Agreement to acquire all but not some of the Portfolio following a Risk Retention Regulatory Change Event.

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

FULL CAPITAL STRUCTURE OF THE NOTES AND THE CERTIFICATES

	Class X Certificates	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class Y Certificates	Class F Notes	Class Z Certificates
Principal Amount:	N/A	£330,688,000	£16,330,000	£20,413,000	£18,372,000	£4,082,,000	N/A	£18,373,000	N/A
Credit enhancement features:	Overcollateralisation funded by Notes, Revenue Receipts and the availability of the Rated Note Reserve Fund	Overcollateralisation funded by other Notes, Revenue Receipts and the availability of the Rated Note Reserve Fund	Overcollateralisation funded by other Notes (other than the Class X Certificates and the Class A Notes), Revenue Receipts and the availability of the Rated Note Reserve Fund	Overcollateralisation funded by other Notes (other than the Class X Certificates, the Class A Notes and the Class B Notes) and Revenue Receipts and the availability of the Rated Note Reserve Fund	Overcollateralisation funded by other Notes (other than the Class X Certificates, the Class A Notes, the Class B Notes and the Class C Notes) and Revenue Receipts and the availability of the Rated Note Reserve Fund	Overcollateralisation funded by the Class F Notes and Revenue Receipts the availability of the Rated Note Reserve Fund	Revenue Receipts and, following the service of an Enforcement Notice, all amounts credited to the Rated Note Reserve Fund	Revenue Receipts and following service of an Enforcement Notice, all amounts credited to the Rated Note Reserve Fund	Revenue Receipts and following service of an Enforcement Notice, all amounts credited to the Rated Note Reserve Fund
Liquidity support features	Subordination in payment of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, Class Y Certificates and the Class F Notes and the Class Z Certificates, Available Redemption Receipts applied as Principal Addition Amounts to provide for any Senior Expenses Deficit, and the amounts credited to the Rated Note Reserve Fund	Subordination in payment of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, Class Y Certificates and the Class F Notes and the Class Z Certificates, Available Redemption Receipts applied as Principal Addition Amounts to provide for any Senior Expenses Deficit, and the amounts credited to the Rated Note Reserve Fund	Subordination in payment of the Class C Notes, the Class D Notes, the Class E Notes, Class Y Certificates and the Class F Notes and the Class Z Certificates, the amounts credited to the Rated Note Reserve Fund	Subordination in payment of the Class D Notes, the Class E Notes, Class Y Certificates and the Class F Notes and the Class Z Certificates, the amounts credited to the Rated Note Reserve Fund	Subordination in payment of the Class E Notes, Class Y Certificates and the Class F Notes and the Class Z Certificates, the amounts credited to the Rated Note Reserve Fund	Subordination in payment of the Class Y Certificates and the Class F Notes and the Class Z Certificates,. the amounts credited to the Rated Note Reserve Fund	Subordination in payment of the Class F Notes and the Class Z Certificates	N/A	N/A
Issue Price:	N/A	100%	100%	100%	100%	100%	N/A	100%	N/A
Reference Rate:	N/A	Three Month LIBOR*	Three Month LIBOR*	Three Month LIBOR*	Three Month LIBOR*	Three Month LIBOR*	N/A	Three Month LIBOR*	Residual
Margin/ Payment	Class X Payment	1.10% per annum	1.70% per annum	1.90% per annum	2.50% per annum	3.50% per annum	Class Y Payment	5.00% per annum	Residual
Interest Accrual Method:	N/A	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	N/A	Actual/365 (Fixed)	N/A
Interest Payment Dates:	24th day of January, April, July and October in each year	24th day of January, April, July and October in each year	24th day of January, April, July and October in each year	24th day of January, April, July and October in each year	24th day of January, April, July and October in each year	24th day of January, April, July and October in each year	24th day of January, April, July and October in each year	24th day of January, April, July and October in each year	24th day of January, April, July and October in each year

* Except in respect of the first Interest Period, where the Reference Rate will be the linear interpolation of LIBOR for two and three month deposits in Sterling.

	Class X Certificates	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class Y Certificates	Class F Notes	Class Z Certificates
First Interest Payment Date:	The Interest Payment Date falling in January 2015	The Interest Payment Date falling in January 2015	The Interest Payment Date falling in January 2015	The Interest Payment Date falling in January 2015	The Interest Payment Date falling in January 2015	The Interest Payment Date falling in January 2015	The Interest Payment Date falling in January 2016	The Interest Payment Date falling in January 2015	The Interest Payment Date falling in January 2015
Final Maturity Date/ Final Payment Date:	N/A	The Interest Payment Date falling in October 2044	The Interest Payment Date falling in October 2044	The Interest Payment Date falling in October 2044	The Interest Payment Date falling in October 2044	The Interest Payment Date falling in October 2044	N/A	The Interest Payment Date falling in October 2044	N/A
First Optional Redempti on Date:	N/A	The Interest Payment Date falling in October 2019	The Interest Payment Date falling in October 2019	The Interest Payment Date falling in October 2019	The Interest Payment Date falling in October 2019	The Interest Payment Date falling in October 2019	N/A	The Interest Payment Date falling in October 2019	N/A
Applicatio n for Exchange Listing:	N/A	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	N/A	Irish Stock Exchange	N/A
ISIN:	XS1028939640	XS1028939483	XS10289387 58	XS10289393 01	XS10289391 37	XS10289383 29	XS1028939210	XS1028938832	XS1028938089
Common Code:	102893964	102893948	102893875	102893930	102893913	102893832	102893921	102893883	102893808
Ratings (Moody's/ S&P):	Aaasf/AAA(sf)	Aaasf/ AAA(sf)	Aa1sf/AAsf	Aa3sf/A+sf	Baa2sf//BBB (sf)	Ba3sf/BBB(s f)	Not rated	Not rated	Not rated
Minimum Denomina tion	N/A	£100,000	£100,000	£100,000	£100,000	£100,000	N/A	£100,000	N/A
Governing law of the Notes	English	English	English	English	English	English	English	English	English

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

TRANSACTION OVERVIEW – Overview of the Characteristics of the Notes and the Certificates

Ranking and Form of the Notes:

On the Closing Date, the Issuer will issue the following classes of Notes under the Trust Deed:

- Class A Mortgage Backed Floating Rate Notes due October 2044 (the **Class A Notes**);
- Class B Mortgage Backed Floating Rate Notes due October 2044 (the **Class B Notes**);
- Class C Mortgage Backed Floating Rate Notes due October 2044 (the **Class C Notes**);
- Class D Mortgage Backed Floating Rate Notes due October 2044 (the **Class D Notes**);
- Class E Mortgage Backed Floating Rate Notes due October 2044 (the **Class E Notes**); and
- Class F Mortgage Backed Floating Rate Notes due October 2044 (the **Class F Notes**),

and together, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are the **Rated Notes**. The Rated Notes together with the Class F 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 will be cleared through Euroclear and/or Clearstream, Luxembourg, as set out in "*Description of the Global Notes*" below.

Certificates:

On the Closing Date, the Issuer will also issue the Class X Certificates, the Class Y Certificates and the Class Z Certificates as certificates constituted under the Trust Deed (the **Certificates** and the holders thereof, the **Certificateholders**) representing the right to receive the Class X Payments and the Class Y Payments and the Class Z Payments, as applicable.

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

Sequential Order:

The Class A Notes and the Class X Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and (in respect of the Class A Notes only) principal at all times.

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

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

Notes.

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

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

The Class F Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to all payments under the Class X Certificates, the Rated Notes and the Class Y Certificates.

The Class Z Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest at all times, but subordinate to all payments under the Class X Certificates, the Rated Notes, the Class Y Certificates and the Class F Notes.

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.

Certain amounts due by the Issuer to its other Secured Creditors (and, prior to the service of an Enforcement Notice only, certain unsecured creditors) will rank in priority to all Classes of the Notes and Certificates.

Security:

Pursuant to a deed of charge made between, among others, 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.

Pursuant to the Deed of Charge on the Closing Date, the Notes and Certificates will be secured by, among other things, 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 over) the Issuer's rights, title, interest and benefit in and to the Transaction Documents (other than the Trust Deed, the Deed of Charge, the Scottish Supplemental Charge and the Scottish Declaration of Trust) and any sums derived therefrom;

(b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's interest in the English Loans and their Related Security and other related rights comprised in the Portfolio (other than in respect of Scottish Loans) and any sums derived therefrom;

(c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit to and under the Insurance Policies;

(d) an assignation 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 the Original Seller over such Scottish Loans and their Related Security for the benefit of the Seller pursuant to the Scottish Declaration of Trust and assigned by the Seller to the Issuer pursuant to the Mortgage Sale Agreement);

(e) a charge by way of first fixed charge over the Issuer's interest in its bank and/or securities accounts (including the Deposit Account) maintained with the Issuer Account Bank and any other bank or custodian and any sums or securities standing to the credit thereof;

(f) an assignment by way of first fixed security (and, to the extent not assigned, a charge by way of first fixed charge) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit under the Collection Account Declaration of Trust (created pursuant to the Collection Account Declaration of Trust);

(g) a charge by way of first fixed charge over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf;

(h) an assignment by way of first fixed security (and, to the extent not assigned, a charge by way of first fixed charge over) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit under the Original Sellers Trust (created pursuant to the Original Sellers Declaration of Trust; and

(i) a floating charge over all assets of the Issuer not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security, including 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 the charges referred to above as aforesaid).

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

Interest Provisions: Please refer to the "*Full Capital Structure of the Notes*" table above and as fully set out in Condition 6 (*Interest*).

Deferral: Interest due and payable on the Class A Notes may not be deferred. Interest due and payable on the Notes (other than the Class A Notes) may be deferred in accordance with Condition 16 (*Subordination by Deferral*). Payments on the Class X Certificates are not deferrable, payments on the Class Y Certificates are deferrable in accordance with Certificate Condition 16 (Subordination by Deferral). Payments in respect of the Class Z Certificates are not deferrable as in circumstances where the Issuer has insufficient proceeds available to meet its obligations ranking senior to the Class Z Certificates, the amount due under the Class Z Certificates shall be zero.

Gross-up: None of the Issuer or 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 of the Notes and Cancellation of the Certificates: The Notes and Certificates are subject to the following redemption and cancellation events:

- mandatory redemption in respect of the Notes in whole, and cancellation of the Certificates, on the Interest Payment Date falling in October 2044 (the **Final Maturity Date**), as fully set out in Condition 8.1 (*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 an Enforcement Notice subject to availability of Available Redemption Receipts (to the extent not applied to cover any Senior Expenses Deficit) and 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 and to pay any Class X Early Termination Amount (if applicable), (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, to pay any Class Y Early Termination Amount (if applicable) and (g) seventh, to pay any principal and interest outstanding in respect of the Class F Notes;

- optional redemption exercisable by the Issuer in whole for tax or other reasons (including if it becomes unlawful for the Issuer to allow to remain outstanding any of the Notes or Certificates) 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 8.3 (*Optional Redemption for Taxation or Other Reasons*);

- mandatory redemption in full following the exercise by the Retention Holder of the Retention Holder Call Option or a Market Portfolio Purchase, as fully set out in Condition 8.4); and

- mandatory redemption in full following the exercise by the Seller (or the Retention Holder on its behalf) of the Risk Retention Regulatory Change Option as fully set out in Condition 8.5.

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

Upon all of the Notes being redeemed in full, each of the Class X Certificates, the Class Y Certificates will be cancelled. Such cancellation will result in a payment to the Class X Certificateholders and Class Y Certificateholders of the Class X Early Termination Amount (if any) and the Class Y Early Termination Amount (if any). Following determination by the Security Trustee or the Servicer that no amounts are available to be paid in respect of the Security, the Class Z Notes will be cancelled.

Expected Average Lives of the Notes: The actual average lives of the Notes cannot be stated, as the actual rate of repayment of the 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.

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

- subject to the deferral provisions in Condition 16 (*Subordination by Deferral*), non-payment of interest and/or principal in respect of the Notes and such non-payment continues for a period of three Business Days in the case of interest and five Business Days in the case of principal;
- subject to the deferral provisions, in Certificate Condition 16, failure to pay any amount due in respect of the Certificates and the default continues for more than 3 Business Days;
- breach of any material contractual obligations by the Issuer under the Transaction Documents if such breach is incapable of remedy or, if it is capable of remedy, has not been remedied within the applicable grace period;
- any material representation made by the Issuer is incorrect when given if the matters giving rise to such misrepresentation is incapable of remedy or, if it is capable of remedy, has not been remedied within the applicable grace period; and
- the occurrence of certain insolvency related events in relation to the Issuer.

Following the occurrence of an Event of Default, the Note Trustee may (or if so directed by the Most Senior Class, shall) serve an Enforcement Notice on the Issuer that all Classes of Notes are immediately due and payable provided that the Note Trustee is indemnified and/or prefunded and/or secured to its satisfaction. Following service of an Enforcement Notice to the Issuer, the Security Trustee may enforce the Security.

Limited Recourse and Non-Petition:	The Notes and the Certificates are limited recourse obligations of the Issuer, and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 12.4 (*Limited Recourse*) and Certificate Condition 11.4. In accordance with Condition 12.3 (*Limitations on Enforcement*), no Noteholder or Certificateholder may proceed directly against the Issuer unless the Note Trustee or the Security Trustee, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.
Governing Law:	English law (other than any terms of the Transaction Documents which are particular to Scots law which will be construed in accordance with Scots law).

TRANSACTION OVERVIEW – RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS

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

Prior to an Event of Default:

Prior to the occurrence of an Event of Default, Noteholders or Certificateholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes and/or Certificates then outstanding are entitled to convene a Noteholders' meeting.

However, so long as no Event of Default has occurred and is continuing, the Noteholders and/or Certificateholders are not entitled to instruct or direct the Issuer to take any actions, 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 and/or Certificateholders may, if they hold not less than 25 per cent. of the Principal Amount Outstanding of the Most Senior Class, or if an Extraordinary Resolution of the holders of the Most Senior Class is passed, direct the Note Trustee to give an Enforcement Notice to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued (but unpaid) interest and all Class X Early Termination Amounts and Class Y Early Termination Amounts (if applicable) are immediately due and payable. The Note Trustee shall not be bound to take any such action unless first indemnified and/or prefunded and/or secured to its satisfaction. In addition, Noteholders and/or Certificateholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes and/or Certificates are entitled to convene a Noteholders and/or Certificateholders meeting, as applicable.

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:	Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than one-quarter of the Principal Amount Outstanding of the relevant Class or	Subject to more detailed provisions of the Trust Deed, (a) for an Ordinary Resolution, one or more persons present and holding or representing not less than 10 per cent. of the Principal Amount

	Classes of Notes and/or Certificates then outstanding or in issue, 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 Principal Amount Outstanding of the relevant Class of Notes and/or Certificates of each Class then outstanding or in issue, as applicable. The quorum for passing a Basic Terms Modification shall be one or more persons eligible to attend and vote at such meeting holding or representing in the aggregate not less than three-quarters of the aggregate Principal Amount Outstanding of each Class of Notes or Certificates then outstanding or in issue, as applicable.	Outstanding of the Notes and/or Certificates of such Class then outstanding in issue, as applicable; or (b) for an Extraordinary Resolution, one or more persons present and holding or representing in the aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes and/or Certificates of each Class then outstanding or in issue, as applicable; and (c) for a Basic Terms Modification, one or more persons present and holding or representing not less than 75 per cent. of the any Principal Amount Outstanding of the Notes of and/or Certificates of each Class then outstanding or in issue, as applicable.
Required majority for Ordinary Resolution:	A clear majority (calculated on the basis of their Principal Amount Outstanding) of persons eligible to attend and vote at such meeting and voting upon a show of hands or, if a poll is duly demanded, by a clear majority of the votes	

		cast on such poll (an **Ordinary Resolution**).
	Required majority for Extraordinary Resolution:	Majority consisting of not less than three quarters (calculated on the basis of their Principal Amount Outstanding) 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 (an **Extraordinary Resolution**).
	Required majority for a written resolution:	Not less than three-quarters in aggregate Principal Amount Outstanding of the relevant Class of Notes and/or Certificates then outstanding or in issue. A written resolution has the same effect as an Extraordinary Resolution.

Matters requiring Extraordinary Resolution:

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

- to sanction or to approve a Basic Terms Modification;
- to sanction any compromise or arrangement proposed to be made between, among others, the Issuer or any other party to any Transaction Document;
- to sanction any abrogation, modification, compromise or arrangement in respect of the rights of, among others, the Note Trustee or any other party to any Transaction Document against any other or others of them or against any of their property whether such rights arise under the Trust Deed, any other Transaction Document or otherwise;
- to approve the substitution of any person for the Issuer as principal debtor under the Notes other than in accordance with Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) or Condition 13.19 (*Issuer Substitution Condition*);
- to assent to any modification of the Trust Deed or any other Transaction Document which is proposed by the Issuer or any

other party to any Transaction Document or any Noteholder or Certificateholder, other than those modifications which are sanctioned by the Note Trustee without the consent or sanction of the Noteholders in accordance with the terms of the Trust Deed;

- to direct the Note Trustee to serve an Enforcement Notice;
- to remove the Note Trustee and/or the Security Trustee;
- to approve the appointment of a new Note Trustee and/or Security Trustee;
- to approve the appointment of a substitute Servicer in circumstances where the Servicer has resigned and the appointment of the substitute Servicer in the opinion of the Security Trustee could have an adverse effect on the rating of the Rated Notes and/or the Class X Certificates or if it is not clear to the Security Trustee whether the rating for the Rated Notes and the Class X Certificates will be maintained as the rating before the termination of the Servicer;
- to authorise the Note Trustee, the Security Trustee and/or any Appointee to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- to discharge or exonerate the Note Trustee, Security Trustee and/or any Appointee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- to appoint any persons as a committee to represent the interests of the Noteholders or the Certificateholders and to confer upon such committee any powers which the Noteholders or the Certificateholders could themselves exercise by Extraordinary Resolution;
- to sanction any scheme or proposal for the exchange, sale, conversion or cancellation of the Notes or the Certificates for or partly or wholly in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company or partly or wholly in consideration of cash;
- the amendment of any rating agency trigger levels provided for in any of the Transaction Documents;
- to give any other authorisation or sanction which under the Trust Deed or any other Transaction Document is required to be given by Extraordinary Resolution.

See Condition 12 (*Enforcement*) in the section entitled "*Terms and Conditions of the Notes*" for more detail.

Principal Amount

The Certificates will not have a Principal Amount Outstanding. However,

Outstanding of the Certificates:

for the purposes of the voting and quorum provisions set out in the Conditions, the Certificate Conditions and the Trust Deed any reference to the Principal Amount Outstanding of the Certificates shall be deemed to be a reference to (in respect of the Class X Certificates and the Class Y Certificates) the Early Termination Amount and, where applicable, to Certificateholders having an entitlement to such Early Termination Amount, assuming that the Early Termination Amount became payable on such date and in respect of the Class Z Certificates, at all times be £10,000.

Relationship between Classes of Noteholders and Certificateholders:

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

For the purposes of the voting, meeting and the quorum provisions in the Conditions, Certificate Conditions and the Trust Deed, the Class A Notes and the Class X Certificates shall (other than in respect of a Basic Terms Modification) be treated as a single Class and a resolution shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or by way of a single resolution received by way of consent through the Clearing System(s)) of the holders of the Class A Notes and the Class X Certificates then outstanding or in issue, as applicable.

A Basic Terms Modification requires an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes and/or the relevant affected Class or Classes of Certificates then in issue, as applicable (unless the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the holders of those affected Class of Notes and/or Class of the Certificates, as applicable).

Clearing System means Euroclear and/or Clearstream, Luxembourg and includes in respect of any Note and/or Certificate any clearing system on behalf of which such Note and/or Certificate is held or which is the holder or (directly or through a nominee) registered owner of a Note and/or a Certificate, in either case whether alone or jointly with any other Clearing System(s).

Relationship between Noteholders, Certificateholders and other Secured Creditors:

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

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

Secured Obligations means any and all of the monies and liabilities which the Issuer covenants and undertakes to pay or discharge under the Issuer's covenant to pay as set out in the Deed of Charge.

Relevant Person as Noteholder or Certificateholder:

For certain purposes, including the determination as to whether Notes are deemed outstanding or Certificates are deemed still in issue, for the purposes of convening a meeting of Noteholders or Certificateholders, those Notes or Certificates (if any) which are for the time being held by or on behalf of or for the benefit of the Seller, any Holding Company of any of them or any other subsidiary of either such Holding Company (each such entity a **Relevant Person**), in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding or in issue, except where all of the Notes of any Classes or all of the Certificates or any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Classes of Notes or Certificates (the **Relevant Class of Notes** or the **Relevant Class of Certificates**, as applicable) shall be deemed to remain outstanding or in issue (as the case may be), except that, if there is any other Class of Notes or Class of Certificates ranking senior to the Relevant Class of Notes or the Relevant Class of Certificates and one or more Relevant Persons are not the beneficial owners of all the Notes or Certificates of such senior Class, then the Relevant Class of Notes shall be deemed not to remain outstanding.

Provision of Information to the Noteholders and Certificateholders:

From and including January 2015, the Cash Manager on behalf of the Issuer will publish the monthly investor report detailing, among other things, certain aggregated loan file data in relation to the Portfolio (the **Investor Report**). The Investor Report will be published on the website at usbank.com/abs. In addition loan level information will be provided on a quarterly basis. The loan level information will be published on the website at usbank.com/abs. The website (usbank.com/abs) and the contents thereof do not form part of the 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:

(a) Subject to paragraph (d) below, any notice to Noteholders and/or Certificateholders shall be validly given if published in the *Financial Times*, or, if such newspaper shall cease to be published or, if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom, provided that if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders and

Certificateholders (in each case a **Relevant Screen**), or (ii) paragraph (c) below applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice.

(b) In respect of Notes and/or Certificates in definitive form, notices to Noteholders or Certificateholders will be sent to them by first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail at the respective addresses on the Register. Any such notice will be deemed to have been given on the fourth day after the date of posting.

(c) While the Notes and/or Certificates are represented by Global Notes or Global Certificates, as applicable, notices to Noteholders and/or Certificateholders will be valid if published as described above, or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders and/or Certificateholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid shall be deemed to have been given on the day of such delivery.

(d) In relation to the Notes and Noteholders, so long as the relevant Notes are admitted to trading on, and listed on the official list of, the Irish Stock Exchange 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.

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

TRANSACTION OVERVIEW – CREDIT STRUCTURE AND CASHFLOW

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

Available Funds of the Issuer:

Prior to an Enforcement Notice being served on the Issuer, the Cash Manager on behalf of the Issuer will apply Available Revenue Receipts and Available Redemption Receipts on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Redemption Priority of Payments respectively, 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 or, if in a Determination Period, Calculated Revenue Receipts, in each case, excluding any Reconciliation Amounts to be applied as Available Redemption Receipts on that Interest Payment Date received (i) during the immediately preceding Collection Period, or (ii) if representing amounts received in respect of any repurchases of Loans and their Related Security by the Seller and/or Commercial First Group Limited pursuant to the Mortgage Sale Agreement other than in respect of the Retention Holder Call Option, from but excluding the Monthly Pool Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to and including the immediately preceding Monthly Pool Date or (iii) in respect of the exercise of the Retention Holder Call Option or required market sale of the Portfolio, amounts received from a third party purchaser or amounts received from the Retention Holder, as applicable, to be applied as Revenue Receipts including accrued interest fees costs and expenses for the Issuer and other amounts to be applied as revenue to effect a redemption in full of the Notes pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), Condition 8.4 (*Mandatory Redemption in full pursuant to a Retention Holder Portfolio Purchase or Market Portfolio Purchase*) or Condition 8.5 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*), two Business Days immediately preceding such Interest Payment Date;

(b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Collection Period and income from any Authorised Investments to be received on or prior to the Interest Payment Date;

(c) any amounts standing to the credit of the Rated Note Reserve Fund;

(d) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 6.9(c) (*Determinations and Reconciliation*);

(e) amounts credited to the Deposit Account on the previous Interest Payment Date in accordance with item (r) of the Pre-Enforcement Revenue Priority of Payments;

(f) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Redemption Receipts;

(g) Principal Addition Amounts;

(h) amounts applied in accordance with item (i) of the Pre-Enforcement Redemption Priority of Payments;

(i) any Consideration Adjustment Payments debited by the Issuer from the Reconciliation Ledger and required to be applied as Available Revenue Receipts;

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 (including the Seller) such as (but not limited to):

- certain costs and expenses charged by the Servicer in respect of its servicing of the Loans (including any amounts (up to, in respect of a Collection Period, the Servicing Fee Cap) in order to pay the fees of the Interim Sub-Servicer under the Interim Sub-Servicing Agreement), other than any Base Fee, Regulatory Responsibility Fee, Arrears Fee, Redemption Fee or Boarding Fee and not otherwise covered by the items below;

- payments of certain insurance premiums in respect of the Insurance Policies (to the extent referable to the Loans);

- amounts under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited and such other amounts that have been paid in error or otherwise recalled or such amount as is required by the Collection Account Bank to be credited to a reserve which will set aside an amount for such payments in the collection account of the relevant Legal Title Holder; and

- any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower,

(items within (j) being collectively referred to herein as **Third Party Amounts**);

(k) any tax payments paid or payable by the Issuer during the immediately preceding Collection Period to the extent not funded from amounts standing to the credit of the Issuer Profit Ledger;

(l) (taking into account any amount paid by way of Third Party Amounts) amounts to remedy any overdraft in relation to the Collection Accounts of the Legal Title Holder or to pay any amounts due to the Collection Account Bank in respect of the Loans; and

(m) any Consideration Adjustment Payment required to be applied from Available Revenue Receipts and credited to the Reconciliation Ledger.

Direct Debit means a written instruction of a Borrower authorising its bank to honour a request of the Original Seller or the Legal Title Holder, as applicable, to debit a sum of money on specified dates from the account of the Borrower for deposit into an account of the Legal Title Holder or Original Seller, as applicable.

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

(a) all Redemption Receipts or, if in a Determination Period, any Calculated Redemption 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) if representing amounts received in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller and/or Commercial First Group Limited or amounts paid in lieu of a repurchase of a Loan pursuant to the Mortgage Sale Agreement other than in respect of the Retention Holder Call Option, received by the Issuer from but excluding the Monthly Pool Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to and including the immediately preceding Monthly Pool Date or (iii) in respect of the exercise of the Retention Holder Call Option or required market sale of the Portfolio, amounts received from a third party purchaser or amounts received from the Retention Holder as applicable, to effect a redemption in full of the Notes pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), Condition 8.4 (*Mandatory Redemption in full pursuant to a Retention Holder Portfolio Purchase or Market Portfolio Purchase*) or Condition 8.5 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*), two Business Days prior to such Interest Payment Date;

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

(c) on the Final Rated Notes Redemption Date only, all amounts standing to the credit of the Rated Note Reserve Fund, after first having applied amounts standing to the credit of the Rated Note Reserve Fund as Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date and after amounts have been credited to the Rated Note Reserve Fund in accordance with the Pre-Enforcement Revenue Priority of Payments;

(d) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Redemption Receipts in accordance with Condition 6.9(c) (*Determinations and Reconciliation*);

(e) any Balance Adjustment Payments received from the Seller;

(f) any Consideration Adjustment Payment debited by the Issuer from the Reconciliation Ledger and required to be applied as Available Redemption Receipts; and

(g) any Remediation Receipts not required to be applied to pay a Borrower in respect of a Loan,

less

(h) any Consideration Adjustment Payment required to be applied from Available Redemption Receipts and credited to the Reconcilation Ledger.

First Optional Redemption Date means the Interest Payment Date falling in October 2019.

Final Rated Notes Redemption Date means the Interest Payment Date in respect of which the Cash Manager determines on the immediately preceding Calculation Date that, following the application on such Interest Payment Date of Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, the sum of (i) the Available Redemption Receipts (other than item (c) of the definition thereof) and (ii) all amounts standing to the credit of the Rated Note Reserve Fund would be sufficient to redeem in full the Rated Notes and pay the Class X Early Termination Amount (if any) on such Interest Payment Date, including, as the case may be, as a result of the optional redemption of the Notes pursuant to Conditions 8.3, 8.4 or 8.5.

Pre-Enforcement Priority of Payments means the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Redemption Priority of Payments.

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-Enforcement Revenue Priority of Payments:	Pre-Enforcement Redemption Priority of Payments:	Post-Enforcement Priority of Payments:

(a) Amounts due to the Note Trustee and the Security Trustee and any Appointee thereof including charges, liabilities, fees, costs and expenses

(b) *Pro rata* and *pari passu*: Amounts due to the Agent Bank, the Registrar, the Paying Agent, the Cash Manager, the Servicer (up to the Servicing Fee Cap), the Servicing Consultant (up to the Servicing Fee Cap), the Back-Up Servicer (up to the Back-Up Servicing Fee Cap), the Back-Up Servicer Facilitator (up to the Servicing Fee Cap), the Corporate Services Provider (up to the Corporate Services Provider Fee Cap), the Issuer Account Bank and the Collection Account Bank in each case including all fees and costs

(c) Third party expenses and any Transfer Costs

(d) *Pro rata* and *pari passu* amounts due in respect of the fees and costs due to each Legal Title Holder

(e) Issuer Profit Amount

(f) *Pro* rata and *pari passu*: (i) the Class X Payment due on the Class X Certificates, and (ii) to the interest due on the Class A Notes

(g) Amounts to be credited to the Class A Principal Deficiency Sub-Ledger

(h) *Pro rata* and *pari passu* to the interest due on the Class B Notes

(i) Amounts to be credited to

(a) Principal Addition Amounts to be applied to meet any Senior Expenses Deficit

(b) *Pro rata* and *pari passu: (i)* in the event of an Early Redemption only, amounts due in respect of any Class X Early Termination Amount and (ii) to the principal amounts due on the Class A Notes

(c) *Pro rata* and *pari passu* to the principal amounts due on the Class B Notes

(d) *Pro rata* and *pari passu* to the principal amounts due on the Class C Notes

(e) *Pro rata* and *pari passu* to the principal amounts due on the Class D Notes

(f) *Pro rata* and *pari passu* to the principal amounts due on the Class E Notes

(g) *Pro rata* and *pari passu*, in the event of an Early Redemption only, to amount due in respect of any Class Y Early Termination Amount

(h) *Pro rata* and *pari passu* to the principal amounts due on the Class F Notes

(i) all remaining amounts to be applied as Available Revenue Receipts

(a) Amounts due in respect of the Receiver, the Note Trustee and the Security Trustee, Receiver and any Appointee thereof including charges, liabilities, fees, costs and expenses

(b) *Pro rata* and *pari passu*: Amounts due in respect of the fees and costs of the Agent Bank, the Registrar, the Paying Agent, the Cash Manager, the Servicer (up to the Servicing Fee Cap), the Servicing Consultant (up to the Servicing Fee Cap), the Back-Up Servicer (up to the Back-Up Servicing Fee Cap), the Back-Up Servicer Facilitator (up to the Servicing Fee Cap), the Corporate Services Provider (up to the Corporate Services Provider Fee Cap) the Issuer Account Bank and the Collection Account Bank in each case including all fees and costs

(c) *Pro rata* and *pari passu* amounts due in respect of the fees and costs due to the Legal Title Holder

(d) *Pro rata* and *pari passu: (i)* amounts due in respect of any Class X Early Termination Amount and (ii) to amounts of interest and principal due on the Class A Notes

(e) *Pro rata* and *pari passu* to the amounts of the Class B Principal Deficiency Sub-Ledger

(j) *Pro rata* and *pari passu* to the interest due on the Class C Notes

(k) Amounts to be credited to the Class C Principal Deficiency Sub-Ledger

(l) *Pro rata* and *pari passu* to the interest due on the Class D Notes

(m) Amounts to be credited to the Class D Principal Deficiency Sub-Ledger

(n) *Pro rata* and *pari passu* to the interest due on the Class E Notes

(o) Amounts to be credited to the Class E Principal Deficiency Sub-Ledger

(p) Amounts to be credited to the Rated Note Reserve Fund up to the Rated Note Reserve Fund Required Amount

(q) Amounts to be credited to the Class F Principal Deficiency Sub-Ledger

(r) on any Interest Payment Date falling within a Determination Period, to be credited to the Deposit Account to be applied on the next Interest Payment Date as Available Revenue Receipts

(s) *Pro rata* and *pari passu*: Amounts due to the Servicing Consultant as Subordinated Servicing Consultant Fees, the Servicer as Subordinated Servicing Fees and the Back-Up Servicer Facilitator as Subordinated

interest and principal due on the Class B Notes

(f) *Pro rata* and *pari passu* to the amounts of interest and principal due on the Class C Notes

(g) *Pro rata* and *pari passu* to the amounts of interest and principal due on the Class D Notes

(h) *Pro rata* and *pari passu* to the amounts of interest and principal due on the Class E Notes

(i) *Pro rata* and *pari passu*: Amounts due to the Servicing Consultant (as Subordinated Servicing Consultant Fees) the Servicer (as Subordinated Servicing Fees) and the Back-Up Servicer Facilitator (as Subordinated Back-Up Servicer Facilitator Fees), to the Back-Up Servicer (as Subordinated Back-Up Servicing Fees) and to the Corporate Services Provider (as Subordinated Corporate Services Provider Fees) (including in each case such fees which remain unpaid from a previous Interest Payment Date)

(j) *Pro rata* and *pari passu* the Class Y Early Termination Amount and

(k) *Pro rata* and *pari passu* to the amounts of interest and principal due on the Class F

Back-Up Servicer Facilitator Fees, to the Back-Up Servicer as Subordinated Back-Up Servicing Fees and to the Corporate Services Provider as Subordinated Corporate Services Provider Fees (including in each case any such fees which remain unpaid from a previous Interest Payment Date)

(t) The Class Y Payment due on the Class Y Certificates

(u) *Pro rata* and *pari passu* to the interest payments due on the Class F Notes

(v) The Class Z Payment due on the Class Z Certificates

Notes

(l) Amounts due in respect of any Class Z Payment Amount

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

- the availability of the Rated Note Reserve Fund, funded on the Closing Date by part of the proceeds of the Notes and the Certificates. All amounts standing to the credit of the Rated Note Reserve Fund will be debited from the Rated Note Reserve Fund and will be applied as Available Revenue Receipts on each Interest Payment Date. After the Closing Date, the Rated Note Reserve Fund will be replenished up to the Rated Note Reserve Fund Required Amount in accordance with item (p) of the Pre-Enforcement Revenue Priority of Payments on each Interest Payment Date up to and including the Final Rated Notes Redemption Date from Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments. Amounts standing to the credit of the Rated Note Reserve Fund will be available on each Interest Payment Date to pay items (a) to (o) of the Pre-Enforcement Revenue Priority of Payments. See the section "*Credit Structure – Rated Note Reserve Fund and Rated Note Reserve Fund Ledger*".

  The **Rated Note Reserve Fund Required Amount** means,

  (a) On the Closing Date, an amount equal to 1.00% of the Initial Principal Balance of the Provisional Portfolio;

  (b) From but excluding the Closing Date to (and including) the Interest Payment Date falling in April 2017, an amount equal to 1.70% of the Initial Principal

Balance of the Provisional Portfolio;

(c) From (and excluding) the Interest Payment Date falling in April 2017 to and including the Final Rated Notes Redemption Date, an amount equal to the greater of 2.10% of the Principal Amount Outstanding of the Class A Notes on such Interest Payment Date prior to any redemptions on such Interest Payment Date and 0.25% of the Principal Amount Outstanding of the Class A Notes on the Closing Date,

and on each Interest Payment Date following the Final Rated Notes Redemption Date, zero. On the Closing Date, the Rated Note Reserve Fund Required Amount will be equal to £4,082,574.45.

On the Final Rated Notes Redemption Date only, all amounts standing to the credit of the Rated Note Reserve Fund (after first having applied all amounts standing to the credit of the Rated Note Reserve Fund as Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments and after amounts have been credited to the Rated Note Reserve Fund in accordance with the Pre-Enforcement Revenue Priority of Payments), will be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments;

- a Principal Deficiency Ledger will be established to record as a debit any Losses on the Portfolio and Principal Addition Amounts and record as a credit Available Revenue Receipts applied as Available Redemption Receipts. The Principal Deficiency Ledger will comprise six 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) and the Class F Principal Deficiency Sub-Ledger (relating to the Class F Notes). Any Losses on the Portfolio and/or any Principal Addition Amounts will be recorded as a debit (on the date that the Cash Manager is informed of such Losses by the Servicer or such Principal Addition Amounts are determined by the Cash Manager (as applicable)): (a) first, to the Class F Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class F Notes; (b) second, to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes; (c) third, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes; (d) fourth, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; (e) fifth, to the

Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes and (f) sixth, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes. Investors should note that realised Losses in any period will be calculated after applying any recoveries following enforcement of a Loan firstly to outstanding fees and interest amounts due and payable on the relevant Loan. The Principal Deficiency Ledger will be credited by the amount of any Available Revenue Receipts applied as Available Redemption Receipts in accordance with items ((g), (i), (k), (m), (o) and (q), of the Pre-Enforcement Revenue Priority of Payments. See the section "*Credit Structure – Principal Deficiency Ledger*" below;

- pursuant to item (a) of the Pre-Enforcement Redemption Priority of Payments, to the extent that after application of the Available Revenue Receipts (and for this purpose, without regard to any Principal Addition Amounts) in accordance with the Pre-Enforcement Revenue Priority of Payments and the use of and amounts applied as Available Revenue Receipts from the Rated Note Reserve Fund the Issuer shall apply an amount of Available Redemption Receipts equal to the Senior Expenses Deficit (being unpaid amounts in respect of items (a) to (f) of the Pre-Enforcement Revenue Priority of Payments) (the **Principal Addition Amounts**) as Available Revenue Receipts. Any Available Redemption Receipts applied as Principal Addition Amounts will be recorded as a debit to the Principal Deficiency Ledger; and

- the availability of interest provided by the Issuer Account Bank in respect of monies held in the Issuer Accounts and income from any Authorised Investments (see the section "*Cashflows*" for further details).

Bank Accounts and Cash Management:

On the Closing Date the Issuer will enter into the Bank Account Agreement with the Issuer Account Bank in respect of the opening and maintenance of the Deposit Account.

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

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

TRANSACTION OVERVIEW – TRIGGERS TABLES

Rating Triggers Table

Transaction Party	Required Ratings/Triggers	Possible effects of Trigger being breached include the following:
Issuer Account Bank:	(a) A short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-1 by S&P (if a short-term unsecured, unguaranteed and unsubordinated debt rating is assigned by S&P) and a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A by S&P, or should the Issuer Account Bank not benefit from a short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-1 from S&P, a long-term unsecured, unsubordinated and unguaranteed debt rating of at least A+ by S&P; and (b) a short-term unsecured, unguaranteed and unsubordinated debt rating of at least P-1 by Moody's 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 and/or the Class X Certificates (the **Account Bank Rating**).	If the Issuer Account Bank fails to maintain any of the Account Bank Ratings, then the Issuer (with the assistance of the Cash Manager) shall, within 30 calendar days of such downgrade: (a) close the Deposit Account with such Issuer Account Bank and use all reasonable endeavours to open replacement accounts with a financial institution (i) having the Account Bank Ratings and (ii) which is a bank as defined in section 991 of the Income Tax Act 2007; (b) use all reasonable endeavours to obtain a guarantee of the obligations of such Issuer Account Bank under the relevant Bank Account Agreement from a financial institution which has the Account Bank Ratings; or (c) take any other reasonable action as the Rating Agencies may agree will not result in a downgrade of the Rated Notes and/or the Class X Certificates, in each case as prescribed 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.
Collection Account Bank	(a) A short-term, unsecured, unguaranteed and unsubordinated debt rating of at least A-2 by S&P (if a short-term unsecured, unguaranteed and unsubordinated debt rating is assigned by S&P) and a long-term, unsecured, unguaranteed and unsubordinated debt rating of at least BBB or by	If the Collection Account Bank fails to maintain any of the Collection Account Bank Ratings, then the Servicer shall, within 30 days of such downgrade: assist the Legal Title Holder to: (a) open a replacement collection account in the name of the Legal Title Holder with a financial

S&P, or should the Collection Account Bank not benefit from a short-term, unsecured, unguaranteed and unsubordinated debt rating of at least A-2 by S&P, a long-term unsecured, unguaranteed and unsubordinated debt rating of at least BBB+ by S&P;

(the **Collection Account Bank Rating**).

institution (i) having a rating of at least 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

(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

(c) take any other action as the Rating Agencies may agree will not result in a downgrade of the Rated Notes and/or the Class X Certificate,

in each case as prescribed and within the 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 Instalments 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. There shall be no rating triggers applicable to the Interim Period Collection Account Bank.

Non-Rating Triggers Table

Perfection Events:	Prior to the completion of the transfer of legal title of the Loans to the Issuer, the Issuer will be subject to certain risks as set out in the risk factor entitled "*Original Seller to initially retain legal title to the Loans and risks relating to set-off*" (prior to the Transfer Date) and Legal Title Holder to retain legal title to the Loans on and from the Transfer Date and "Set-off may adversely affect the value of the Portfolio or any part thereof" in the section entitled "*Risk Factors*". Completion of transfer of the legal title of the Loans by the Original Seller to the Legal Title Holder will be completed following the Transfer Date or, if earlier, the occurrence of certain insolvency events in respect of the Original Seller. If applicable, completion of the transfer of legal title to the Loans from the Legal Title Holder to the Issuer or a nominee of the Issuer to hold on its behalf will be completed following the occurrence of a Perfection Date or before the 20th Business Day after the earliest to occur of the following: (a) the Legal Title Holder being required to perfect legal title to the Loans by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Legal Title Holder or by any organisation of which the Legal Title Holder is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders and with whose instructions it is customary for the Legal Title Holder and their Related Security to comply, to perfect legal title to the Loans; (b) it becoming necessary by law to take any or all such actions referred to in paragraph (a) above; (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; (d) the Legal Title Holder calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee; or (e) an Insolvency Event occurring in relation to the Legal Title Holder; or (f) it becoming unlawful in any applicable jurisdiction for the Legal Title Holder to hold legal title in respect of any Loan or its Related Security in the Portfolio, provided that there shall be no perfection of the legal title in the Loans to the Issuer, until the Transfer Date.
Servicer and Servicing Consultant Termination Events:	The appointment of the Servicer or the Servicing Consultant (as applicable) may be terminated by the Issuer (subject to the prior written consent of the Security Trustee) if any of the following events (each a **Servicer Termination Event** or a **Servicing Consultant Termination Event**, as applicable) occurs and is continuing in relation to the relevant party:

(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 15 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following the delivery of an Enforcement Notice) the Security Trustee requiring the same to be remedied;

(b) material non-performance of the other covenants and obligations by the Servicer or the Servicing Consultant for a period of 20 Business Days after the earlier of the Servicer or the Servicing Consultant (as applicable) becoming aware of such default or of receipt by the Servicer or the Servicing Consultant (as applicable) of written notice from the Issuer or (after the delivery of an Enforcement Notice) the Security Trustee requiring the same to be remedied;

(c) an Insolvency Event occurring in respect of the Servicer or the Servicing Consultant (as applicable); or

(d) the Servicer ceasing to be an authorised person under the FSMA or the revocation of an applicable licence, registration or regulatory permission held by it required to perform the Services, other than as a result of or arising out of a change in applicable law.

provided that during the Interim Period the appointment of the Servicer or the Servicing Consultant shall not be terminated unless there has been a termination of the appointment of the Interim Sub-Servicer.

In determining whether to give or withhold consent to the termination of the Servicer by the Issuer, the Security Trustee will have regard to factors it deems relevant (including for this purpose, the availability of a substitute servicer and the effect (including any potential regulatory implications) on the Issuer of not having a servicer in place at any time).

Following termination of the appointment of the Servicer, the Issuer shall appoint the Back-Up Servicer to service the Loans on behalf of the Issuer and the Legal Title Holder.

The Servicer may resign upon giving not less than 18 months' written notice provided that, *inter alia*, a replacement servicer has been appointed by the Issuer (subject to the prior written consent of the Issuer and the Security Trustee).

The Servicer may also resign upon the occurrence of a Servicer Resignation Event. A resignation in such circumstances does not require the same notice period as a resignation as described above but is subject to a requirement that the Back-Up Servicer is appointed. See "*Summary of the key Transaction Documents – Servicing Agreement*" below.

See "*Summary of the Key Transaction Documents – Servicing Agreement*" below.

Interim Sub-Servicer Termination Events:	The appointment of the Interim Sub-Servicer may be terminated by the Servicer at once or at any time thereafter while a default continues pursuant to the terms of the Interim Sub-Servicing Agreement upon the occurrence of certain termination events (the **Interim Sub-Servicer Termination Events**) including non-payment, material breach, insolvency, failing to maintain regulatory approvals and licences and breach of law: The appointment of the Interim Sub-Servicer shall terminate automatically upon the Transfer Date.

TRANSACTION OVERVIEW – FEES

The following table sets out the ongoing fees to be paid by the Issuer during the lifetime of the transaction to the transaction parties and other ancillary fees, taxes and costs.

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing Fees	The fees payable by the Issuer on each Interest Payment Date, subject to there being sufficient Available Revenue Receipts and/or Available Redemption Receipts and payable in each case in accordance with the applicable Priority of Payment, being each of: 1. *The Base Fee*: an amount, in relation to a calendar month, equal to the greater of (a) an amount calculated on the basis of the number of days elapsed in that calendar month and a 365 day year, at a rate of zero point two zero per cent (0.20%) per annum on the aggregate outstanding Current Balance of the Loans, as determined as at the first day of the calendar month; and (b) £14,583.33 (the **Base Fee Floor**) such fee the **Base Fee** 2. *The Regulatory Responsibility Fee*: an amount in relation to each calendar month equal to an amount calculated on the basis of the number of days elapsed in that calendar month and a 365 day year, at a rate of zero point zero three per cent (0.03%) per annum on the aggregate outstanding Current Balance of the Loans, as determined as at the first day of the calendar month (the **Regulatory Responsibility Fee**). 3. *The Arrears Fee*: an amount equal to the product of £40 multiplied by the number of Arrears Loans during the calendar month (the Arrears Fee). 4. *The Redemption Fee*: an amount equal to the product of £100 multiplied by the number of	In relation to fees up to the Servicing Fee Cap, ahead of all outstanding Notes and Certificates. In relation to the Subordinated Servicing Fee, subordinated to all Classes of Notes and Certificates other than the Class Y Certificates, the Class F Notes and the Class Z Certificates. The **Servicing Fee Cap** means 0.25% per annum on the aggregate outstanding Current Balance of the Loans, as determined as at the first day of the Collection Period, and shall be applied in relation to the Servicing Fees exclusive of VAT, multiplied by the number of days in that Collection Period divided by 365. The **Subordinated Servicing Fee** means in any Collection Period the amount by which the servicing fees due in that Collection Period exceed the Servicing Fee Cap for that Collection Period.	Quarterly in arrear on each Interest Payment Date (other than in respect of the Boarding Fee, which shall be due and payable on the Interest Payment Date immediately following the Transfer Date).

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
	redemptions of Loans in whole where the relevant security was released during a calendar month (the **Redemption Fee**). 5. *Boarding Fee*: The Issuer will pay to the Servicer on the Interest Payment Date immediately following the last Transfer Date a boarding fee of £50,000 exclusive of and payable together with VAT (the **Boarding Fee**). in each case, exclusive of VAT. *Uplift of fees*: Each of the Servicing Fees (other than the amount of the Base Fee Floor, the Servicing Fee Cap, the Boarding Fee and the Servicing Consultant Fee) is subject to an annual uplift of: (a) 2.5% on each anniversary of the Servicing Agreement up to and including the tenth anniversary of the Servicing Agreement; and (b) 4% on each anniversary of the Servicing Agreement thereafter, in each case, exclusive of VAT.		
Back-Up Servicing Fees	(a) £30,000 payable upon the entry into the Back-Up Servicing Agreement; and (b) an annual fee equal to the greater of (a) 0.0073 per cent. per annum on the aggregate outstanding Current Balance of the Loans on the basis of the number of days elapsed in an Interest Period and a 365 day year (or 366 in a leap year) on the Current Balance of the Loans as at the preceding Interest Payment Date and (b) £50,000 per annum in each case, exclusive of VAT. in each case, exclusive of VAT	In relation to fees up to the Back-Up Servicing Fee Cap, ahead of all outstanding Notes and Certificates. In relation to the Subordinated Back-Up Servicing Fee, subordinated to all Classes of Notes and Certificates other than the Class Y Certificates, the Class F Notes and the Class Z Certificates. The **Back-Up Servicing Fee Cap** means 0.0073 per	Quarterly in arrear on each Interest Payment Date

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
		cent. per annum on the aggregate outstanding Current Balance of the Loans, as determined as at the first day of the Interest Period, and shall be applied exclusive of VAT, multiplied by the number of days in that Collection Period divided by 365. The **Subordinated Back-Up Servicing Fee** means in any Interest Period the amount by which the back-up servicing fees due in that Interest Period exceed the Back-Up Servicing Fee Cap for that Calculation Period.	
Back-Up Servicer Facilitator Fees	A fee of £20,000 per annum. (exclusive of VAT) payable in respect of the Back-Up Servicer Facilitator's obligations to use reasonable endeavours to find a replacement Servicer and/or Back-Up Servicer in certain circumstances.	Ahead of all outstanding Notes and Certificates up to the Servicing Fee Cap. In relation to the Subordinated Back-Up Servicer Facilitator Fee, subordinated to all Classes of Notes and Certificates other than the Class Y Certificates, the Class F Notes and the Class Z Certificates The **Subordinated Back-Up Servicer Facilitator Fee** means in any Collection Period the amount by which the Back-Up Servicer Facilitator Fees due in that Collection Period exceed the Servicing Fee Cap for that	Quarterly in arrear on each Interest Payment Date

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
		Collection Period.	
Servicing Consultant Fees	A fee of £50,000 each year (exclusive of VAT)	In relation to fees up to the Servicing Fee Cap, ahead of all outstanding Notes and Certificates. In relation to the Subordinated Servicing Consultant Fee, subordinated to all Classes of Notes and Certificates other than the Class Y Certificates and the Class F Notes and the Class Z Certificates The **Subordinated Servicing Consultant Fee** means in any Collection Period the amount by which the Servicing Consultant Fees due in that Collection Period exceed the Servicing Fee Cap for that Collection Period.	Quarterly in arrear on each Interest Payment Date
Other fees and expenses of the Issuer	Estimated at £50,000 each year (exclusive of VAT)	Ahead of all outstanding Notes and Certificates	Quarterly in arrear on each Interest Payment Date
Expenses related to the admission to trading of the Notes.	Estimated at €12,000 (exclusive of VAT).	Ahead of all outstanding Notes and Certificates.	On or about the Closing Date.

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

EU RISK RETENTION REQUIREMENTS

The Retention Holder 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 Capital Requirements Regulation and Article 51 of the AIFM Regulation (which, in each case, does not take into account any corresponding national measures).

As at the Closing Date the retention will be comprised by the Retention Holder acting through its wholly owned subsidiary the Seller holding no less than 5 per cent. of the nominal value of each of the Classes of Notes and Certificates sold or transferred to investors on the Closing Date as required by the text of each of Article 405 of the CRR and Article 51 of the AIFM Regulation. Any change to the manner in which such interest is held will be notified to Noteholders and Certificateholders.

The Retention Holder will undertake to hold the entire share capital of the Seller for so long as the material net economic interest in the securitisation is held by the Seller.

As to the information to be made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Closing Date, to the monthly investor reports provided to the Noteholders and Certificateholders pursuant to the Cash Management Agreement and published on the following website: usbank.com/abs. The website at usbank.com/abs and the contents thereof do not form part of this Prospectus.

The Retention Holder will undertake to (i) the Lead Manager and the Arranger in the Subscription Agreement and (ii) to the Issuer and the Security Trustee in the Mortgage Sale Agreement to:

(a) retain by the Retention Holder acting through its wholly owned subsidiary a material net economic interest of not less than 5 per cent. in the securitisation in accordance with Article 405 of the CRR and Article 51 of the AIFM Regulation; and

(b) comply with the disclosure obligations described in Article 409 of the CRR by confirming the Seller's risk retention as contemplated by Article 405 of the CRR and Article 51 of the AIFM Regulation through the provision of the information in this Prospectus, disclosure in the monthly investor reports (as prepared by the Cash Manager) and procuring provision to the Lead Manager and the Arranger and the Issuer access to any reasonable and relevant additional data and information referred to in Article 409 of the CRR (subject to all applicable laws).

Such undertaking, the **Risk Retention Undertaking**.

Any change to the manner in which such interest is held will be notified to the Noteholders.

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) and Section Five of Chapter III of the AIFM Regulation (including Article 51) and any corresponding national measure which may be relevant and none of the Issuer, the Originators, the Seller, the Cash Manager, the Servicer, the Back-Up Servicer, the Interim Sub-Servicer, the Note Trustee, the Security Trustee, the Arranger or the Lead Manager makes any representation that the information described above or in the Prospectus is sufficient in all circumstances for such purposes.

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*" and the section entitled "*The Loans*".

On the Closing Date, the Seller intends to obtain funding from certain affiliated entities to help finance the acquisition of part of the Retention Notes. It is expected that such funding will be secured over the relevant Retention Notes and be provided to the Seller on a full recourse basis (guaranteed by the Retention Holder). It is further expected that such entities will, at least for a certain period of time, enter into one or more funding transactions with the Lead Manager, an affiliate and/or other parties, again secured over some of the Retention Notes, and provided to such funds on a full recourse basis. For further information please refer to the Risk Factor entitled "*Certain material interests and potential for conflicts*".

ESTIMATED 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 possible average lives of the Notes can be made based on certain assumptions. For example, based on the assumptions (the **Modelling Assumptions**) that:

(a) the Retention Holder exercises the Retention Holder Call Option on the First Optional Redemption Date, in the first scenario, or the Retention Holder does not exercise the Retention Holder Call Option on or after the First Optional Redemption Date, in the second scenario;

(b) the Loans continue to be fully performing and there are no arrears or enforcements;

(c) the Loans are subject to a constant annual rate of prepayment (exclusive of scheduled principal redemptions) of between 0 and 25 per cent. per annum as shown on the table below;

(d) the assets of the Issuer are not sold by the Security Trustee except as may be necessary to enable the Issuer to realise sufficient funds to exercise its option to redeem the Notes in accordance with Condition 8.4 (*Mandatory Redemption in full pursuant to a Retention Holder Portfolio Purchase or Market Portfolio Purchase*);

(e) no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;

(f) there are no Flexible Drawings offered by the Seller and the Seller is not required to repurchase any Loan (including any Flexible Drawing thereon since the Closing Date) in accordance with the Mortgage Sale Agreement;

(g) the Security is not enforced;

(h) there are no reconciliation amounts to consider;

(i) there are no Excluded Loans;

(j) the Loans are sold to the Issuer for value as at the First Cut-Off Date, therefore the accrual of cash flows starts at the First Cut-Off Date;

(k) the First Cut-Off Date is 1st June 2014

(l) the ratio of the Principal Amount Outstanding of the Class A Notes to the Current Balance of the Provisional Portfolio as at the First Cut-Off Date is 81.00% per cent.;

(m) the ratio of the Principal Amount Outstanding of the Class B Notes to the Current Balance of the Provisional Portfolio as at the First Cut-Off Date is 4.00% per cent.;

(n) the ratio of the Principal Amount Outstanding of the Class C Notes to the Current Balance of the Provisional Portfolio as at the First Cut-Off Date is 5.00% per cent.;

(o) the ratio of the Principal Amount Outstanding of the Class D Notes to the Current Balance of the Provisional Portfolio as at the First Cut-Off Date is 4.50% per cent.;

(p) the ratio of the Principal Amount Outstanding of the Class E Notes to the Current Balance of the Provisional Portfolio as at the First Cut-Off Date is 1.00% per cent.;

(q) the Notes are issued on or about 27 October 2014;

(r) the Interest Payment Dates are on 24th day of every January, April, July and October with the first Interest Payment Date being on or about 24th January 2015;

(s) scheduled amortisation is calculated on an individual Loan basis in accordance with the contractual repayment terms of each Loan within the Portfolio and is initially aggregated on monthly basis;

(t) unscheduled amortisation is calculated on an aggregate basis by adjusting the scheduled amortisation in each period by the annualised constant prepayment rate;

(u) the annualised constant prepayment rate consists of both partial and full prepayments of the principal under the Loans;

(v) the prepayments and scheduled payments of the Loans are calculated on an 30/360 basis;

(w) the weighted average lives of the Notes are calculated on an Actual/365 basis; and

(x) there is no debit balance on any of the sub-ledgers of the Principal Deficiency Ledgers on any Interest Payment Date.

The actual characteristics and performance of the Loans are likely to differ from the Modelling Assumptions. The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under various prepayment scenarios. For example, the Issuer does not expect that the Loans will prepay at a constant rate until maturity, or that there will be no defaults or delinquencies on the Loans. Any difference between the Modelling Assumptions and, *inter alia*, the actual prepayment or loss experience on the Loans will affect the redemption profile of the Notes and cause the weighted average lives of the Rated Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated CPR.

CPR means, on any Calculation Date, the annualised principal prepayment rate of all the Loans during the previous Collection Period calculated as follows:

$$1 - ((1 - R) \wedge (12))$$

where R equals the results (expressed as a percentage) of the total principal prepayments received by the Issuer during the immediately preceding Collection Period divided by the aggregate outstanding principal balance of the Loans as at the first day of that Collection Period.

Assuming the occurrence of the Retention Holder Call Option on the First Optional Redemption Date

CPR	**Possible Average Life of Class A Notes (years)**	**Possible Average Life of Class B Notes (years)**	**Possible Average Life of Class C Notes (years)**	**Possible Average Life of Class D Notes (years)**	**Possible Average Life of Class E Notes (years)**
0.0%	4.6	5.0	5.0	5.0	5.0
5.0%	3.8	5.0	5.0	5.0	5.0
7.0%	3.6	5.0	5.0	5.0	5.0
10.0%	3.2	5.0	5.0	5.0	5.0
12.0%	3.0	5.0	5.0	5.0	5.0
15.0%	2.7	5.0	5.0	5.0	5.0
20.0%	2.2	5.0	5.0	5.0	5.0
25.0%	1.8	5.0	5.0	5.0	5.0

Assuming no occurrence of the Retention Holder Call Option

	Possible Average Life of Class A Notes (years)	**Possible Average Life of Class B Notes (years)**	**Possible Average Life of Class C Notes (years)**	**Possible Average Life of Class D Notes (years)**	**Possible Average Life of Class E Notes (years)**
0.0%	10.7	17.3	17.6	18.2	18.6
5.0%	6.5	15.5	16.4	17.2	17.6
7.0%	5.4	13.8	15.4	16.7	17.2
10.0%	4.2	11.7	13.2	15.2	16.4
12.0%	3.6	10.3	11.9	13.9	15.5
15.0%	3.0	8.6	10.1	12.1	13.6
20.0%	2.2	6.6	7.8	9.5	11.1
25.0%	1.8	5.3	6.2	7.7	8.9

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 PURSUANT TO THE RETENTION HOLDER CALL OPTION

The Portfolio may be sold by the Issuer pursuant to the Retention Holder Call Option which will consist of the Retention Holder Portfolio Purchase Option or the Market Portfolio Purchase. The Issuer will undertake not to dispose of the Portfolio in any other circumstances (other than in relation to an enforcement of the Security).

Retention Holder Portfolio Purchase Option

Pursuant to the Mortgage Sale Agreement the Retention Holder has an option (the **Retention Holder Portfolio Purchase Option**) to require the Issuer to (i) sell and transfer to the Retention Holder or its nominee the beneficial title to all Loans and Related Security in the Portfolio (the **Retention Holder Portfolio Purchase Option Loans**); (ii) transfer to the Retention Holder the right to have legal title to the Retention Holder Portfolio Purchase Option Loans and their Related Security; (iii) direct that the Legal Title Holder transfer legal title to the Retention Holder or its nominee specified as such in the Exercise Notice; and (iv) serve all relevant notices and take all steps (including carrying out requisite registrations and recordings) in order to vest legal title in the Retention Holder Portfolio Purchase Option Loans in the Retention Holder or its nominee, in each case subject to the terms of the Mortgage Sale Agreement. Each redemption arising pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), Condition 8.4 (*Mandatory Redemption in full pursuant to the Retention Holder Portfolio Purchase or Market Portfolio Purchase*) or Condition 8.5 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Holder Regulatory Change Option*) is an **Early Redemption** where used in this Prospectus.

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

The Retention Holder Portfolio Purchase Option may be exercised by notice to the Issuer with a copy to the Note Trustee, the Seller, the Legal Title Holder, Moody's and S&P at any time for effect on any Interest Payment Date on or following the First Optional Redemption Date until the Final Maturity Date.

Purchase Price

The purchase price for the Portfolio under the Retention Holder Portfolio Purchase Option shall be an amount (the **Retention Holder Portfolio Purchase Option Purchase Price**) equal to:

(a) the aggregate Principal Amount Outstanding of the Rated Notes and the Class F Notes plus accrued and unpaid interest thereon and the Class X Early Termination Amount and the Class Y Early Termination Amount and the Class Z Payment (if any) calculated as at the Interest Payment Date on which the Retention Holder Portfolio Purchase Option is expected to be completed; plus

(b) any fees, costs and expenses of the Issuer payable senior to the Rated Notes and the Class F Notes and the Class X Certificates and the Class Y Certificates and the Class Z Certificates in the Pre-Enforcement Revenue Priority of Payments; less

(c) the balance standing to the credit of the Rated Note Reserve Fund (calculated as at the Interest Payment Date on which the Retention Holder Portfolio Purchase Option is expected to be completed after such amounts have been applied as Available Revenue Receipts and credited in accordance with the Pre-Enforcement Revenue Priority of Payments).

The Retention Holder or its nominee will be required to deposit the full amount of the Retention Holder Portfolio Purchase Option Purchase Price in the Deposit Account on the date of sale of the beneficial interest in the Loans no later than the day falling 2 Business Days immediately preceding the Interest Payment Date on which the Notes are to be redeemed or take such other action agreed with the Security Trustee. The Retention Holder Portfolio Purchase Option Purchase Price will be held in escrow pending completion of transfer of the beneficial title to the Retention Holder Portfolio Purchase Option Loans. The full amount of the Retention Holder Portfolio Purchase Option Purchase Price will be applied in accordance with the Priority of Payments on the next following Interest Payment Date.

Where the sale to the Retention Holder does not contemplate a transfer of the legal title to the Loan, the exercise of the Retention Holder Portfolio Purchase Option shall be conditional on the consent of the Legal Title Holder to hold legal title on behalf of the Retention Holder or its nominee.

Market Sale of Portfolio

In the event that the Retention Holder elects not to exercise the Retention Holder Portfolio Purchase Option, the Retention Holder may at its option, direct a sale of the Portfolio by directing the Issuer to commit to a Sale of the Portfolio and shall appoint a third party portfolio manager to conduct any such sale on behalf of the Issuer provided that the Issuer and the Security Trustee have been provided with an opinion from an appropriately qualified and experienced United Kingdom tax adviser that neither the process of seeking bids, nor selling the portfolio to successful bidders should cause the Issuer to cease to be taxed in accordance with the Taxation of Securitisation Companies Regulations 2006. The Issuer must confirm that such opinion is satisfactory to it before any third party seeks to obtain initial indications of the sale price for the Portfolio from market participants.

Any third party portfolio manager appointed by the Retention Holder will be appointed on a basis it is incentivised to achieve the best price for the sale of the Loans, taking into account any fees and terms of the portfolio manager) (if such terms are commercially available in the market) to advise it in relation to the sale of the Loans to market participants. The terms of the agreement giving effect to the appointment a portfolio manager in accordance with such tender shall be approved by the Retention Holder.

Any fees, costs and expenses due to the portfolio manager shall be payable by the Retention Holder only and shall not be the due from the Issuer or the Security Trustee.

The Retention Holder may agree the terms of any sale of the Portfolio by the Issuer (acting at the direction of the Retention Holder) provided that the sale of the Portfolio is for an amount not less than the Minimum Portfolio Sale Price.

The Minimum Portfolio Sale Price (the **Minimum Portfolio Sale Price**) shall be equal to an amount not less than:

(a) the aggregate Principal Amount Outstanding of the Rated Notes and the Class F Notes plus accrued and unpaid interest thereon plus the Class X Early Termination Amount and the Class Y Early Termination Amount calculated as at the Interest Payment Date on which the Market Portfolio Purchase is expected to be completed; plus

(b) any fees, costs and expenses of the Issuer payable senior to the Rated Notes and the Class F Notes and the Class X Certificates and the Class Y Certificates and the Class Z Certificates in the Pre-Enforcement Revenue Priority of Payments; less

(c) the amount standing to the credit of the Rated Note Reserve Fund (calculated as at the Interest Payment Date on which or immediately following the date on which the Market Portfolio Purchase is expected to be completed after such amounts have been applied as Available Revenue Receipts and credited in accordance with the Pre-Enforcement Revenue Priority of Payments).

A purchaser of the Loans pursuant to the Market Portfolio Purchase will be required to deposit the full amount of the Minimum Portfolio Sale Price for the Loans into the Deposit Account on the date of transfer of the beneficial title to the Loans no later than 2 Business Days prior to the Interest Payment Date on which the Notes are to be redeemed or take such other action as may be agreed with the Security Trustee. Upon completion of transfer of the beneficial title to the Loans, the purchase price will be applied in accordance with the relevant Priority of Payments on the immediately following Interest Payment Date.

It will be a condition of the sale to a third party 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 and the Legal Title Holder having received tax advice from an appropriately qualified and experienced United Kingdom tax adviser in the form and substance satisfactory to it, or such other comfort as may reasonably be required by it (including, without limitation, any clearance or other confirmation granted by HM Revenue and Customs), is satisfied that sale of legal (if applicable) and beneficial title in the relevant Loans will not expose the Issuer or the Legal Title Holder to a risk of loss in consequence of United Kingdom income tax being required to be withheld from amounts paid in respect of the Loans. The costs relating to such tax advice shall be borne by the purchaser of the Portfolio.

Redemption of Rated Notes and the cancellation of the Certificates

On an Interest Payment Date on which all conditions to completion of the Retention Holder Call Option will have been satisfied, the purchase price will be applied in accordance with the relevant Priorities of Payments and will result in the Rated Notes and the Class F Notes being redeemed in full and any Class X Early Termination Amount and any Class Y Early Termination Amount being paid in full. Any funds remaining after the payment in full of all items ranking prior to such payments will be paid to the Class Z Certificateholders.

Exercise Notice means a notice to be delivered by the Retention Holder in accordance with the Mortgage Sale Agreement to exercise the Portfolio Option.

Optional Redemption Exercise Date means an Interest Payment Date on which a Retention Holder Call Option has occurred.

Optional Redemption for Tax and other Reasons

The Retention Holder may, pursuant to the terms of the Mortgage Sale Agreement, purchase the Loans in respect of any optional redemption of the Notes pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*). The consideration payable by the Retention Holder shall be an amount equal to the consideration that would have been paid in respect of the Retention Holder Portfolio Purchase Option.

Optional Redemption in the event of a Risk Retention Regulatory Change Event

The Seller and/or the Retention Holder (or its delegate) shall have the right (but not any obligation) to acquire or re-acquire the entire beneficial interest of the Issuer in the Portfolio upon the occurrence of a Risk Retention Regulatory Change Event in accordance with the terms of Condition 8.5. The price payable by or on behalf of Seller or the Retention Holder to the Issuer to acquire the beneficial interest of the entire Portfolio from the Issuer shall equal the Retention Holder Portfolio Purchase Option Purchase Price on the Business Day prior to re-acquisition.

Following the Transfer Date, if a Risk Retention Regulatory Change Event (as defined below) occurs, the Seller or the Retention Holder may (but is not obliged to) acquire the entire beneficial interest of all (but not some only) of the Loans comprising the Portfolio for the Retention Holder Portfolio Purchase Option Purchase Price. An exercise of a purchase right in respect of the entire Portfolio following a Risk Retention Regulatory Change Event is referred to as the Risk Retention Regulatory Change Option.

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

The purchaser of the Loans comprising the Portfolio will be required to deposit the full amount of the Retention Holder Portfolio Purchase Option Purchase Price in the Deposit Account on the date of sale of the beneficial interest in the Loans no later than the day falling 2 Business Days immediately preceding the Interest Payment Date on which the Notes are to be redeemed or take such other action agreed with the Security Trustee. The Retention Holder Portfolio Purchase Option Purchase Price will be held in escrow pending completion of transfer of the beneficial title to the Retention Holder Portfolio Purchase Option Loans. The full amount of the Retention Holder Portfolio Purchase Option Purchase Price will be applied in accordance with the Priority of Payments on the next following Interest Payment Date.

Following exercise of the Risk Retention Regulatory Change Option, the Issuer will give not more than 40 nor less than 5 Business Days' notice to the Noteholders and the Certificateholders in accordance with Condition 16 (Notice to Noteholders) and Certificates Condition 15 (Notice to Certificateholders) and the Note Trustee stating that the Notes and Certificates will be redeemed on the Interest Payment Date immediately following the exercise of such option by the Seller.

Risk Retention Regulatory Change Event means any change in or the adoption of any new law, rule or regulation which as a matter of English law has a binding effect on the Retention Holder or the Seller after the Closing Date which would impose a positive obligation on either of them to subscribe for any Notes over and above those required to be maintained by it under its Risk Retention Undertaking.

Risk Retention Regulatory Change Option means the option of the Retention Holder in the Mortgage Sale Agreement to acquire all but not some of the Portfolio following a Risk Retention Regulatory Change Event.

USE OF PROCEEDS

The Issuer will use the gross proceeds of the Notes and the sale of the Certificates on the Closing Date to (i) pay the Consideration payable by the Issuer for the Portfolio to be acquired from the Seller on the Closing Date subject to retention of amounts in respect of the Expected Pre-Closing Collections, the Expected Excluded Balance and the Additional Adjustment Amount, (ii) pay certain fees and expenses of the Issuer incurred in connection with the issue of the Notes and the Certificates on the Closing Date and (iii) to establish the Rated Note Reserve Fund.

The Seller will apply the proceeds received from the Issuer towards purchase of the Portfolio from the Original Seller on the Closing Date.

RATINGS

The Rated Notes and the Class X Certificates, on issue, are expected to be assigned the following ratings by Moody's and S&P. The Class F Notes and the Class Y Certificates and the Class Z Certificates will not be 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 agency if, in its judgement, circumstances so warrant.

Class of Notes or Certificates	**Moody's**	**S&P**
Class X Certificates	Aaasf	AAA(sf)
Class A Notes	Aaasf	AAA(sf)
Class B Notes	Aa1sf	AA(sf)
Class C Notes	Aa3sf	A+(sf)
Class D Notes	Baa2sf	BBB(sf)
Class E Notes	Ba3sf	BBB(sf)

The ratings assigned to the Rated Notes and the Class X Certificates address, *inter alia*:

(a) the likelihood of full and timely payment to the holders of the Class A Notes and Class X Certificates of all payments of interests or other payments on each Interest Payment Date and the likelihood of full and ultimate payment to the holders of the Class B Notes, Class C Notes, Class D Notes and the Class E Notes of all payments of interest due 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 before the Final Maturity Date.

None of the Class F Notes, the Class Y Certificates or the Class Z Certificates are rated.

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

THE ISSUER

Introduction

The Issuer was incorporated in England and Wales on 23 September 2014 (registered number 09232072) as a public limited company under the Companies Act 2006. The registered office of the Issuer is 35 Great St. Helen's, London EC3A 6AP. The telephone number of the Issuer's registered office is +44 (0)20 7398 6300. The authorised share capital of the Issuer comprises 50,000 ordinary shares of £1 each. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each of which one share is fully-paid up and 49,999 shares are quarter-paid and all shares are held by Holdings (see "*Holdings*" below).

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

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

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

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

The Issuer has not engaged, since its incorporation, in any material activities 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 30 November and the first statutory accounts of the Issuer will be drawn up to 30 November 2015.

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

Directors

The directors of the Issuer 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
JP Nowacki	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
Jonathan Keighley	35 Great St. Helen's, London EC3A 6AP	Director
Robert Berry	35 Great St. Helen's, London EC3A 6AP	Director
Helena Whitaker	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
Debra Parsall	35 Great St. Helen's, London EC3A 6AP	Director
Susan Abrahams	35 Great St. Helen's, London EC3A 6AP	Director
Michael Drew	35 Great St. Helen's, London EC3A 6AP	Company Secretary
Jennifer Jones	35 Great St. Helen's, London EC3A 6AP	Company Secretary
JP Nowacki	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 September 2014 (registered number 9232145) 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 one 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.

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

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

Directors

The directors of Holdings and their respective business addresses and 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
JP Nowaki	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
Jonathan Keighley	35 Great St. Helen's, London EC3A 6AP	Director
Robert Berry	35 Great St. Helen's, London EC3A 6AP	Director
Helena Whitaker	35 Great St. Helen's, London EC3A 6AP	Director
Claudia Wallace	35 Great St. Helen's, London EC3A 6AP	Director

Name	Business Address	Principal Activities
JP Nowacki	35 Great St. Helen's, London EC3A 6AP	Director
Vinoy Nursiah	35 Great St. Helen's, London EC3A 6AP	Director
Debra Parsall	35 Great St. Helen's, London EC3A 6AP	Director
Susan Abrahams	35 Great St. Helen's, London EC3A 6AP	Director
Michael Drew	35 Great St. Helen's, London EC3A 6AP	Company Secretary
Jennifer Jones	35 Great St. Helen's, London EC3A 6AP	Company Secretary

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 30 November and the first statutory accounts of Holdings will be drawn up to 30 November 2015.

Holdings has no employees.

THE RETENTION HOLDER

Commercial First Group Limited (**CFGL**) is a private limited company incorporated in England and Wales on 14/06/2002 (registration number 04461471).

It is the parent company of the Commercial First Group which currently provides special servicing solutions for circa £800 million of UK mortgage assets.

CFGL is the sole shareholder of the Seller.

Commercial First Mortgages Limited (the Servicing Consultant) – a wholly owned subsidiary of CFGL - is authorised and regulated by the FCA under registration number 302670 to administer regulated mortgage contracts. The registered office of CFGL is Jessop Avenue, Cheltenham, Gloucester GL50 3WG with trading address of The Vineries, Broughton Hall, Skipton, North Yorkshire BD23 3AE.

THE LEGAL TITLE HOLDER

Introduction

Trillium Mortgages Limited was incorporated in England and Wales on 30 September 2014 with registered number 9242330 as a private limited company under the Companies Act 2006 (as amended). The registered office of the Legal Title Holder is 35 Great St. Helen's, London EC3A 6AP. The issued share capital of the Legal Title Holder 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 of the Legal Title Holder.

The Legal Title Holder was established as a special purpose vehicle or entity for the purposes of holding the legal title to certain of the Loans and their Related Security comprising the Portfolio on and from the Transfer Date. Consilium Airton Limited will purchase the entire beneficial interest in the Portfolio on or about the Closing Date from the Original Seller. On the Transfer Date, the Original Seller will transfer legal title at the direction of Consilium Airton Limited (as directed by the Issuer) to the Legal Title Holder.

The Legal Title Holder has no assets or other resources.

The Legal Title Holder does not have any subsidiaries. The Seller does not own directly or indirectly any of the share capital of the Legal Title Holder.

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

The Legal Title Holder 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 The Legal Title Holder 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
JP Nowacki	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
Jonathan Keighley	35 Great St. Helen's, London, EC3A 6AP	Director

Name	Business Address	Principal Activities
Robert Berrry	35 Great St. Helen's, London, EC3A 6AP	Director
Helena Whitaker	35 Great St. Helen's, London, EC3A 6AP	Director
Claudia Wallace	35 Great St. Helen's, London, EC3A 6AP	Director
JP Nowacki	35 Great St. Helen's, London, EC3A 6AP	Director
Vinoy Nursiah	35 Great St. Helen's, London, EC3A 6AP	Director
Debra Parsall	35 Great St. Helen's, London, EC3A 6AP	Director
Susan Abrahams	35 Great St. Helen's, London, EC3A 6AP	Director
Jennifer Jones	35 Great St. Helen's, London, EC3A 6AP	Company Secretary
Michal Drew	35 Great St. Helen's, London, EC3A 6AP	Company Secretary

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

The accounting reference date of the Legal Title Holder is 30 November and the first statutory accounts of the Legal Title Holder will be drawn up to 30 November 2015.

The Legal Title Holder has no employees.

THE SELLER

The Seller was incorporated in England and Wales on 17 September 2014 (registered number 9222270) as a private limited company under the Companies Act 2006. The Seller is a wholly-owned subsidiary of Commercial First Group Limited. The registered office and principal place of business of the Seller are Jessop House, Jessop Avenue, Cheltenham, Gloucestershire, GL50 3WG and the Vineries, Broughton Hall, Skipton, North Yorkshire BD23 3AE respectively. The issued share capital of the Seller comprises of one ordinary share of £1, which is owned by Commercial First Group Limited.

The Seller has acquired from the Original Seller, certain residential mortgage loans and their related security (including the Portfolio) originated by the Originator pursuant to the terms of the Mortgage Portfolio Sale Agreement.

THE SERVICER

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

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

Pepper (UK) Limited has servicer ratings of RPS2, RSS2+, and RMS2 by Fitch Ratings Limited.

The registered office of Pepper (UK) Limited is at 114a Cromwell Road, London SW7 4ES.

THE SERVICING CONSULTANT AND THE BACK-UP SERVICER FACILITATOR

The role of Servicing Consultant and the Back-Up Servicer Facilitator will be performed by Commercial First Mortgages Limited; a FCA Regulated mortgage servicer which currently provides special servicing solutions for over £800 million of UK mortgage assets, as well as offering a full suite of asset management services for UK loan portfolios.

The Servicing Consultant will be appointed pursuant to the terms of the Servicing Agreement to consult on servicing strategies in relation to the Portfolio to assist smooth transition for Borrowers. Primarily, the Servicing Consultant shall consult with the Servicer on the following functions on behalf of the Issuer in respect of the Loans and their Related Security;

(a) varying any Service Specification;

(b) varying the Enforcement Procedures; and

(c) consulting with the Servicer on proposed amendments to the interest rates in respect of the Loans, subject at all times to the terms of the Servicing Agreement and the terms and conditions of the relevant Loans; and

(d) various other matters as set out in the Servicing Agreement.

The Back-Up Servicer Facilitator will be appointed pursuant to the terms of the Servicing Agreement to use their reasonable endeavours to appoint a new Servicer or Back-Up Servicer if required.

The Servicing Consultant and the Back-Up Servicer Facilitator is a wholly owned subsidiary of Commercial First Group Limited and a sister entity of the Seller.

THE ORIGINAL SELLER

Mortgage Express

Mortgage Express is a private unlimited company incorporated in England and Wales under the Companies Act 1985 on 18 July 1989.

Mortgage Express (formerly known as Burginhall 351 Limited, Bradford & Bingley Mortgages Limited and Bradford & Bingley Mortgages) is a wholly owned subsidiary of Bradford & Bingley plc.

The registered office of Mortgage Express is at PO BOX 88, Croft Road, Crossflatts, Bingley, West Yorkshire, BD16 2UA, United Kingdom. Although Mortgage Express is party to the Mortgage Portfolio Sale Agreement, Mortgage Express did not originate any of the Loans comprising the Portfolio.

The Originators

Kensington Mortgages Company Limited

The information in this section in relation to Kensington Mortgages Company Limited has been obtained from the prospectus for Residential Mortgage Securities 27 Plc dated 24 October 2013 and has not been verified by Kensington Mortgages Company Limited.

Kensington Mortgage Company Limited (**KMC**) is a company incorporated under the laws of England and Wales (registration number 03049877) on 26 April 1995, having its registered office at 2 Gresham Street, London EC2V 7QP. It is a company whose purpose is advancing or acquiring residential mortgage loans to borrowers in England and Wales, Northern Ireland and Scotland. KMC is a wholly owned subsidiary of Kensington Group pIc (KG), itself a wholly owned subsidiary of Investec pIc. KMC is currently the authorised mortgage lender of loans with the Kensington Group, on the basis that it is an "authorised person" approved by the Financial Services Authority to carry out certain regulated activities.

GMAC-RFC Limited

The information in this section in relation to GMAC-RFC Limited has been obtained from the prospectus for Alba 2013-1 PLC dated 27 June 2013 and has not been verified by GMAC-RFC Limited.

GMAC-RFC Limited (currently known as Paratus AMC Limited) is a private limited company incorporated in England and Wales under the Companies Act 1985 on 6 January 1998.

GMAC-RFC Limited originated mortgage loans to borrowers in England, Wales and Scotland until 2008. Following a change of ownership in October 2010, GMAC-RFC Limited has been renamed Paratus AMC Limited and its primary business is to provide mortgage administration services in the United Kingdom.

The registered office of GMAC-RFC Limited (currently known as Paratus AMC Limited) is at 5 Arlington Square, Downshire Way, Bracknell, Berkshire RG12 1WA.

THE BACK-UP SERVICER

Homeloan Management Limited ("**HML**") is a private limited company registered in England and Wales under number 2214839. 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 £37 billion of mortgage assets for 34 leading financial institutions.

The registered office and principal place of business of HML are The Bailey, Skipton, North Yorkshire BD231DN and Gateway House, Gargrave Road, Skipton, North Yorkshire BD23 2HL respectively. HML has a residential primary servicer rating of S&P's Primary Servicer rating of Above Average with a Positive Outlook and 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 three paragraphs, HML and its affiliates do not accept responsibility for this Prospectus.

THE CASH MANAGER

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 $364 billion in assets as of Dec. 31, 2013, is the parent company of U.S. Bank, the 5th largest commercial bank in the United States. The company operates 3,081 banking offices in 25 states and 4,906 ATMs and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions.

ISSUER ACCOUNT BANK

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.

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THE NOTE TRUSTEE AND SECURITY TRUSTEE

U.S. Bank Trustees Limited is a limited liability company incorporated under the laws of England and Wales with its office at 125 Old Broad Street, 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 $364 billion in assets as of Dec. 31, 2013, is the parent company of U.S. Bank, the 5th largest commercial bank in the United States. The company operates 3,081 banking offices in 25 states and 4,906 ATMs and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions.

U.S. Bank Trustees Limited will not be responsible for (a) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties thereunder or (b) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents. U.S. Bank Trustees Limited will not be liable to any Noteholder or other Secured Creditor for any failure to make or to cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Charged Assets and has no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Transaction Documents.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which each of the Note Trustee and Security Trustee, respectively, is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, the Seller and/or any of their respective subsidiaries and affiliates and any other person whatsoever and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Seller and/or any of their respective subsidiaries and affiliates and any other person whatsoever, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or the other Secured Creditors 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.

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, Holdings and the Legal Title Holder 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 Issuer (with prior written consent of the Security Trustee) and, following delivery of an Enforcement Notice, the Security Trustee can terminate the appointment of the Corporate Services Provider on 30 days' written notice to the Corporate Services Provider (with a copy of such notice to the Issuer).

In addition, the appointment of the Corporate Services Provider may be terminated immediately upon notice in writing given by the Security Trustee (with a copy of such notice to the Issuer and the Servicer) or the Issuer (with a copy of such notice to the Security Trustee and the Servicer), 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 and formed part of the Provisional Portfolio as at the Portfolio Reference Date.

Excluded Loans

On the Closing Date the Issuer will purchase a portfolio consisting of the Provisional Portfolio as of the Portfolio Reference Date, excluding certain Loans that will be removed at the request of the Seller (the **Excluded Loans**, and the resulting portfolio, the **Portfolio**). As of the date of this Prospectus, the list of Excluded Loans may not have been finalised. Pursuant to the terms of the Mortgage Sale Agreement, the Seller and the Issuer have agreed to a reconciliation period during which such list is finalised.

As at 8 October 2014, the list of Loans designated as Excluded Loans included the following:

- Loans where the relevant Borrower(s) are deceased or considered to be vulnerable: £314,752.99
- Other Loans: £1,706,023.20

The aggregate Current Balance as at the Portfolio Reference Date of these Loans was £2,020,776.19.

Pre-closing Portfolio receipts

On the Closing Date, the consideration payable by the Issuer to the Seller will be based on the Loans in the Portfolio with their Current Balance as of the Portfolio Reference Date, together with any Redemption Receipts and Revenue Receipts received on the Loans between the Portfolio Reference Date and the Closing Date (net of any Flexible Drawings granted over such period; and such net amounts of Redemption Receipts and Revenue Receipts, the **Pre-Closing Collections**).

On the Closing Date the Seller will not yet have full details of the Actual Pre-Closing Collections that have been received in respect of the Loans. Pursuant to the terms of the Mortgage Sale Agreement, the Seller and the Issuer have agreed to a reconciliation period after which the cash consideration payable to the Seller may be adjusted.

Adjustments made to the Consideration in respect of Excluded Loans and Pre-Closing Portfolio Collections

The following amounts will be withheld from the cash consideration payable to the Seller by the Issuer on the Closing Date: (i) an amount equal to the Expected Pre-Closing Collections; (ii) an amount equal to the Expected Excluded Balance and (iii) an additional amount (the **Additional Adjustment Amount**). The amounts withheld on account of Expected Pre-Closing Collections will be retained by the Issuer in the Deposit Account and allocated as Revenue Receipts and Redemption Receipts (as appropriate). The amounts withheld on account of the Expected Excluded Balance will be retained by the Issuer in the Deposit Account and allocated as Redemption Receipts up to the Outstanding Principal Balance of the Expected Excluded Loans on the Portfolio Reference Date and any remainder shall be applied as Available Revenue Receipts.

The Additional Adjustment Amount will be retained by the Issuer in the Deposit Account and credited to a ledger established by the Issuer (the **Reconciliation Ledger**).

On the Reconciliation Date, the Seller will provide the Issuer with details of (i) the Actual Pre-Closing Collections and (ii) the Actual Excluded Balance

If:

(a) the Actual Pre-Closing Collections exceeds the Expected Pre-Closing Collections, then amounts in the Deposit Account equal to the excess shall be debited from the Reconciliation Ledger and allocated as Available Revenue Receipts and as Available Redemption Receipts (as appropriate) and if there is any remaining shortfall then the Issuer shall be entitled to receive from the Seller such excess which shall be paid into the Deposit Account and allocated as Available Revenue Receipts and as Available Redemption Receipts (as appropriate);

(b) the Actual Pre-Closing Collections is less than the Expected Pre-Closing Collections, then the Issuer shall be required to apply amounts of Available Revenue Receipts and Available Redemption Receipts (as appropriate) to credit the Reconciliation Ledger in an amount equal to the shortfall;

(c) the Actual Excluded Balance exceeds the Expected Excluded Balance, then amounts in the Deposit Account equal to the excess shall be debited from the Reconciliation Ledger and allocated as Available Redemption Receipts up to the Outstanding Principal Balance of the Relevant Excluded Loans (as at the Portfolio Reference Date) and any remainder shall be applied as Available Revenue Receipts and if there is any remaining shortfall then the Issuer shall be entitled to receive from the Seller such excess which shall be paid into the Deposit Account and allocated as Available Redemption Receipts up to the Outstanding Principal Balance (as at the Portfolio Reference Date) of the remaining Relevant Excluded Loans and any remainder shall be applied as Available Revenue Receipts;

(d) the Actual Excluded Balance is less than the Expected Excluded Balance then the Issuer shall be required to apply amounts, equal to the shortfall, of Available Redemption Receipts up to the Outstanding Principal Balance (as at the Portfolio Reference Date) of the Relevant Excluded Loans and if there is a shortfall remaining, then to apply any Available Revenue Receipts to make up any difference, in each case to credit the Reconciliation Ledger;

Thereafter, any amounts standing to the credit of the Reconciliation Ledger shall then be paid by the Issuer to the Seller and no further Consideration shall be payable by the Issuer to the Seller. The amounts referred to in paragraphs (a) to (d) above are referred to as **Consideration Adjustment Payments.**

Product Switches, Further Advances and Flexible Redraws

None of the Loans comprising the Portfolio are believed to entitle a Borrower to effect a Product Switch or a Further Advance. However, in certain circumstances where a Borrower has made voluntary overpayments in respect of a Loan, such a Borrower may redraw such overpayments. If this occurs the Issuer will be required to fund such a Flexible Redraw from Redemption Receipts available to it at that time. See "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*", below.

The Portfolio

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

Origination of the Portfolio

The Portfolio comprises of Loans originated by Kensington Mortgage Company Limited (**Kensington**) and GMAC-RFC Limited (**GMAC**). GMAC and Kensington are referred to in this Prospectus as an **Originator** and together, the **Originators**).

Security

All of the Mortgages are secured by first ranking mortgages or, as applicable, standard securities.

Characteristics of the Loans

The Loans in the Provisional Portfolio fall into the categories described below.

Fixed Rate Loans: Loans subject to a fixed interest rate for a specified period of time and at the expiration of that period are generally subject to the Original Seller's standard variable rate (the **Fixed Rate Loans**).

Standard Variable Rate Loans: Loans subject to the Original Seller's standard variable rate prior to the Transfer Date, and Loans subject to the Legal Title Holder's standard variable rate after the Transfer Date (the **Standard Variable Rate Loans**).

Discount Rate Loans: Loans, the terms of which allow the Borrower to pay interest at a specified discount to the Original Seller's standard variable rate for a specified period of time or for the life of the Loan.

Flexible Tracker Rate Loans: Loans which are subject to a variable rate of interest that is linked to the Bank of England base rate (**BBR**) plus an additional fixed percentage (the **Flexible Tracker Rate Loans**).

Loans

Under the Loans, interest is charged daily at either a fixed rate or a variable rate and each Borrower may make some or all of the following: (i) cash redraws, (ii) overpayments, (iii) underpayments and (iv) an application for a payment holiday of one month per every nine consecutive full monthly payments made, with a maximum payment holiday of three months.

The Issuer and the Servicer have undertaken not to charge Early Repayment Charges to Borrowers for a period of 12 months following the Transfer Date.

Repayment terms

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

(a) **repayment**: the Borrower makes monthly payments of both interest and principal so that, at the end of the mortgage term, the Borrower will have repaid the full amount of the principal of the Loan (a **Repayment Loan**);

(b) **interest-only**: the Borrower makes monthly payments of interest but not of principal; at the end of the mortgage term, the entire principal amount of the Loan is still outstanding and the Borrower must repay that amount in one lump sum or by way of regular payments. An interest only Loan may include a repayment plan or vehicle, including an endowment, pension policy or managed investment plan, share portfolio plan or sale of the relevant property; and

(c) **combination repayment and interest-only**: this situation most often occurs when the Borrower had an interest-only Loan with a repayment vehicle on a prior mortgaged property, and after selling that mortgaged property the Borrower purchased a property with a Loan where the subsequent home was either more expensive than the prior home or the Borrower took out a larger Loan or further advance. The Borrower used the existing interest-only repayment vehicle for the substitute Loan or further advance and made up the difference between the anticipated maturity value of the interest only repayment vehicle and the higher Loan amount with a repayment mortgage. The required monthly payment in connection with repayment Loans or interest-only Loans may vary from month to month for various reasons, including changes in interest rates.

No security is taken over investment plans.

Certain of the Loans are subject to a range of options that give the Borrower greater flexibility in the timing and amount of payments made under the Loan as well as access to borrow-backs under the Loan.

Further Advances

Following the Closing Date, no Further Advances will be made in respect of the Loans, unless contractually required in accordance with the relevant Mortgage Conditions.

Product Switches

From the Closing Date, no Product Switches will be offered in respect of the Loans, unless contractually required in accordance with the relevant Mortgage Conditions.

Title to the Portfolio

Pursuant to, and under the terms of the Mortgage Sale Agreement, dated on or about the Closing Date, the Seller will transfer the beneficial title to the Mortgages to the Issuer. On the Transfer Date or earlier, in the event of an insolvency event in respect of the Original Seller, the Original Seller will transfer legal title in the Loans and their Related Security at the direction of the Seller to the Legal Title Holder.

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

Transfer of equitable title or (in respect of the Scottish loans) the beneficial title from (a) the Original Seller to the Seller and (b) the Seller to the Issuer on the Closing Date is to be completed without 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. Transfer of legal title from the Original Seller to the Legal Title Holder on the Transfer Date shall be completed by registration at the Land Registry or the Registers of Scotland (as the case may be).

The English 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 Loans and their Related Security continues to be vested in the Original Seller during the Interim Period, at the end of which legal title shall be transferred to the Legal Title Holder, on behalf of the Issuer.

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, the Issuer and the Security Trustee shall not seek to transfer legal title in the Loans to the Issuer (i) prior to the Transfer Date unless an insolvency event in respect of the Original Seller has occurred. The Issuer and the Security Trustee shall not seek to transfer legal title in the Loans to the Issuer following the Transfer Date unless a Perfection Event has occurred. If a Perfection Event has occurred in respect of a Legal Title Holder it shall transfer legal title in respect of the relevant Loans to the Issuer or a nominee of the Issuer to hold on its behalf.

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 and standard securities 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 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 a portfolio mortgage sale agreement entered into by the Seller with the Original Seller in respect of the relevant Loan. 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 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 Originator.

Credit Risk Mitigation

The Retention Holder has directly and via its subsidiary, the Seller, entered into contracts in relation to the purchase, on-sale and servicing of the portfolio. As a consequence certain criteria, policies and procedures will be followed or have been followed regarding the selection and administration of the mortgage portfolio:

(a) it is not anticipated that Further Advances will be granted under the Loans, unless required by the Mortgage Conditions; in the extension of any such credit, the Servicer on behalf of, inter alios, the Retention Holder, the Issuer and the Legal Title Holders will apply certain criteria for the granting of credit in the form of such Further Advance, and will have in place processes for approving, amending, or renewing such credit – (please see "*Summary of the Key Transaction Documents – Servicing Agreement*");

(b) the Servicer on behalf of, inter alios, the Issuer and the Legal Title Holders will have in place and operate effective systems to manage the ongoing administration and monitoring of the Portfolio, including for identifying and managing problem loans (please see "*Summary of the Key Transaction Documents – Servicing Agreement*");

(c) the Retention Holder (via its subsidiary the Seller) has selected the Portfolio having regard to the diversification of the Portfolio based on its credit strategy (please see "*Characteristics of the Provisional Portfolio*");

(d) the Servicer on behalf of, inter alios, the Issuer and the Legal Title Holders will have a written policy on credit risk as relates to Loans in arrears and default which describes how and when enforcement may occur (please see "*Summary of the Key Transaction Documents – Servicing Agreement*");

CHARACTERISTICS OF THE PROVISIONAL PORTFOLIO

The statistical and other information contained in this Prospectus (including the tables below) has been compiled by reference to loans in a provisional portfolio as at the First Cut-Off Date (the **Provisional Portfolio**).

The Provisional Portfolio consisted of 3,555 Sub-Accounts originated between October 2001 and May 2014 and secured over properties located in England, Wales or Scotland. The aggregate Current Balance of the Sub-Accounts in the Provisional Portfolio on the Portfolio Reference Date was £408,257,444.81. The Portfolio, which will be sold to the Issuer on the Closing Date, will be selected from the Provisional Portfolio. Columns may not add up to 100 per cent. due to rounding. The Properties over which the Loans in the Provisional Portfolio are secured have not been revalued for the purposes of the issue of the Notes. The characteristics of the Portfolio will differ from those set out below as a result of, among other things, repayments and redemptions of the Loans from the First Cut-Off Date to the Closing Date, removal of certain Loans at the option of the Original Seller and removal of any Loans that do not comply with the Loan Warranties as at the Closing Date. If Loans selected for the Portfolio are repaid in part or in full between 1 June 2014 and the Closing Date, adjustments will be made in the Consideration payable by the Issuer to the Seller and an amount equal to the principal recoveries from that Loan will form part of the Available Redemption Receipts. Similarly, any Loans that are removed from the Portfolio will result in an adjustment to the Consideration payable by the Issuer to the Seller. Except as otherwise indicated, these tables have been prepared using the Current Balance of the loans in the Provisional Portfolio as at the Portfolio Reference Date. All indexations are based on the regional quarterly non-seasonally adjusted index from the Halifax House Price Index.

Each Loan in the Provisional Portfolio consists of one or more live sub-accounts (**Sub-Accounts**). Each Sub-Account in respect of a Loan is secured on the same Property and their Related Security but may differ in some way as to, *inter alia*, origination date, interest rate, maturity date and repayment terms.

Origination Brand

The following table shows the Origination Brand of the Sub-Accounts as at the Portfolio Reference Date.

Origination Brand	**Aggregate Current Balance (£)**	**per cent. of Total**	**Number of Sub-Accounts**	**per cent. of Total**
GMAC	£381,423,616.41	93.43%	3,308	93.05%
Kensington	£26,833,828.40	6.57%	247	6.95%
Total	£408,257,444.81	100.00%	3,555	100.00%

Advance Amounts as at the Completion Date

The following table shows the range of Advance Amounts (including capitalised interest and capitalised fees) of the Sub-Accounts as at the completion date of each Sub-Account.

Range of Advance Amounts	**Aggregate Current Balance (£)**	**per cent. of Total**	**Number of Sub-Accounts**	**per cent. of Total**
£0k <= Advance Amount < £25k	£774,855.56	0.19%	84	2.36%
£25k <= Advance Amount < £50k	£6,577,354.94	1.61%	225	6.33%
£50k <= Advance Amount < £75k	£25,819,227.32	6.32%	518	14.57%
£75k <= Advance Amount < £100k	£43,736,494.86	10.71%	622	17.50%
£100k <= Advance Amount < £150k	£98,293,317.47	24.08%	914	25.71%
£150k <= Advance Amount < £200k	£100,229,205.38	24.55%	637	17.92%
£200k <= Advance Amount < £250k	£71,116,219.37	17.42%	346	9.73%
£250k <= Advance Amount < £300k	£30,114,352.62	7.38%	120	3.38%
£300k <= Advance Amount < £400k	£19,502,436.54	4.78%	62	1.74%
£400k <= Advance Amount < £500k	£7,492,163.01	1.84%	19	0.53%
£500k <= Advance Amount < £600k	£3,120,765.41	0.76%	6	0.17%
£600k <= Advance Amount < £700k	£660,613.80	0.16%	1	0.03%
£700k <= Advance Amount < £800k	£0.00	0.00%	-	0.00%
£800k <= Advance Amount < £900k	£820,438.53	0.20%	1	0.03%
Total	£408,257,444.81	100.00%	3,555	100.00%

The minimum, maximum, and average Advance Amount of the Sub-Accounts as of the Portfolio Reference Date is £0.00, £820,000.00 and £129,001.17, respectively.

Current Balances as at the Portfolio Reference Date

The following table shows the range of Current Balances (including capitalised interest and capitalised fees) of the Sub-Accounts as at the Portfolio Reference Date.

Range of Current Balances	**Aggregate Current Balance (£)**	**per cent. of Total**	**Number of Sub-Accounts**	**per cent. of Total**
£0k <= Current Balance < £25k	£2,639,360.93	0.65%	189	5.32%
£25k <= Current Balance < £50k	£16,113,286.27	3.95%	410	11.53%
£50k <= Current Balance < £75k	£42,565,430.92	10.43%	682	19.18%
£75k <= Current Balance < £100k	£45,459,533.45	11.14%	524	14.74%

Range of Current Balances	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
£100k <= Current Balance < £150k	£95,309,636.82	23.35%	773	21.74%
£150k <= Current Balance < £200k	£91,907,646.77	22.51%	533	14.99%
£200k <= Current Balance < £250k	£61,883,924.51	15.16%	279	7.85%
£250k <= Current Balance < £300k	£25,015,574.04	6.13%	93	2.62%
£300k <= Current Balance < £400k	£17,315,873.00	4.24%	52	1.46%
£400k <= Current Balance < £500k	£5,265,872.11	1.29%	12	0.34%
£500k <= Current Balance < £600k	£2,700,225.03	0.66%	5	0.14%
£600k <= Current Balance < £700k	£1,260,642.43	0.31%	2	0.06%
£700k <= Current Balance < £800k	£0.00	0.00%	-	0.00%
£800k <= Current Balance < £900k	£820,438.53	0.20%	1	0.03%
Total	£408,257,444.81	100.00%	3,555	100.00%

The minimum, maximum, and average Current Balance of the Sub-Accounts as of the Portfolio Reference Date is £375.80, £820,438.53 and £114,840.35, respectively.

Original Loan to Value Ratios (OLTVs)

The following table shows the range of OLTVs of the Sub-Accounts calculated by dividing the aggregate advance amount of all Sub-Accounts with respect to each Loan (including capitalised interest and capitalised fees) by the original valuation amount of the Property securing the Sub-Accounts as at the completion date of the main Sub-Account. In these cases the original valuation may have been updated with a more recent valuation. (However, the revised valuation has not been used in formulating this data.)

Range of OLTVs	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
0% <= OLTV < 10%	£274,819.75	0.07%	8	0.23%
10% <= OLTV < 20%	£1,047,468.59	0.26%	28	0.79%
20% <= OLTV < 30%	£4,253,165.84	1.04%	89	2.50%
30% <= OLTV < 40%	£6,931,809.56	1.70%	123	3.46%
40% <= OLTV < 50%	£11,634,119.55	2.85%	165	4.64%
50% <= OLTV < 60%	£16,574,088.81	4.06%	207	5.82%
60% <= OLTV < 70%	£32,801,753.36	8.03%	325	9.14%
70% <= OLTV < 80%	£55,737,915.67	13.65%	469	13.19%
80% <= OLTV < 90%	£95,307,858.94	23.35%	773	21.74%
90% <= OLTV	£183,694,444.74	44.99%	1,368	38.48%
Total	£408,257,444.81	100.00%	3,555	100.00%

The minimum, maximum and weighted average OLTV as at the Portfolio Reference Date of the Sub-Accounts is 5.96 per cent., 99.52 per cent. and 81.48 per cent. respectively.

Indexed Current Loan to Value Ratios (***ICLTVs***)

The following table shows the range of ICLTVs of the Sub-Accounts calculated by dividing the aggregate Current Balance of all Sub-Accounts with respect to each Loan (including capitalised interest and capitalised fees) as at the Portfolio Reference Date by the latest valuation amount of the Property securing the Sub-Accounts indexed using the regional quarterly non-seasonally adjusted Halifax House Price Index from the date of the latest valuation until 1 January 2014.

Range of ICLTVs	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
0% <= ICLTV < 10%	£213,404.38	0.05%	13	0.37%
10% <= ICLTV < 20%	£1,671,461.17	0.41%	58	1.63%
20% <= ICLTV < 30%	£6,190,175.27	1.52%	133	3.74%
30% <= ICLTV < 40%	£9,586,453.04	2.35%	156	4.39%
40% <= ICLTV < 50%	£16,976,976.77	4.16%	210	5.91%
50% <= ICLTV < 60%	£30,761,646.97	7.53%	314	8.83%
60% <= ICLTV < 70%	£55,084,443.75	13.49%	493	13.87%
70% <= ICLTV < 80%	£135,265,855.88	33.13%	1,025	28.83%
80% <= ICLTV < 90%	£152,507,027.58	37.36%	1,153	32.43%
Total	£408,257,444.81	100.00%	3,555	100.00%

The minimum, maximum and weighted average ICLTV as at the Portfolio Reference Date of the Sub-Accounts is 2.93 per cent., 89.95 per cent. and 72.49 per cent. respectively.

Months in Arrears as at the Portfolio Reference Date*

The following table shows the range of Months in Arrears of the Sub-Accounts as at the Portfolio Reference Date.

Range of Months in Arrears*	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
Months in Arrears < 1 month	£408,257,444.81	100.00%	3,555	100.00%
Total	£408,257,444.81	100.00%	3,555	100.00%

* Months in Arrears are calculated in accordance with standard market practice in the UK. A loan 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 servicer 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. If the result arrived at by dividing that difference (if any) by the amount of the required monthly payment equals or exceeds 1 the loan is deemed to be in arrears. Arrears classification is determined based on the number of full monthly payments that have been missed. A borrower that has missed payments that in the aggregate equal or exceed 2 monthly payments (but for which the aggregate of missed payments is less than 3 monthly payments) would be classified as being between 2 months in arrears, and so on.

Geographic Region

The following table shows the distribution of Geographic Region of Properties securing the Sub-Accounts throughout England, Wales and Scotland as at the Portfolio Reference Date. No Properties are situated outside England, Wales and Scotland.

Geographic Region	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
East Anglia	£6,519,008.48	1.60%	75	2.11%
East Midlands	£14,047,914.46	3.44%	174	4.89%
Greater London	£112,228,799.27	27.49%	614	17.27%
North	£6,591,372.00	1.61%	109	3.07%

Geographic Region	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
North West	£28,209,900.53	6.91%	403	11.34%
South East	£130,386,083.72	31.94%	900	25.32%
South West	£27,234,245.93	6.67%	227	6.39%
West Midlands	£28,383,132.20	6.95%	345	9.70%
Yorkshire & Humberside	£16,123,755.32	3.95%	224	6.30%
Wales	£21,602,130.55	5.29%	263	7.40%
Scotland	£16,931,102.35	4.15%	221	6.22%
Total	£408,257,444.81	100.00%	3,555	100.00%

Seasoning as at the Portfolio Reference Date

The following table shows the range of the number of years since the completion dates of the Sub-Accounts as at the Portfolio Reference Date.

Seasoning	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
0 years <= Seasoning < 1 years	£28,274.17	0.01%	16	0.45%
1 years <= Seasoning < 2 years	£515,396.81	0.13%	12	0.34%
2 years <= Seasoning < 3 years	£245,320.56	0.06%	1	0.03%
3 years <= Seasoning < 4 years	£0.00	0.00%	-	0.00%
4 years <= Seasoning < 5 years	£320,595.98	0.08%	1	0.03%
5 years <= Seasoning < 6 years	£9,977,853.77	2.44%	83	2.33%
6 years <= Seasoning < 7 years	£117,469,035.27	28.77%	996	28.02%
7 years <= Seasoning < 8 years	£169,792,379.84	41.59%	1,505	42.33%
8 years <= Seasoning < 9 years	£66,662,482.04	16.33%	542	15.25%
9 years <= Seasoning < 10 years	£22,331,808.37	5.47%	184	5.18%
10 years <= Seasoning < 15 years	£20,914,298.00	5.12%	215	6.05%
Total	£408,257,444.81	100.00%	3,555	100.00%

The minimum, maximum and weighted average Seasoning as at the Portfolio Reference Date of the Sub-Accounts is 0.04 years, 12.60 years and 7.65 years respectively.

Remaining Term as at the Portfolio Reference Date

The following table shows range of the number of years until the maturity dates of the Sub-Accounts as at the Portfolio Reference Date.

Remaining Term	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
0 years <= Remaining Term < 1 years	£0.00	0.00%	-	0.00%
1 years <= Remaining Term < 2 years	£2,809,470.61	0.69%	21	0.59%
2 years <= Remaining Term < 3 years	£3,608,333.62	0.88%	45	1.27%
3 years <= Remaining Term < 4 years	£6,759,365.11	1.66%	58	1.63%
4 years <= Remaining Term < 5 years	£4,902,529.96	1.20%	45	1.27%
5 years <= Remaining Term < 6 years	£3,496,152.38	0.86%	47	1.32%
6 years <= Remaining Term < 7 years	£8,178,110.23	2.00%	81	2.28%
7 years <= Remaining Term < 8 years	£7,476,573.65	1.83%	88	2.48%
8 years <= Remaining Term < 9 years	£9,519,553.46	2.33%	97	2.73%

Remaining Term	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
9 years <= Remaining Term < 10 years	£5,872,388.17	1.44%	74	2.08%
10 years <= Remaining Term < 15 years	£88,757,475.91	21.74%	801	22.53%
15 years <= Remaining Term < 20 years	£229,314,710.72	56.17%	1,829	51.45%
20 years <= Remaining Term < 25 years	£37,124,027.67	9.09%	366	10.30%
25 years <= Remaining Term < 30 years	£438,753.32	0.11%	3	0.08%
Total	£408,257,444.81	100.00%	3,555	100.00%

The minimum, maximum and weighted average Remaining Term as at the Portfolio Reference Date of the Sub-Accounts is 1.17 years, 28.17 years and 15.36 years respectively.

Repayment Type

The following table shows the Repayment Type of the Sub-Accounts as at the Portfolio Reference Date.

Repayment Type	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
Repayment	£162,373,169.08	39.77%	1,955	54.99%
Interest Only	£241,772,457.16	59.22%	1,568	44.11%
Part & Part	£4,111,818.57	1.01%	32	0.90%
Total	£408,257,444.81	100.00%	3,555	100.00%

Interest Rate Type

The following table shows the Interest Rate Type of the Sub-Accounts as at the Portfolio Reference Date.

Interest Rate Type	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
SVR	£221,891,491.94	54.35%	1,915	53.87%
Tracker	£185,197,951.76	45.36%	1,631	45.88%
Fixed	£1,168,001.11	0.29%	9	0.25%
Total	£408,257,444.81	100.00%	3,555	100.00%

Current Interest Rates

The following table shows range of Current Interest Rates for the Sub-Accounts as at the Portfolio Reference Date.

Range of Current Interest Rates	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
0% <= Current Interest Rate < 1%	£3,086.72	0.00%	1	0.03%
1% <= Current Interest Rate < 2%	£749,251.62	0.18%	10	0.28%
2% <= Current Interest Rate < 3%	£160,838,578.04	39.40%	1,410	39.66%
3% <= Current Interest Rate < 4%	£23,057,468.95	5.65%	207	5.82%
4% <= Current Interest Rate < 5%	£221,243,696.64	54.19%	1,907	53.64%
5% <= Current Interest Rate < 6%	£2,126,446.31	0.52%	18	0.51%
6% <= Current Interest Rate < 7%	£238,916.53	0.06%	2	0.06%
Total	£408,257,444.81	100.00%	3,555	100.00%

The minimum, maximum and weighted average Current Interest Rate as at the Portfolio Reference Date of the Sub-Accounts is 0.81%, 6.19% and 3.85% respectively.

SVR Rate Loans: Current Interest Rates

Approximately 54.35 per cent. of the Current Balance of Sub-Accounts in the Provisional Portfolio have an SVR Interest Rate Type. The following table shows the range of Current Interest Rates for these Sub-Accounts as at the Portfolio Reference Date.

Range of Current Interest Rates	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
2% <= Current Interest Rate < 3%	£7,856.97	0.00%	1	0.03%
3% <= Current Interest Rate < 4%	£962,019.89	0.24%	7	0.20%
4% <= Current Interest Rate < 5%	£220,266,936.48	53.95%	1,899	53.42%
5% <= Current Interest Rate < 6%	£654,678.60	0.16%	8	0.23%
Total	£221,891,491.94	54.35%	1,915	53.87%

The minimum, maximum and weighted average Current Interest Rate of Sub-Accounts with an SVR Interest Rate Type as at the Portfolio Reference Date is 2.25%, 5.84% and 4.84% respectively.

Tracker Rate Loans: Current Interest Rates

Approximately 45.36 per cent. of the Current Balance of Sub-Accounts in the Provisional Portfolio have a Tracker Interest Rate Type. The following table shows the range of Current Interest Rates for these Sub-Accounts as at the Portfolio Reference Date.

Range of Current Interest Rates	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
0% <= Current Interest Rate < 1%	£3,086.72	0.00%	1	0.03%
1% <= Current Interest Rate < 2%	£749,251.62	0.18%	10	0.28%
2% <= Current Interest Rate < 3%	£160,830,721.07	39.39%	1,409	39.63%
3% <= Current Interest Rate < 4%	£22,095,449.06	5.41%	200	5.63%
4% <= Current Interest Rate < 5%	£976,760.16	0.24%	8	0.23%
5% <= Current Interest Rate <6%	£542,683.13	0.13%	3	0.08%
Total	185,197,951.76	45.36	1,631	45.88%

The minimum, maximum and weighted average Current Interest Rate of Sub-Accounts with a Tracker Interest Rate Type as at the Portfolio Reference Date is 0.81%, 5.50% and 2.66% respectively.

Fixed Interest Rate Loans: Current Interest Rates

Approximately 0.29 per cent. of the Current Balance of Sub-Accounts in the Provisional Portfolio have a Fixed Interest Rate Type. The following table shows the range of Current Interest Rates for these Sub-Accounts as at the Portfolio Reference Date.

Range of Current Interest Rates	Aggregate Current Balance (£)	per cent. of Total	Number of Sub-Accounts	per cent. of Total
5% <= Current Interest Rate < 6%	£929,084.58	0.23%	7	0.20%
6% <= Current Interest Rate < 7%	£238,916.53	0.06%	2	0.06%
Total	£1,168,001.11	0.29%	9	0.25%

The minimum, maximum and weighted average Current Interest Rate of Sub-Accounts with a Fixed Interest Rate Type as at the First Cut-Off Date is 5.69%, 6.19% and 5.83% respectively.

Income Verification

The following table shows the Income Verification of the Sub-Accounts as at the completion date.

Income Verification	**Aggregate Current Balance (£)**	**per cent. of Total**	**Number of Sub-Accounts**	**per cent. of Total**
Income Verified	£408,257,444.81	100.00%	3,555	100.00%
Income Non-Verified	£0.00	0.00%	-	0.00%
Total	£408,257,444.81	100.00%	3,555	100.00%

Credit Bureau Data

The following tables are based on data recorded from a credit bureau agency as at the Portfolio Reference Date. The credit bureau agency data covers a 6 year period prior to the Portfolio Reference Date.

County Court Judgements (CCJs) (Satisfied or Unsatisfied)	**Aggregate Current Balance (£)**	**per cent. of Total**	**Number of Sub-Accounts**	**per cent. of Total**
No	£354,055,500.79	86.72%	3,067	86.27%
Yes	£44,718,551.38	10.95%	431	12.12%
Unknown	£9,483,392.64	2.32%	57	1.60%
Total	£408,257,444.81	100.00%	3,555	100.00%

Individual Voluntary Arrangements (IVAs)	**Aggregate Current Balance (£)**	**per cent. of Total**	**Number of Sub-Accounts**	**per cent. of Total**
No	£387,975,074.10	95.03%	3,390	95.36%
Yes	£10,798,978.07	2.65%	108	3.04%
Unknown	£9,483,392.64	2.32%	57	1.60%
Total	£408,257,444.81	100.00%	3,555	100.00%

Bankruptcy Orders (BOs)	**Aggregate Current Balance (£)**	**per cent. of Total**	**Number of Sub-Accounts**	**per cent. of Total**
No	£396,811,767.50	97.20%	3,476	97.78%
Yes	£1,962,284.67	0.48%	22	0.62%
Unknown	£9,483,392.64	2.32%	57	1.60%
Total	£408,257,444.81	100.00%	3,555	100.00%

CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

The UK housing market is primarily one of owner-occupied housing, with the remainder in some form of public, private landlord or social ownership. The mortgage market, whereby loans are provided for the purchase of a property and secured on that property, is the primary source of household borrowings in the United Kingdom.

Set out in the following tables are certain characteristics of the United Kingdom mortgage market. No assurance can be given that the Loans in the Portfolio are or will be representative of the information set out in the tables or generally to the performance of the UK housing market. For information relating to the loans contained in the Provisional Portfolio (from which the Portfolio will be selected), see further the section entitled "*Characteristics of the Provisional Portfolio*".

Industry CPR rates

In the following tables, quarterly industry constant repayment rate (**industry CPR**) data was calculated by dividing the amount of scheduled and unscheduled repayments of mortgages made by banks and building societies in a quarter by the quarterly balance of mortgages outstanding for banks and building societies in the United Kingdom. These quarterly repayment rates were then annualised using standard methodology.

Quarter	**Industry CPR Rate for the Quarter (per cent.)**	**12-month rolling average (per cent.)**
March 1999	12.32%	14.41%
June 1999	15.96%	14.85%
September 1999	17.55%	15.21%
December 1999	16.47%	15.57%
March 2000	13.62%	15.90%
June 2000	15.31%	15.73%
September 2000	15.97%	15.34%
December 2000	15.67%	15.14%
March 2001	15.38%	15.58%
June 2001	18.23%	16.31%
September 2001	20.25%	17.39%
December 2001	20.06%	18.48%
March 2002	18.75%	19.32%
June 2002	21.10%	20.04%
September 2002	23.63%	20.89%
December 2002	22.89%	21.59%
March 2003	21.24%	22.22%
June 2003	22.43%	22.55%
September 2003	24.03%	22.65%
December 2003	24.87%	23.14%
March 2004	21.22%	23.14%
June 2004	22.93%	23.26%
September 2004	24.27%	23.32%
December 2004	20.85%	22.32%
March 2005	17.96%	21.50%
June 2005	21.32%	21.10%
September 2005	24.29%	21.10%
December 2005	24.61%	22.04%
March 2006	22.27%	23.12%
June 2006	23.37%	23.64%
September 2006	24.95%	23.80%

Quarter	Industry CPR Rate for the Quarter (per cent.)	12-month rolling average (per cent.)
December 2006	24.87%	23.87%
March 2007	23.80%	24.25%
June 2007	24.84%	24.61%
September 2007	25.48%	24.74%
December 2007	23.55%	24.42%
March 2008	19.56%	23.36%
June 2008	20.88%	22.37%
September 2008	20.15%	21.03%
December 2008	15.33%	18.98%
March 2009	12.91%	17.32%
June 2009	11.39%	14.95%
September 2009	12.77%	13.10%
December 2009	11.99%	12.27%
March 2010	9.60%	11.44%
June 2010	10.60%	11.24%
September 2010	11.30%	10.87%
December 2010	10.98%	10.62%
March 2011	10.03%	10.73%
June 2011	10.59%	10.73%
September 2011	11.91%	10.88%
December 2011	11.41%	10.98%
March 2012	10.55%	11.11%
June 2012	10.85%	11.18%
September 2012	11.11%	10.98%
December 2012	11.39%	10.97%
March 2013	10.96%	11.07%
June 2013	12.52%	11.49%
September 2013	14.14%	12.25%
December 2013	14.41%	13.01%
March 2014	13.04%	13.53%
June 2014	13.71%	13.82%

Source of repayment and outstanding mortgage information: Council of Mortgage Lenders and Bank of England

Repossession rate

The table below sets out the repossession rate of residential properties in the United Kingdom since 1985.

Year	Repossessions (per cent.)	Year	Repossessions (per cent.)	Year	Repossessions (per cent.)
1985	0.25%	1995	0.47%	2005	0.12%
1986	0.30%	1996	0.40%	2006	0.18%
1987	0.32%	1997	0.31%	2007	0.22%
1988	0.22%	1998	0.31%	2008	0.34%
1989	0.17%	1999	0.27%	2009	0.43%
1990	0.47%	2000	0.20%	2010	0.34%
1991	0.77%	2001	0.16%	2011	0.33%
1992	0.69%	2002	0.11%	2012	0.30%
1993	0.58%	2003	0.07%	2013	0.26%
1994	0.47%	2004	0.07%		

Source: Council of Mortgage Lenders

House price to earnings ratio

The following table shows the ratio for each year of the average annual value of houses compared to the average annual salary in the United Kingdom. The average annual earnings figures are constructed using the Annual Survey of Hours and Earnings figures referring to weekly earnings in April of each year for those male employees whose earnings were not affected by their absence from work. While this is a good indication of house affordability, it does not take into account the fact that the majority of households have more than one income to support a mortgage loan.

Year	House Price to Earnings Ratio	Year	House Price to Earnings Ratio
1994	4.55	2004	8.15
1995	4.47	2005	8.31
1996	4.51	2006	8.24
1997	4.77	2007	8.83
1998	5.11	2008	8.54
1999	5.37	2009	7.79
2000	6.14	2010	8.26
2001	6.27	2011	8.35
2002	7.11	2012	8.83
2003	7.66	2013	9.12

Source: Council of Mortgage Lenders

House price index

UK residential property prices, as measured by the Nationwide House Price Index and Halifax House Price Index (collectively the **Housing Indices**), have generally followed the UK Retail Price Index over an extended period. (Nationwide is a UK building society and Halifax is a division of Bank of Scotland plc which is part of the Lloyds Banking Group.)

The UK housing market has been through various economic cycles in the recent past, with large year-to-year increases in the Housing Indices occurring in the late 1980s and large decreases occurring in the early 1990s and from 2007.

	Retail Price Index		Nationwide House Price Index		Halifax House Price Index	
Quarter	Index	per cent. annual change	Index	per cent. annual change	Index	per cent. annual change
March 1989	111.7	7.7%	118.8	32.0%	217.8	32.1%
June 1989	114.9	8.2%	124.2	27.2%	226.8	25.9%
September 1989	116.0	7.7%	125.2	15.5%	227.3	14.3%
December 1989	118.3	7.6%	122.7	7.4%	222.8	5.1%
March 1990	120.4	7.8%	118.9	0.1%	220.7	1.3%
June 1990	126.0	9.7%	117.7	-5.2%	224.3	-1.1%
September 1990	128.1	10.4%	114.2	-8.8%	224.2	-1.4%
December 1990	130.1	10.0%	109.6	-10.7%	222.9	0.0%
March 1991	130.8	8.6%	108.8	-8.5%	220.2	-0.2%
June 1991	133.6	6.0%	110.6	-6.0%	223.2	-0.5%
September 1991	134.2	4.8%	109.5	-4.1%	220.8	-1.5%
December 1991	135.5	4.2%	107.0	-2.3%	217.5	-2.4%

Quarter	Retail Price Index Index	 per cent. annual change	Nationwide House Price Index Index	 per cent. annual change	Halifax House Price Index Index	 per cent. annual change
March 1992	136.2	4.1%	104.1	-4.3%	210.6	-4.4%
June 1992	139.1	4.1%	105.1	-5.0%	210.4	-5.7%
September 1992	139.0	3.6%	104.2	-4.8%	208.4	-5.6%
December 1992	139.6	3.0%	100.1	-6.5%	199.3	-8.4%
March 1993	138.7	1.8%	100.0	-3.9%	196.9	-6.5%
June 1993	140.9	1.3%	103.6	-1.4%	203.2	-3.4%
September 1993	141.3	1.7%	103.2	-1.0%	204.2	-2.0%
December 1993	141.8	1.6%	101.8	1.8%	202.5	1.6%
March 1994	142.0	2.4%	102.4	2.4%	202.3	2.7%
June 1994	144.5	2.6%	102.5	-1.1%	204.3	0.5%
September 1994	144.6	2.3%	103.2	0.0%	204.3	0.0%
December 1994	145.5	2.6%	104.0	2.1%	200.9	-0.8%
March 1995	146.8	3.4%	101.9	-0.5%	200.3	-1.0%
June 1995	149.5	3.5%	103.0	0.5%	201.0	-1.6%
September 1995	149.9	3.7%	102.4	-0.8%	199.0	-2.6%
December 1995	150.1	3.2%	101.6	-2.3%	197.8	-1.5%
March 1996	150.9	2.8%	102.5	0.6%	200.9	0.3%
June 1996	152.8	2.2%	105.8	2.7%	208.6	3.8%
September 1996	153.1	2.1%	107.7	5.2%	209.8	5.4%
December 1996	154.0	2.6%	110.1	8.3%	212.6	7.5%
March 1997	154.9	2.7%	111.3	8.6%	215.3	7.2%
June 1997	156.9	2.7%	116.5	10.1%	222.6	6.7%
September 1997	158.4	3.5%	121.2	12.5%	223.6	6.6%
December 1997	159.7	3.7%	123.3	12.1%	224.0	5.4%
March 1998	160.2	3.4%	125.5	12.7%	226.4	5.2%
June 1998	163.2	4.0%	130.1	11.7%	234.9	5.5%
September 1998	163.7	3.3%	132.4	9.2%	236.1	5.6%
December 1998	164.4	2.9%	132.3	7.3%	236.3	5.5%
March 1999	163.7	2.2%	134.6	7.3%	236.3	4.4%
June 1999	165.5	1.4%	139.7	7.3%	247.7	5.4%
September 1999	165.6	1.2%	144.4	9.0%	256.7	8.7%
December 1999	166.8	1.5%	148.9	12.6%	263.4	11.5%
March 2000	167.5	2.3%	155.0	15.1%	270.5	14.5%
June 2000	170.6	3.1%	162.0	16.0%	275.6	11.3%
September 2000	170.9	3.2%	161.5	11.8%	277.6	8.1%
December 2000	172.0	3.1%	162.8	9.4%	278.3	5.7%
March 2001	171.8	2.6%	167.5	8.1%	279.0	3.1%
June 2001	173.9	1.9%	174.8	7.9%	297.0	7.8%
September 2001	174.0	1.8%	181.6	12.5%	305.0	9.9%
December 2001	173.8	1.0%	184.6	13.4%	310.9	11.7%
March 2002	173.9	1.2%	190.2	13.6%	324.3	16.2%
June 2002	176.0	1.2%	206.5	18.1%	346.6	16.7%
September 2002	176.6	1.5%	221.1	21.7%	369.1	21.0%
December 2002	178.2	2.5%	231.3	25.3%	393.0	26.4%
March 2003	179.2	3.0%	239.3	25.8%	400.1	23.4%
June 2003	181.3	3.0%	250.1	21.1%	422.5	21.9%
September 2003	181.8	2.9%	258.9	17.1%	437.6	18.6%
December 2003	182.9	2.6%	267.1	15.5%	453.5	15.4%

Quarter	Retail Price Index Index	 per cent. annual change	Nationwide House Price Index Index	 per cent. annual change	Halifax House Price Index Index	 per cent. annual change
March 2004	183.8	2.6%	277.3	15.9%	474.0	18.5%
June 2004	186.3	2.8%	296.2	18.4%	513.2	21.5%
September 2004	187.4	3.1%	306.2	18.3%	527.2	20.5%
December 2004	189.2	3.4%	304.1	13.9%	522.0	15.1%
March 2005	189.7	3.2%	304.8	9.9%	520.2	9.7%
June 2005	191.9	3.0%	314.2	6.1%	532.1	3.7%
September 2005	192.6	2.8%	314.4	2.7%	543.1	3.0%
December 2005	193.7	2.4%	314.0	3.2%	548.4	5.1%
March 2006	194.2	2.4%	319.8	4.9%	552.6	6.2%
June 2006	197.6	3.0%	329.2	4.8%	582.1	9.4%
September 2006	199.3	3.5%	336.1	6.9%	586.7	8.0%
December 2006	201.4	4.0%	343.2	9.3%	602.8	9.9%
March 2007	203.0	4.5%	350.2	9.5%	613.9	11.1%
June 2007	206.3	4.4%	362.7	10.2%	644.1	10.7%
September 2007	207.1	3.9%	367.3	9.3%	649.3	10.7%
December 2007	209.8	4.2%	367.0	6.9%	634.4	5.2%
March 2008	211.1	4.0%	357.8	2.2%	620.9	1.1%
June 2008	215.3	4.4%	348.1	-4.0%	605.1	-6.1%
September 2008	217.4	5.0%	329.5	-10.3%	568.9	-12.4%
December 2008	215.5	2.7%	312.9	-14.7%	531.5	-16.2%
March 2009	210.9	-0.1%	298.7	-16.5%	512.5	-17.5%
June 2009	212.6	-1.3%	307.3	-11.7%	514.3	-15.0%
September 2009	214.4	-1.4%	319.5	-3.0%	526.5	-7.5%
December 2009	216.9	0.6%	323.4	3.4%	537.3	1.1%
March 2010	219.3	4.0%	324.9	8.8%	539.0	5.2%
June 2010	223.5	5.1%	336.6	9.5%	546.6	6.3%
September 2010	224.5	4.7%	333.9	4.5%	540.4	2.6%
December 2010	227.0	4.7%	325.1	0.5%	528.8	-1.6%
March 2011	230.9	5.3%	323.9	-0.3%	523.2	-2.9%
June 2011	234.9	5.1%	332.7	-1.2%	527.2	-3.5%
September 2011	236.2	5.2%	332.3	-0.5%	528.0	-2.3%
December 2011	238.6	5.1%	328.7	1.1%	522.0	-1.3%
March 2012	239.6	3.8%	324.6	0.2%	520.1	-0.6%
June 2012	242.2	3.1%	329.1	-1.1%	524.7	-0.5%
September 2012	243.1	2.9%	327.0	-1.6%	521.8	-1.2%
December 2012	246.0	3.1%	325.0	-1.1%	520.5	-0.3%
March 2013	247.4	3.3%	325.3	0.2%	525.7	1.1%
June 2013	249.7	3.1%	333.7	1.4%	544.4	3.8%
September 2013	250.9	3.2%	341.0	4.3%	554.2	6.2%
December 2013	252.5	2.6%	348.0	7.1%	559.5	7.5%
March 2014	253.9	2.6%	355.3	9.2%	571.2	8.7%
June 2014	256.0	2.5%	372.1	11.5%	592.2	8.8%

Source: Office for National Statistics, Council of Mortgage Lenders

The percentage annual change in the table above is calculated in accordance with the following formula:

x/y-1 where **x** is equal to the current quarter's index value and **y** is equal to the index value of the previous year's corresponding quarter.

All information contained in this Prospectus in respect of the Nationwide House Price Index has been reproduced from information published by Nationwide Building Society, which is available on their website, http://www.nationwide.co.uk/hpi/, but which is not incorporated by reference into this Prospectus. All information contained in this Prospectus in respect of the Halifax House Price Index has been reproduced from information published by HBOS plc, which is available on their website, http://www.lloydsbankinggroup.com/media1/research/halifax_hpi.asp, but which is not incorporated by reference into this Prospectus. The Issuer confirms that all information in this Prospectus in respect of the Nationwide House Price Index and the Halifax House Price Index has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by Nationwide Building Society and HBOS plc, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Note, however, that the Issuer has not participated in the preparation of that information nor made any enquiry with respect to that information. Neither the Issuer nor Nationwide Building Society nor HBOS plc makes any representation as to the accuracy of the information or has any liability whatsoever to you in connection with that information.

SUMMARY OF THE KEY TRANSACTION DOCUMENTS

Mortgage Sale Agreement

Portfolio

Under a mortgage sale agreement entered into on or around the Closing Date between, among others, the Seller, the Legal Title Holder, the Issuer and the Security Trustee (the **Mortgage Sale Agreement**), on the Closing Date the Seller will (in consideration for payment of the Consideration and the issuance and payment under the Certificates as detailed below):

(a) sell, assign or otherwise transfer to the Issuer pursuant to the Mortgage Sale Agreement a portfolio of English and Welsh residential mortgage loans each secured by an English Mortgage and, where applicable, other Related Security (the **English Loans**); and

(b) assign its interest as beneficiary under the Scottish Trust in respect of the Scottish Loans and their Related Security (the **Scottish Loans**) in favour of the Issuer.

The English Loans and their Related Security comprising the Portfolio will be assigned by way of equitable assignment to the Issuer, while the Scottish Loans and their Related Security comprising the Portfolio will be held on trust for the Seller under (in respect of Scottish Loans and their Related Security comprised in the Portfolio) a Scottish Declaration of Trust dated the Closing Date and the Seller will assign its interest as beneficiary under the Scottish Trust in favour of the Issuer 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 comprising the portfolio 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 shall be (a) an amount in cash payable on the Closing Date subject to the provisions relating to a Consideration Adjustment Payment set out below, (b) an amount equal to the balance of the Reconciliation Ledger on the Reconciliation Date payable by the first Interest Payment Date following the Reconciliation Date and (c) deferred consideration consisting of the Class X Payments, the Class Y Payments and the Class Z Payments, the right to such payments being represented by the Certificates to be issued to the Seller on the Closing Date.

The following amounts will be withheld from the cash consideration payable to the Seller by the Issuer on the Closing Date: (i) an amount equal to the Expected Pre-Closing Collections; (ii) an amount equal to the Expected Excluded Balance and (iii) an Additional Adjustment Amount. The amount withheld on account of Expected Pre-Closing Collections will be retained by the Issuer in the Deposit Account and allocated as Revenue Receipts or as Redemption Receipts (as appropriate). The amounts withheld on account of the Expected Excluded Balance will be retained by the Issuer in the Deposit Account and allocated as Redemption Receipts up to the Outstanding Principal Balance of the Expected Excluded Loans on the Portfolio Reference Date and any remainder shall be applied as Revenue Receipts. The Additional Adjustment Amount will be retained by the Issuer in the Deposit Account and credited to a ledger established by the Issuer (the Reconciliation Ledger).

On the Reconciliation Date, the Seller will provide the Issuer with details of (i) the Actual Pre-Closing Collections and (ii) the Actual Excluded Balance

If:

(a) the Actual Pre-Closing Collections exceeds the Expected Pre-Closing Collections, then amounts in the Deposit Account equal to the excess shall be debited from the Reconciliation Ledger and allocated as Available Revenue Receipts and as Available Redemption Receipts (as appropriate) and if there is any remaining shortfall then the Issuer shall be entitled to receive from the Seller such excess which shall be paid into the Deposit Account and allocated as Available Revenue Receipts and as Available Redemption Receipts (as appropriate);

(b) the Actual Pre-Closing Collections is less than the Expected Pre-Closing Collections, then the Issuer shall be required to apply amounts of Available Revenue Receipts and Available Redemption Receipts (as appropriate) to credit the Reconciliation Ledger in an amount equal to the shortfall;

(c) the Actual Excluded Balance exceeds the Expected Excluded Balance, then amounts in the Deposit Account equal to the excess shall be debited from the Reconciliation Ledger and allocated as Available Redemption Receipts up to the Outstanding Principal Balance of the Relevant Excluded Loans (as at the Portfolio Reference Date) and any remainder shall be applied as Available Revenue Receipts and if there is any remaining shortfall then the Issuer shall be entitled to receive from the Seller such excess which shall be paid into the Deposit Account and allocated as Available Redemption Receipts up to the Outstanding Principal Balance (as at the Portfolio Reference Date) of the remaining Relevant Excluded Loans and any remainder shall be applied as Available Revenue Receipts;

(d) the Actual Excluded Balance is less than the Expected Excluded Balance then the Issuer shall be required to apply amounts, equal to the shortfall, of Available Redemption Receipts up to the Outstanding Principal Balance (as at the Portfolio Reference Date) of the Relevant Excluded Loans and if there is a shortfall remaining, then to apply any Available Revenue Receipts to make up any difference, in each case to credit the Reconciliation Ledger;

Thereafter, any amounts standing to the credit of the Reconciliation Ledger shall then be paid by the Issuer to the Seller and no further Consideration shall be payable by the Issuer to the Seller. The amounts referred to in paragraphs (a) to (d) above are referred to as **Consideration Adjustment Payments.**

Title to the Mortgages, Registration and Notifications

During the Interim Period, legal title in the Loans and their Related Security which comprise the Portfolio will remain with the Original Seller. On the Transfer Date, the Seller will direct the transfer of legal title in the Loans and their Related Security to the Legal Title Holder, who will from the Transfer Date hold legal title on trust for the benefit of the Issuer (including, in respect of a Scottish Loan, under the Scottish Trust). Notice of the transfer of legal title in the Loans and their Related Security from the Original Seller to the Legal Title Holder will be given to each Borrower on or around the Transfer Date.

During the Interim Period, completion of the transfer, or, in the case of Scottish Loans and their Related Security, assignation, of the Loans and their Related Security (and, where appropriate, their registration or recording) to the Legal Title Holder is deferred until the Transfer Date other than following the occurrence of an insolvency event in relation to any of the Original Seller.

Following the Transfer Date, legal title to the Loans and their Related Security passes to the Legal Title Holder, where legal title remains until the occurrence of a Perfection Event. Other than as described above, notice of the sale of the Loans and their Related Security to the Issuer will not be given to any Borrower until the occurrence of a Perfection Event.

The transfers to the Issuer or to a nominee of the Issuer who shall hold legal title in the Loans on its behalf will be completed by or on behalf of the Legal Title Holder on or before the 20th Business Day after any of the following Perfection Events occurs:

(a) the Legal Title Holder being required to perfect legal title to the Loans by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Legal Title Holder or by any organisation of which the Legal Title Holder is a member, or whose members comprise (but are not necessarily limited to) mortgage lenders and with whose instructions it is customary for the Legal Title Holder to comply, to perfect legal title to the Loans and their Related Security; or

(b) it becoming necessary by law to do any or all of the acts referred to in paragraph (a) above; or

(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; or

(d) the Legal Title Holder calling for perfection by serving notice in writing to that effect on the Issuer and the Security Trustee;

(e) an Insolvency Event occurring in relation to the Legal Title Holder; or

(f) it becoming unlawful in any applicable jurisdiction for the Legal Title Holder to hold legal title in respect of any Loan or its Related Security in the Portfolio,

(each of the events set out in paragraphs (a) to (f) inclusive being a **Perfection Event**).

An **Insolvency Event** will occur in respect of an entity in the following circumstances:

(a) an order is made or an effective resolution passed for the winding-up of the relevant entity (or it proposes or makes any composition or arrangement with its creditors); or

(b) the relevant entity 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 is appointed to the whole or any material part of the undertaking, property and assets of the relevant entity 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 relevant entity is unable to pay its debts as they fall due or it is deemed under section 123 of the Insolvency Act 1986 to be unable to pay its debts or announces an intention to suspend making payments with respect to any class of undisputed debts; or

(e) if proceedings are initiated against the relevant entity under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the relevant entity or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of relevant entity, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order), unless initiated by the relevant entity, is not discharged within 30 days.

On any date of determination after the Interim Period and following a Perfection Event, notice of the legal assignments and assignations will be given to the Borrowers and the Issuer will take steps to register and record such legal assignments and assignations at the Land Registry, Registers of Scotland (as applicable).

Save for Title Deeds held at the Land Registry or the Registers of Scotland (as the case may be), all the Title Deeds and the mortgage files and computer tapes relating to each of the Loans and their Related Security are held during the Interim Period by the Interim Sub-Servicer (on behalf of the Seller) and following the Transfer Date will be held by the Servicer (on behalf of the Legal Title Holder) or its solicitors or agents and the Title Deeds are held in dematerialised form or are returned to the Borrower's solicitors, and in relation to the Title Deeds held at the Registers of Scotland in respect of Properties title to which is recorded in the General Register of Sasines, such Title Deeds are held on the basis that they (other than the dematerialised copies of the Title Deeds) shall be returned to the Servicer or its solicitors or agents.

Neither the Security Trustee nor the Issuer has made or has caused to be made on its behalf any enquiries, searches or investigations, but each is relying entirely on the representations and warranties made by the Seller contained in the Mortgage Sale Agreement.

Title Deeds means, in relation to each Loan, and its Related Security and the Property relating thereto, all conveyancing deeds, certificates and all other documents which relate to the title to the Property and the security for the Loan and all searches and enquiries undertaken in connection with the grant by the relevant Borrower of the related Mortgage.

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 Originator and including mortgage documentation applicable to each Loan, each letter of offer for that Loan, the Valuation Report (if applicable), any MHA/CP Documentation and, to the extent available, the solicitor's or licensed conveyancer's certificate of title.

Valuation Report means the valuation report or reports for mortgage purposes, in the form of one of the pro forma contained in the Standard Documentation, obtained by the Originators from a valuer in respect of each Property or a valuation report in respect of a valuation made using a methodology which was acceptable to the Originators and which has been approved by the relevant officers of the Originators.

Conditions to Sale

The sale of Loans and their Related Security to the Issuer will be subject to various conditions being satisfied on the Closing Date.

Representations and Warranties

On the Closing Date, the Loan Warranties will be given by the Seller in respect of the Loans and their Related Security sold by the Seller to the Issuer on the Closing Date.

The warranties that will be given to the Issuer and separately to the Security Trustee by the Seller pursuant to the Mortgage Sale Agreement (the **Loan Warranties**) include, *inter alia*, similar statements to the following effect (defined terms having the meaning given to them in the Mortgage Sale Agreement), and see also "*The Loans*" above:

1. The information relating to the Loans as set out in the data tape to be provided by the Original Seller to the Seller is true and accurate in all material respects.

2. Each Loan and the related Mortgage constitute a legal, valid and binding 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 or by the application of the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the “**UTCCR**”), the Consumer Protection from Unfair Trading Regulations 2008 (the “**CPUTRs**”) or the Consumer Credit Act 1974 (the “**CCA**”) and (2) no warranty is given in relation to any obligation of the Borrower to pay prepayment charges, mortgage administration exit fees or charges payable in the event of Borrower default) and each related Mortgage secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower (other than, in relation to any prepayment charges).

3. The Title Deeds and the Loan Files in respect of the Loans are currently in the Legal Title Holder's possession, or held to its order, save for those Title Deeds held or being dealt with by solicitors in accordance with its instructions.

4. Each Loan is denominated in, and all amounts in respect of such Mortgage Loan are payable in, sterling and may not be changed by the relevant Borrower to any other currency.

5. Each Loan and its related Mortgage was made on the basis of the Standard Documentation.

6. Interest on each Loan has been charged in accordance with the provisions of the Loan and its related Mortgage and is payable monthly in arrear unless modified for forbearance.

7. At the time of origination of the relevant Loan, a valuation of the relevant Property was undertaken that would be acceptable to a prudent residential mortgage lender.

8. Each Loan is at least secured by a valid and subsisting first ranking legal mortgage (or in Scotland, first ranking standard security) over the Property to which it relates (subject to completion of any registration or recording requirements at the Land Registry of England and Wales or the Registers of Scotland (as applicable) and (in those cases) there is nothing to prevent that registration or recording being effected).

9. 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 to the Issuer thereunder at the Closing Date, and the Seller has not assigned (whether by way of absolute assignment or assignation 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 pursuant to the Mortgage Sale Agreement.

10. As of the Portfolio Reference Date, no Loan has an arrears balance which is one or more Monthly Subscriptions (where "**Monthly Subscription**" means, in relation to any Loan, the amount in the ordinary course of administration of that Loan due to be paid by the relevant Borrower on each scheduled payment date, comprising interest and, where applicable, contractual repayments of principal and other sums, as determined in accordance with the terms and conditions of that Loan, without regard for any discounted or additional payment arrangements agreed with the relevant Borrower).

11. So far as the 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).

12. As far as the Seller is aware, the Legal Title Holder 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 Legal Title Holder respectively or their ability to fully and effectively enforce the same.

13. In relation to any Loan which is a regulated mortgage loan within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, so far as the Seller (the Seller having performed such due diligence as the Seller considered appropriate before the execution of the Mortgage Sale Agreement) is aware, all then applicable requirements of MCOB have been complied with in all material respects in connection with the origination (including in respect of any further advance), documentation and administration of such Loan (as applicable).

14. Each Property is located in England, Wales, or Scotland.

15. No lien or right of set-off or counterclaim has been created or arisen between the Borrower and the Legal Title Holder or the Seller which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Loan. Neither the Legal Title Holder nor the Seller is on

notice of any set-off claim by a Borrower against any Originator that is exercisable against the Legal Title Holder or the Seller.

16. Other than when acting as a Reasonable, Prudent Residential Mortgage Lender, neither the Seller nor (as far as the Seller is aware) the Legal Title Holder has, in writing, waived or acquiesced in any breach of any of its rights in respect of a Mortgage Loan or its related Mortgage, other than in relation to any payment default in respect of those Mortgage Loans.

17. 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 CMA, the FCA or a "**qualifying body**" as defined in the UTCCR, against the Seller or (as far as the Seller is aware) the Legal Title Holder 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.

18. 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 notification 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; 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 Land Registry of England and Wales or the Registers of Scotland(as applicable)).

19. Subject to completion of any registration or recording of a Mortgage relating to a Loan which may be pending and in the case of a Right to Buy Loan, subject to any charge or security which may arise in favour of the relevant local authority, such Mortgage constitutes a first valid and subsisting first ranking legal mortgage or (in relation to Scottish Mortgages) standard security over the relevant Property and secures in priority to all other mortgages and standard securities all monies owing under the Loan.

20. The amount of each Loan has been fully advanced to the Borrower and the Mortgage Documents contain no obligation to make any further advance other than those Loans which contain terms entitling the Borrowers to redraw funds if the Borrowers have previously made overpayments.

21. There are no governmental authorisations, approvals, licences or consents required as appropriate for the Seller to enter into or to perform its obligations under the Mortgage Sale Agreement or to render the Mortgage Sale Agreement legal, valid, binding, enforceable and admissible in evidence in a court in England and Wales or (where applicable) Scotland.

22. So far as the Seller is aware the Servicer (or its delegate) keeps full and proper accounts, books, and records, showing all material transactions relating to the loan and that they are up to date.

23. No Borrower is or has been within the 12 months preceding the date of the Mortgage Sale Agreement an employee or director of the Seller.

24. No act or circumstance has occurred which will adversely affect the Properties in Possession Policy/Block Policy or entitle the insurers to refuse payment or reduce the amount payable.

25. Prior to making a further advance the requirements of the relevant Originator's Lending Criteria were met, subject to exceptions made on a case by case basis.

Neither the Security Trustee, the Arranger, the Lead Manager have undertaken any additional due diligence in respect of the application of the Lending Criteria and have relied entirely upon the representations and warranties referred to above which will be made by the Seller to the Issuer and the Security Trustee pursuant to the Mortgage Sale Agreement.

Repurchase by the Seller and/or Commercial First Group Limited

The Seller and Commercial First Group Limited will agree to be jointly and severally liable for the repurchase of any Loan and its Related Security sold pursuant to the Mortgage Sale Agreement if any Loan Warranty made by the Seller in relation to that Loan and/or its Related Security proves to be materially untrue as at the Closing Date, as applicable, and that default has not been remedied in accordance with the Mortgage Sale Agreement. Any Loans and their Related Security will be required to be repurchased following receipt by the Seller and/or Commercial First Group Limited of a loan repurchase notice substantially in the form set out in and delivered in accordance with the Mortgage Sale Agreement (a **Loan Repurchase Notice**) requiring the Seller and/or Commercial First Group Limited to repurchase the relevant Loan and its Related Security in accordance with the terms of the Mortgage Sale Agreement.

The Seller and Commercial First Group Limited may in lieu of the repurchase, at the Seller or Commercial First Group Limited's option (as applicable) pay an amount equal to the Current Balance of the relevant Loans to the Issuer on or prior to the date on which the relevant Loan would have otherwise been repurchased under the Mortgage Sale Agreement, without taking ownership of the relevant Loans.

Repurchase price

The consideration payable by the Seller or Commercial First Group Limited in respect of the repurchase of an affected Loan and its Related Security shall be equal to the Current Balance of such Loan (disregarding for the purposes of any such calculation, (a) any porting in relation to such Loan and (b) to the extent that the Current Balance of such Loan has been reduced as a result of the exercise of any set-off right which the relevant Borrower has against the Original Seller and/or the Legal Title Holder, the amount of any such reduction in the Current Balance) as at the relevant date of any such repurchase, plus the Issuer's costs and expenses (if any) associated with the transfer of such Loan and its Related Security to the Seller or Commercial First Group Limited (as the case may be).

Business Day means a day (other than a Saturday or Sunday or a public holiday) on which banks are open for business in London.

Calculation Date means the fourth Business Day preceding each Interest Payment Date.

Certificate of Title means, in respect of a Property, a solicitor's, licensed or (in Scotland) qualified conveyancer's report or certificate of title obtained by or on behalf of the Originators in respect of such Property substantially in the form of the pro forma set out in the Standard Documentation.

Collection Period means the quarterly period commencing on (and including) a Cut-Off Date and ending on (but excluding) the immediately following Cut-Off Date, except that the first Collection Period will commence on (and include) the Closing Date and end on (and exclude) the Cut-Off Date falling in January 2015.

Cut-Off Date means the first calendar day of January, April, July and October except that the first Cut-Off Date will be 1 June 2014.

Enforced Loan means a Loan in respect of which the Related Security has been enforced and the related Property has been sold.

English Mortgage means a first ranking legal charge secured over a Property located in England or Wales.

First Cut-Off Date means 1 June 2014.

Fixed Rate Loan means a Loan to the extent that and for such time as the interest rate payable by the relevant Borrower on all or part of the principal balance does not vary and is fixed for a certain period of time by the Originators.

Flexible Loan means a loan in respect of which the Borrower has exercisable redraw rights under the relevant loan.

Insurance Policies means with respect to the Mortgages, the Properties in Possession Cover and any other insurance contracts in replacement, addition or substitution thereof from time to time which relate to the Loans.

MHA/CP Documentation means an affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 or (as applicable) the Civil Partnership Act 2004 in connection with a Scottish Mortgage or the Property secured thereby.

Monthly Cut-Off Date means the first day of each calendar month.

Monthly Instalment means, in relation to any Loan, the amount in the ordinary course of administration of that Loan due to be paid by the relevant Borrower on each monthly payment date under the Mortgage Conditions, comprising interest and, where applicable, contractual repayments on principal and other sums (as determined in accordance with the terms and conditions of that Loan).

Monthly Pool Date means the first day of a calendar month.

Mortgage means:

(a) each English Mortgage, in respect of any English Loan; and

(b) each Scottish Mortgage, in respect of any Scottish Loan;

which is, or is to be, sold, assigned or transferred by the Seller to the Issuer pursuant to:

(i) the Mortgage Sale Agreement, in respect of any English Loan; or

(ii) an assignation of the Seller's interest as beneficiary under the Scottish Trust created by the Scottish Declaration of Trust, in respect of any Scottish Loan;

which secures the repayment of the relevant Loan pursuant to the Mortgage Conditions applicable to it.

Mortgage Conditions means in respect of a Loan, all the terms and conditions applicable to such Loan and the relevant general conditions of the Originator, each as varied from time to time by the relevant loan agreement, the relevant Mortgage Deed and the Offer Conditions.

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).

Mortgage Documents means, in respect of any Loan or related Mortgages the Mortgage Deed, the loan agreement and the Loan Files.

Offer Conditions means in respect of a Loan, the terms and conditions applicable to such Loan as set out in the offer letter to the relevant Borrower.

Payment Holidays means any payment holiday feature of a product where a borrower who is not in arrears can apply to defer one or more Monthly Instalments.

Property means a freehold, leasehold or commonhold property or (in Scotland) a heritable property or property held under a long lease, which is, in each case, subject to a Mortgage.

Reasonable, Prudent Mortgage Lender means a reasonably prudent residential mortgage lender lending to borrowers in England and Wales and Scotland who generally satisfies the criteria of sources of residential mortgage capital;

Receiver means any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Assets by the Security Trustee pursuant to the Deed of Charge.

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 rights, remedies or benefits related thereto including:

(a) the benefit of all affidavits, consents, renunciations, guarantees, indemnities, waivers and postponements (including any deed of consent and MHA/CP Documentation) from occupiers and other persons having an interest in or rights in connection with the relevant Property;

(b) each right of action of the Originator against any person (including any solicitor, licensed conveyancer, qualified conveyancer, valuer, registrar or registry or other person) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion (including each Certificate of Title and Valuation Report) given or received in connection with all or part of any Loan and its Related Security or affecting the decision of the Originator to make or offer to make all or part of the relevant Loan; and

(c) the benefit of (including the rights as the insured person under and as notations of interest on, and returns of premium and proceeds of claims under) insurance and assurance policies (taken out by or on behalf of the relevant Borrower) deposited, charged, obtained, or held in connection with the relevant Loan, Mortgage and/or Property and relevant Loan Files.

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 (a) Section 156 of the Housing Act 1985 (the **1985 Act**) excluding however any such Loans in respect of which the statutory charge referred to in section 155 of the 1985 Act has expired (in the case of English Mortgages) or (b) section 61 of 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 Seller's standard security in favour of the seller of the Property referred to in section 72 of the 1987 Act is of effect has expired.

Scottish Mortgage means a first ranking standard security over a Property located in Scotland.

Standard Documentation means the standard documentation of the Originators being the documents which were used by the relevant Originator at the relevant time in connection with its activities as a residential mortgage lender, a list or CD of which is set out in or appended to Exhibit 1 to the Mortgage Sale Agreement, or any update or replacement therefor as permitted by the terms of the Mortgage Sale Agreement.

Governing Law

The Mortgage Sale Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law (other than those terms of the Mortgage Sale Agreement specific to the law of Scotland relating to the Scottish Loans and their Related Security, which are governed by Scots law).

Servicing Agreement

Introduction

The Issuer, the Security Trustee, the Legal Title Holder, the Servicing Consultant, the Back-Up Servicer Facilitator, the Seller, the Parent and the Servicer will enter into, on or about the Closing Date, an agreement relating to the servicing of the Loans and their Related Security (the **Servicing Agreement**). The services to be provided by the Servicer are set out in the Servicing Agreement (the **Services**).

Appointments

On or about the Closing Date, the Servicer will be appointed by the Issuer and the Legal Title Holder. The Issuer and the Legal Title Holder will also appoint the Servicing Consultant to perform certain oversight, management and administration services. The Servicer's actions in servicing the Loans and their Related Security in accordance with the terms of the Servicing Agreement (including the procedures of the Servicer set out therein) are binding on the Issuer. The Servicer is appointed:

(a) to administer and manage the Loans in accordance with the applicable provisions of the FSMA and provide the services set out in the Servicing Agreement in relation to the Mortgage Loans and their Related Security sold by the Seller to the Issuer;

(b) to exercise the Issuer's and the Legal Title Holder's rights, powers and discretions under and in relation to the Loans and their Related Security; and

(c) to perform other management and administration services imposed on the Servicer by the Servicing Agreement

The Interim Period

During the Interim Period the Servicer will delegate the role of servicer to the Interim Sub-Servicer. The Interim Sub-Servicer is Bradford & Bingley plc and during the Interim Period Bradford & Bingley plc will service the Portfolio to substantially the same standard and in substantially the same manner as they have been using in the provision of the services in relation to the wider pool of loans owned by the Original Seller.

The Servicer shall remain liable for the fraud, negligence or wilful default of the Interim Sub-Servicer and for breaches of the standard applied to the Interim Sub-Servicer for the duration of the Interim Period. The liability of the Servicer in relation to the Interim Period shall be limited to the amount which the Servicer can actually recover from the Interim Sub-Servicer following a breach by the Interim Sub-Servicer of its obligations under the Interim Sub-Servicing Agreement. However, the Servicer's liability for any failure by it to comply with certain monitoring and oversight obligations in relation to the Interim Sub-Servicer (as set out in the Servicing Agreement), shall not be so limited and the liability provisions set out in "Limit to Servicer's Liability" below shall apply.

The Servicing Standard

The standard applied to the Interim Sub-Servicer and the Servicer in relation to the provision of services during the Interim Period will be the Interim Servicing Standard. The standard applied to the Servicer during the Full Servicing Period will be that of a Prudent Mortgage Servicer.

Full Servicing Period means the period following the Transfer Date.

Prudent Mortgage Servicer means a leading residential mortgage servicer who is acting prudently in servicing residential mortgage loans and their collateral security in respect of residential property in England, Wales or Scotland and which have in all material respects the same or similar characteristics to the Portfolio and are administered to standards, criteria and procedures as ought to have been applied in relation to the Portfolio or, if the relevant context in the Servicing Agreement relates to a specific Loan, as ought to have been applied in relation to such Loan.

Interim Servicing Standard means during the Interim Period, the administration and servicing of the Loans and their Related Security to substantially the same standard and in substantially the same manner as the Mortgage Loans have been administered and serviced by the Original Seller during the twelve-month period immediately prior to the date of the Mortgage Portfolio Sale Agreement, as may be amended and updated by the Interim Sub-Servicer in accordance with the Interim Sub-Servicing Agreement.

Undertakings by the Servicer

The Servicer has undertaken, among other things, to:

(a) ensure all Mortgage Loans and other Related Security are designated in the computer and other records of the Servicer from the Transfer Date as being legally and beneficially owned by the Issuer;

(b) devote such amount of time and attention to, and exercise such level of skill, care and diligence to the performance of, the Services (a) during the Interim Period, as is required by the Interim Servicing Standard, or (b) during the Full Servicing Period, as would a Prudent Mortgage Servicer;

(c) comply with any proper directions, orders and instructions which the Issuer or the Security Trustee may from time to time give to it in relation to the Services in accordance with the provisions of the Servicing Agreement;

(d) maintain in working order the information technology systems used by the Servicer in providing the Services ;

(e) keep in force all licences, approvals, authorisations, consents, permissions and registrations required by the Servicer in connection with the performance of the Services (including under the FSMA);

(f) comply with any legal or regulatory requirements relating to the performance of the Services including, without limitation any rules of the FCA;

(g) make all payments required to be made by it pursuant to the Servicing Agreement on the due date for payments thereof in Sterling 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; and

(h) not without prior written consent of the Security Trustee, to amend or terminate the Transaction Documents (with the exception of the Servicing Agreement) to which it is a party.

Obligations of Servicing Consultant

The Servicing Consultant is appointed under the Servicing Agreement to act as a Servicing Consultant in relation to the Portfolio and where applicable to consult with the Servicer and to perform the other oversight, management and administration services imposed on it under the Servicing Agreement, including without limitation:

(a) consulting with the Servicer as to any variation of any service specification relating to the settlement and administration of the Mortgage Loans and their Related Security by the Servicer, and in doing so the Servicing Consultant must act in a manner consistent with that of a Prudent Mortgage Servicer;

(b) consulting with the Servicer as to any variation of the Enforcement Procedures applicable with Loans that are in arrears from time to time in accordance with the Servicing Agreement and the practice of a Prudent Mortgage Servicer and consulting with the Servicer on the Servicer's undertaking with respect to certain discretionary elements of the Enforcement Procedures in accordance with the terms of the Servicing Agreement;

(c) consulting with the Servicer to determine whether any changes of interest rates applicable to Loans should be made in accordance with the Servicing Agreement.

In addition, under the Servicing Agreement the Servicing Consultant will consult with the Servicer as regards the setting of the rate or rates of interest applicable to the Mortgage Loans in accordance with the terms of such Mortgage Loans. The Issuer, the Legal Title Holder and the Security Trustee shall be bound by any rate or rates of interest applicable to the Mortgage Loans set in accordance with the Servicing Agreement

Setting of Interest Rates on the Loans

Subject to the terms of the Mortgage Sale Agreement, each of the Issuer and the Legal Title Holder grants the Servicer full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine and set the Standard Variable Rates applicable to the Loans. During the Interim Period, changes in the Standard Variable Rate will be determined by the Interim Sub-Servicer, provided that such Standard Variable Rates will not be set at a rate which is lower than the minimum of (a) the Original Seller’s Standard Variable Rate as at the First Cut-Off Date; and (b) the Original Seller’s Standard Variable Rate as at the First Cut-Off Date plus the BBR Change (whether positive or negative).

BBR Change means the Bank of England Base Rate on the relevant Interest Determination Date, minus the Bank of England Base Rate as of the First Cut-Off Date.

During the Full Servicing Period, the Servicer must comply with the restrictions set out in the Mortgage Conditions. The Servicer is not permitted under the Servicing Agreement to change the relevant Standard Variable Rate nor any other discretionary rate or otherwise introduce a new additional Standard Variable Rate in relation to any Loans in the Portfolio save in accordance with the Mortgage Conditions and further shall not reduce the Standard Variable Rates or any other discretionary rates or margins applicable in relation to the Mortgage Loans without first consulting with the Servicing Consultant.

For 12 months following the commencement of the Full Servicing Period, such Standard Variable Rates will be set so as to equal the Original Seller’s Standard Variable Rate as at the First Cut-Off Date plus the BBR Change.

After 12 months following the commencement of the Full Servicing Period, such Standard Variable Rates will be set:

(i) semi-annually on the relevant Interest Determination Date; provided that if the absolute difference (positive or negative) of Three Month LIBOR at that Interest Determination Date minus Three Month LIBOR at the time of the previous change (or, in relation to the first Interest Determination Date after the commencement of the Full Servicing Period, Three Month LIBOR at that Interest Determination Date minus the Bank of England Base Rate at the time of the previous change) is less than 10 basis points then no change will be applied; and

(ii) quarterly on any Interest Determination Date where the absolute difference (positive or negative) of Three Month LIBOR at that Interest Determination Date minus Three Month LIBOR at the time of the previous change is 50 basis points or more,

at a rate equal to the Three Month LIBOR rate at that Interest Determination Date plus the SVR LIBOR Margin.

The **SVR LIBOR Margin** will mean the difference between the Original SVR as at the First Cut-Off Date minus Three Month LIBOR at the First Cut-Off Date.

Standard Variable Rate or **SVR** means the relevant Original Seller's or following the Transfer Date the relevant Legal Title Holder's standard variable rate from time to time.

Original Seller's Standard Variable Rate or **Original Seller's SVR** means in relation to an Original Seller, the Standard Variable Rate in effect from such Original Seller as at the First Cut-Off Date.

Operation of Collection Accounts

During the Interim Period, all collections arising in respect of Loans will be paid into the general collection accounts of the Original Seller. On and from the Transfer Date, all collections arising in respect of the Loans will be paid into the collection accounts in the case of Direct Debit payments within 1 Business Day of receipt and identification and in the case of all other amounts, within 3 Business Days of receipt and identification. The Servicer will operate the collection accounts, opened in the name of the Legal Title Holder with the Collection Account Bank. Revenue Receipts and Redemption Receipts arising in relation to the Loans will on and from the Transfer Date be paid directly into the relevant collection accounts. The Servicer will transfer all collections received in the collection accounts arising in respect of payments from the Borrowers to the Deposit Account on or prior to the Business Day immediately following receipt of such amounts into the collection account.

Replacement of Collection Account Bank

On and following the Transfer Date if the Collection Account Bank fails to maintain any of the Collection Account Bank Ratings, then the Servicer shall assist the Legal Title Holder to:

(a) open a replacement collection account in the name of the Legal Title Holder with a financial institution (i) having a rating of at least 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

(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

(c) take any other action as the Rating Agencies may agree will not result in a downgrade of the Rated Notes,

in each case within 30 days of such downgrade, and transfer all Direct Debit mandates to such replacement collection account and procure that all Monthly Instalments 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.

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

Flexible Drawings, Further Advances and Ported Loans

In the event of any Borrower requesting a Flexible Drawing or to Port their Loan, if the Original Seller or the Servicer (on behalf of the relevant Legal Title Holder) agrees to such request, the Issuer shall use Redemption Receipts to purchase such Flexible Drawing and, where applicable, to the extent that a Port results in the origination of a new Loan, such Ported Loan, as the case may be.

No Further Advances will be agreed by the Servicer, whether before or after the Transfer Date unless required to do so pursuant to the Mortgage Conditions.

Further Advance means, in relation to a Loan, any advance of further money to the relevant Borrower following the making of the initial principal amount advanced by the Originators to the relevant Borrower under a Loan (**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.

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.

Ported Loan means a Loan that has been the subject of a Port.

Compensation of the Servicer

The Servicer receives fees under the terms of the Servicing Agreement. In consideration for providing the Services, the Issuer shall, following the Transfer Date, pay to the Servicer the following fees in relation to each calendar month (together the **Servicing Fees**).

The Base Fee: an amount, in relation to each calendar month, equal to the greater of (a) an amount calculated on the basis of the number of days elapsed in that calendar month and a 365 day year, at a rate of zero point two zero per cent (0.20%) per annum on the aggregate outstanding Current Balance of the Loans, as determined as at the first day of the calendar month; and (b) £14,583.33 (the **Base Fee Floor**), such fee the **Base Fee** .

The Regulatory Responsibility Fee: an amount, in relation to each calendar month, equal to an amount calculated on the basis of the number of days elapsed in that calendar month and a 365 day year, at a rate of zero point zero three per cent (0.03%) per annum on the aggregate outstanding Current Balance of the Loans, as determined as at the first day of the calendar month (the **Regulatory Responsibility Fee**).

The Arrears Fee: an amount, in relation to each calendar month, equal to the product of £40 multiplied by the number of Arrears Loans during the calendar month (the **Arrears Fee**).

The Redemption Fee: an amount, in relation to each calendar month, equal to the product of £100 multiplied by the number of redemptions of Loans in whole where the relevant security was released during that calendar month (the **Redemption Fee**).

Boarding Fee: The Issuer will pay to the Servicer on the Interest Payment Date immediately following the last Transfer Date a boarding fee of £50,000 exclusive of and payable together with VAT (the **Boarding Fee**).

Uplift of fees: Each of the Servicing Fees (other than the amount of the Base Fee Floor, the Servicing Fee Cap, the Boarding Fee and the Servicing Consultant Fee) is subject to an annual uplift of:

(a) 2.5% on each anniversary of the Servicing Agreement up to and including the tenth anniversary of the Servicing Agreement; and

(b) 4% on each anniversary of the Servicing Agreement thereafter.

All fees payable to the Servicer are exclusive of VAT.

In consideration for paying the fees of the Interim Sub-Servicer under the Interim Sub-Servicing Agreement during the Interim Period, the Issuer shall pay to the Servicer an amount equal to all fees, costs, expenses and other amounts payable to the Interim Sub-Servicer under the Interim Sub-Servicing Agreement (the **Interim Servicing Fees**) up to the Servicing Fee Cap, with any excess paid by the Issuer in accordance with the relevant Priorities of Payment on a quarterly basis.

The Servicing Fees other than the Interim Servicing Fees are calculated monthly but payable quarterly in arrears on each Interest Payment Date.

Arrears Loan means a Loan in arrears.

Calculation Period means a calendar month.

Compensation of the Servicing Consultant

The Servicing Consultant shall be paid a quarterly fee under the Servicing Agreement of £12,500 (exclusive of VAT) in the manner contemplated by and in accordance with the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments.

Servicing Fee Cap

The payment of the fees of the Servicer and the Servicing Consultant is subject to the Servicing Fee Cap. The **Servicing Fee Cap** means, on any date of determination, an amount calculated by the Servicer which shall be equal to 0.25 per cent. per annum of the Current Balance of Loans comprising the Portfolio which shall be utilised by the Cash Manager on each Interest Payment Date to determine the ranking of fees due to the Servicer in the applicable Priority of Payments. To the extent the fees due are payable to the Servicer and (after application of the fees due to the Servicer) the Servicing Consultant and the Back-Up Servicer Facilitator exceed the Servicing Fee Cap, the excess fees will be payable in accordance with the relevant priority of payments as of such interest Payment Date at a subordinated level.

Removal or Resignation of the Servicer and Servicing Consultant

The Issuer (prior to the delivery of an Enforcement Notice) or the Security Trustee (after delivery of an Enforcement Notice) may at once or at any time thereafter while such default continues, by notice in writing to the Servicer or the Servicing Consultant, as applicable, (with a copy to the Security Trustee or the Issuer as the case may require), terminate the Servicer's or the Servicing Consultant's appointment under the Servicing Agreement if any of the following events (each a **Servicer Termination Event** or a **Servicing Consultant Termination Event**) occurs and is continuing:

(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 15 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or, following the delivery of an Enforcement Notice, the Security Trustee requiring the default to be remedied;

(b) default is made by the Servicer or Servicing Consultant, as applicable, in the performance or observance of any of its other covenants and obligations under this Agreement, and in the reasonable opinion of the Issuer (prior to the delivery of an Enforcement Notice) or the reasonable opinion of the Security Trustee (after the delivery of an Enforcement Notice) such default 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 20 Business Days after the earlier of the Servicer or Servicing Consultant, as applicable, becoming aware of such default and receipt by the Servicer or Servicing Consultant, as applicable, of written notice from the Issuer or, following the delivery of an Enforcement Notice, the Security Trustee requiring the default to be remedied or such default has occurred and has been cured on four previous occasions;

(c) an Insolvency Event occurs in relation to the Servicer or the Servicing Consultant, as applicable; or

(d) the Servicer ceasing to be an authorised person under the FSMA or the revocation of an applicable licence, registration or regulatory permission held by it required to perform the Services, other than as a result of or arising out of a Change in Applicable Law.

Voluntary Resignation

The Servicer may voluntarily resign by giving not less than 18 months' written notice to the Security Trustee and the Issuer (or such shorter time as may be agreed between the Servicer, the Issuer and the Security Trustee), provided that: (i) the Issuer and Security Trustee consent in writing to such termination, such consent in the case of the Security Trustee to be given on satisfaction of the certain predetermined conditions; and (ii) a Back-Up Servicer shall be appointed, such appointment to be effective not later than the date of termination.

The Servicer may also voluntarily resign by giving notice in writing to the Issuer (with a copy to the Security Trustee) upon the occurrence of a Servicer Resignation Event. The termination will be effective from the later of: (i) the date specified in the termination notice; and (ii) the earlier of (x) the expiry of 150 days from the date the notice of termination has been given to the Issuer and the Security Trustee by the Servicer and (y) the appointment by the Issuer of the Back-Up Servicer.

Servicer Resignation Event means any of the following:

(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) 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 Servicer 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;

(c) the occurrence of an Insolvency Event in respect of the Issuer.

Termination following a change in applicable law

The Servicing Agreement may be terminated by any of the parties to the Servicing Agreement after the occurrence of a Change in Applicable Law upon giving 150 days' written notice to the other parties to the Servicing Agreement or such shorter notice period that is reasonably practicable under the circumstances, provided that the parties may terminate the Servicing Agreement upon the occurrence of a Change in

Applicable Law only if, having used commercially reasonable endeavours, they are unable to reach an agreement in relation to appropriate terms in light of the Change in Applicable Law, or mitigate or avoid the effects or application of the Change in Applicable Law, to the satisfaction of all the parties to the Servicing Agreement, provided further that failure to reach an agreement as to appropriate terms or failure to mitigate the effects of the Change in Applicable Law to the satisfaction of all the parties to the Servicing Agreement shall not constitute a default or breach by any party to the Servicing Agreement in the performance or observance of any of its covenants and obligations under the Servicing Agreement.

Change in Applicable Law means a change of any law or regulation applicable to any of the parties to the Servicing Agreement or any other event outside the reasonable control of the parties occurring after the Closing Date which (i) renders the performance of the Services or the performance of any of the obligations of any of the other parties under the Servicing Agreement, unlawful or illegal or (ii) as to a termination by the Servicer, results in the loss of all or any requisite licenses or authorisations to be maintained by the Servicer or (iii) as to a termination by the Servicer, imposes additional licensing or regulatory requirements on the Servicer, which requirements the Servicer will not, on or before the date on which the Servicer is required to have such licenses or requirements in place, comply with in connection with the Mortgage Loans or any other mortgage loans which it services or otherwise administers for third party clients on substantially similar terms to the terms of the Servicing Agreement.

Delivery of documents and records

If the appointment of the Servicer is terminated or the Servicer resigns, the Servicer must deliver to the Issuer (or as the Issuer shall direct), *inter alia*, the Title Deeds and Mortgage Loan Files relating to the Loans and their Related Security in its possession.

The Servicing Agreement will terminate at such time as the Issuer has no further interest in any Loans or their Related Security serviced under the Servicing Agreement and all indebtedness of the Issuer has been repaid in full.

Neither the Note Trustee nor the Security Trustee is obliged to act as servicer in any circumstances.

Enforcement Procedures

The Servicer will, in relation to any default by a Borrower under or in connection with a Loan, comply with the enforcement procedures or, to the extent that the enforcement procedures are not applicable having regard to the nature of the default in question, take such action as complies with (a) the service specification (as set out in the Servicing Agreement) and the standard of a Prudent Mortgage Servicer during the Full Servicing Period or (b) the Interim Servicing Standard and the Interim Servicing Procedures during the Interim Period, in respect of such default, provided that:

(a) the Servicer shall only become obliged to comply with the enforcement procedures (to the extent applicable) or to take action as aforesaid after it has become aware of the default;

(b) it is acknowledged by the Legal Title Holder and the Issuer that mortgage lenders generally exercise discretion in pursuing their respective enforcement procedures and that the Servicer and the Interim Sub-Servicer, as applicable, may exercise such discretion in applying the relevant enforcement procedures to any particular defaulting Borrower or in taking action as aforesaid in accordance with (i) in respect of the Interim Period, the Interim Servicing Standard, and (ii) in respect of the Full Servicing Period, the standards of a Prudent Mortgage Servicer.

Limit to Servicer's Liability

The Servicer's liability in contract, tort (including negligence) or otherwise in respect of the Transaction Documents shall: (a) during the Full Servicing Period be limited to £500,000 in aggregate as to any twelve month period; (b) in respect of any Interim Servicing Period Direct Obligations be limited to £400,000 in aggregate; and (c) in respect of the Interim Period (other than in relation to any Interim Servicing Period Direct Obligations) to the net amount, if any, the Servicer actually recovers from the Interim Sub-Servicer under the Interim Sub-Servicing Agreement for such items or events giving rise to the liability.

However, the Servicer's limitation of liability pursuant to the Servicing Agreement shall not apply in respect of any liability arising as a result of its fraud or wilful default or as to any sum which the Servicer holds or should hold on trust for the Issuer and for which the Servicer fails to account to the Issuer.

Limit to Servicing Consultant's Liability

The aggregate liability of the Servicing Consultant arising out of or in connection with the Transaction Documents, whether arising in contract, tort (including negligence) or otherwise shall be limited to £250,000, excluding any liability in respect of:

(a) death or personal injury caused by its negligence or that of its personnel;

(b) fraud (including fraudulent misrepresentation made by the Servicer) or wilful default; or

(c) any liability which cannot be excluded or limited by applicable law.

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 alios*, the Security Trustee.

Security

Under the terms of the Deed of Charge, the Issuer will provide the Security Trustee with the benefit of, *inter alia*, the following security (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 over) the Issuer's rights, title, interest and benefit in, to and under the Transaction Documents (other than the Trust Deed, the Deed of Charge, the Scottish Supplemental Charge and each Scottish Declaration of Trust) and any sums derived therefrom;

(b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's interest in the English Loans and their Related Security and other related rights comprised in the Portfolio (other than in respect of Scottish Loans) and any sums derived therefrom;

(c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, to and under Insurance Policies assigned to the Issuer pursuant to the Mortgage Sale Agreement;

(d) an assignation in security of the Issuer's interest in the Scottish Loans and their Related Security (comprising the Issuer's beneficial interest under the trust declared by the Original Seller over such Scottish Loans and their Related Security for the benefit of the Seller pursuant to the Scottish Declaration of Trust and assigned by the Seller to the Issuer pursuant to the Mortgage Sale Agreement) (the **Scottish Supplemental Charge**);

(e) a charge by way of first fixed charge over the Issuer's interest in its bank and/or securities accounts (including the Deposit Account) maintained with the Issuer Account Bank and any other bank or custodian and any sums or securities standing to the credit thereof;

(f) a charge by way of first fixed charge over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf;

(g) an assignment by way of first fixed security (and, to the extent not assigned, a charge by way of first fixed charge over) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit under the Collection Account Trust (created pursuant to the Collection Account Declaration of Trust;

(h) (an assignment by way of first fixed security (and, to the extent not assigned, a charge by way of first fixed charge over) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit under the Original Sellers Trust (created pursuant to the Original Sellers Declaration of Trust; and

(i) a floating charge over all assets of the Issuer not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security (other than item (d) above), including over all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not such assets are the subject of the charges referred to above).

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),

(c) 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 before the next following Interest Payment Date or within 60 days, whichever is sooner (and in each case for at least the price paid for the relevant investment), (B) may be broken or demanded by the Issuer (at no cost to the Issuer and for at least the price paid for the relevant investment) before the next following Interest Payment Date or within 60 days, whichever is sooner, and (C) are rated at least P-1 by Moody’s (and A2 (long term) by Moody’s if the investments have a long-term rating) and A-1 by S&P; or

    (ii) such investments (A) have a maturity date of 90 days or less and mature before the next following Interest Payment Date or within 90 days, whichever is sooner (and in each case for at least the price paid for the relevant investment), (B) may be broken or demanded by the Issuer (at no cost to the Issuer and for at least the price paid for the relevant investment) before the next following Interest Payment Date or within 90 days, whichever is sooner, and (C) are rated at least P-1 by Moody’s (and A2 (long term) by Moody’s if the investments have a long term rating), and A-1+ by S&P.

Secured Creditors means the Security Trustee, any Receiver appointed by the Security Trustee pursuant to the Deed of Charge, the Note Trustee, the Noteholders, the Certificateholders, the Seller, the Servicer, the Back-Up Servicer, the Back-Up Servicer Facilitator, the Cash Manager, the Issuer Account Bank, the Corporate Services Provider, the Paying Agents, the Registrar, the Agent Bank, the Collection Account 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 Servicing Agreement, the Back-Up Servicing Agreement, the Agency Agreement, the Bank Account Agreement, the Collection Account Declaration of Trust, the Cash Management Agreement, the Corporate Services Agreement, the Deed of Charge, the Scottish Supplemental Charge, a share trust deed dated 6 October 2014 (the **Share Trust Deed**), the power of attorney granted by the Issuer in favour of the Security Trustee under the Deed of Charge (the **Issuer Power of Attorney**, a master definitions and construction schedule made between, among others, the Issuer, the Seller and the Security Trustee (the **Master Definitions and Construction Schedule**), the Mortgage Sale Agreement, the Scottish Declaration of Trust, the Trust Deed and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes and/or 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, service of an Enforcement Notice, except in relation to the Issuer's Scottish assets, where crystallisation will occur on the appointment of an 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-Enforcement Revenue Priority of Payments and Pre-Enforcement Redemption Priority of Payments

Prior to the Note Trustee serving an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes, declaring the Notes to be immediately due and payable, the Cash Manager (on behalf of the Issuer) shall apply monies standing to the credit of the Deposit Account as described in "*Cashflows – Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer*", "*Application of Available Redemption Receipts prior to the service of an Enforcement Notice on the Issuer*" below and "*Application of Monies released from the Rated Note Reserve Fund*".

Post-Enforcement Priority of Payments

After the Note Trustee has served an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes, declaring the Notes to be immediately due and payable, the Security Trustee (or the Cash Manager on its behalf) or any Receiver appointed by it shall apply the monies standing to the credit of the Deposit Account in accordance with the Post-Enforcement Priority of Payments defined in "*Cashflows – Distributions following the service of an Enforcement Notice on the Issuer*" below.

The Security will become enforceable after an Enforcement Notice has been served on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes 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 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 Noteholders and Certificateholders (and all persons ranking in priority to the Noteholders as set out in the Post-Enforcement Priority of Payments) or the Security Trustee is of the opinion that the cash flow 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: (i) to the Noteholders and Certificateholders (and all persons ranking in priority to the Noteholders and Certificates in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders and Certificates (and all such prior ranking persons) have been repaid, to the remaining Secured Creditors (other than the Certificateholders) in the order of priority set out in the Post-Enforcement Priority of Payments which opinion shall be binding on the Secured Creditors and reached after considering at any time 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 in accordance with the applicable Priority of Payments. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to above without further enquiry and shall incur no liability to any person for so doing.

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. Aspects relating to Scottish Loans and their Related Security (including each Scottish Supplemental Charge entered into pursuant thereto) will be governed by Scots 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 and the Certificates are subject to the provisions in the Trust Deed. The Conditions and the Certificates Conditions and the forms of each class of 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 (exclusive of VAT) together with payment of any liabilities incurred by the Note Trustee in relation to the Note Trustee's performance of its obligations under or in connection with the 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 therefor and without being responsible for any liabilities occasioned by such retirement. The holders of the Most Senior Class may, by Extraordinary Resolution, remove all trustees (but not some only) for the time being who are acting pursuant to the Trust Deed and the Deed of Charge. The retirement of the Note Trustee shall not become effective unless there remains a trust corporation entitled by rules made under the Public Trustee Act 1906 to carry out the functions of a custodian trustee (a **Trust Corporation**) in office after such retirement or removal by Extraordinary Resolution. The Issuer will agree in the 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 or the applicable Extraordinary Resolution of the holders of the Most Senior Class, the Issuer is not able to find such replacement, the Note Trustee will be entitled to procure that a new trustee be appointed but no such appointment shall take effect unless previously approved by Extraordinary Resolution of the holders of the Most Senior Class.

Governing Law

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

Agency Agreement

Pursuant to an agency agreement (the **Agency Agreement**) dated on or prior to the Closing Date and made between the Issuer, the Note Trustee and the Security Trustee, the Principal Paying Agent, the Registrar and the Agent Bank, provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

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 Servicer and the Security Trustee will enter into a cash management agreement (the **Cash Management Agreement**).

Cash Management Services to be provided to the Issuer

Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer or, upon the Security Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer, the Security Trustee. The Cash Manager's principal function will be effecting payments to and from the Deposit Account. In addition, the Cash Manager will, among other things:

(a) on each Interest Payment Date prior to the delivery of an Enforcement Notice, apply, or cause to be applied, Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments;

(b) on each Calculation Date determine if there would be a Senior Expenses Deficit following the application of Available Revenue Receipts (disregarding for such purposes any Principal Addition Amounts) on the immediately following Interest Payment Date;

(c) on each Calculation Date, determine whether the immediately following Interest Payment Date is the Final Rated Notes Redemption Date;

(d) record credits to, and debits from, the Ledgers, as and when required; and

(e) if required (i) during the Determination Period, calculate the Interest Determination Ratio, the Calculated Revenue Receipts and the Calculated Redemption Receipts; and (ii) following any Determination Period, upon receipt by the Cash Manager of the Servicer Reports in respect of such Determination Period, reconcile the calculations to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amounts in accordance with Condition 6.9(c) (*Determinations and Reconciliation*), Certificates Condition 6.7 (*Termination of Payments*) and the Cash Management Agreement.

In addition, the Cash Manager will also:

(a) maintain the following ledgers (the **Ledgers**) on behalf of the Issuer:

    (i) the **Redemption Ledger**, which will record all Redemption Receipts received by the Issuer and the distribution of the Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments or the Post-Enforcement Priority of Payments (as applicable);

    (ii) the **Revenue Ledger**, which will record all Revenue Receipts, amounts credited to the Deposit Account in accordance with item (s) of the Pre-Enforcement Revenue Priority of Payments received by the Issuer and the distribution of the Revenue Receipts and the distribution of any other relevant amounts recorded on the Revenue Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable) or by way of Third Party Amounts;

(iii) the **Rated Note Reserve Fund Ledger**, which will record amounts credited to, and debited from, the rated note reserve fund (the **Rated Note Reserve Fund**). The Rated Note Reserve Fund will be funded from part of the proceeds of the Notes and Certificates in an amount equal to the Rated Note Reserve Fund Required Amount on the Closing Date and on each Interest Payment Date up to and including Final Rated Notes Redemption Date from amounts to be applied to the Rated Note Reserve Fund in accordance with the Pre-Enforcement Revenue Priority of Payments. On each Interest Payment Date (prior to service of an Enforcement Notice), the Cash Manager will record, as a debit, amounts withdrawn from the Rated Note Reserve Fund and, as a credit, amounts deposited in the Rated Note Reserve Fund on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments. On the Final Rated Notes Redemption Date, all amounts standing to the credit of the Rated Note Reserve Fund Ledger (after first having applied all amounts standing to the credit of the Rated Note Reserve Fund as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and after amounts have been credited to the Rated Note Reserve Fund in accordance with the Pre-Enforcement Revenue Priority of Payments, in each case on such Final Rated Notes Redemption Date) will be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments (see "*Credit Structure – Rated Note Reserve Fund and Rated Note Reserve Fund Ledger*" below).

(iv) the **Principal Deficiency Ledger**, which will record on the appropriate sub-ledger as a debit deficiencies arising from Losses on the Portfolio (on the date the Cash Manager is informed of such Losses by the Servicer) and Principal Addition Amounts (on the Calculation Date on which such Principal Addition Amounts are determined by the Cash Manager) and record as a credit Available Revenue Receipts applied as Available Redemption Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments (if any) on each Interest Payment Date (see "*Credit Structure – Principal Deficiency Ledger*" below);

(v) the **Issuer Profit Ledger**, which shall record as a credit any amounts retained by the Issuer as profit in accordance with the Pre-Enforcement Revenue Priority of Payments and as a debit any amount used to discharge any tax liability of the Issuer;

(vi) the **Reconciliation Ledger** which shall record as a credit (a) the Additional Adjustment Amount; (b) the amounts by which the Actual Pre-Closing Collections are less than the Expected Pre-Closing Collections and (c) the amounts by which the Actual Excluded Balance is less than the Expected Excluded Balance, and as a debit, (a) the amounts by which Actual Pre-Closing Collections exceed the Expected Pre-Closing Collections; (b) the amount by which the Actual Excluded Balance exceeds the Expected Excluded Balance and (c) any such amounts applied therefrom to pay the Seller as part of the Consideration;

(b) calculate on each Calculation Date (prior to service of an Enforcement Notice) the amount of Available Revenue Receipts (including any Principal Addition Amounts), and Available Redemption Receipts to be applied on the immediately following Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Redemption Priority of Payments (as applicable);

(c) provide the Issuer, the Servicer, the Security Trustee, the Noteholders, the Certificateholders, the Rating Agencies, Bloomberg and any prospective investors in the Notes or Certificates with the Investor Report on each month on any day in each calendar month, the Cash Manager shall (assuming delivery by the Servicer of the Servicer Report by no later than the fourth Business Day preceding the 24th calendar day of that month) provide the Investor Report by no later than two Business Days following each relevant Calculation Date.

At the direction of the Servicer, the Cash Manager, on behalf of and in the name of the Issuer, may invest monies standing from time to time to the credit of the Deposit Account in Authorised Investments as determined by the Servicer, subject to the following provisions:

(a) any investment in any Authorised Investments shall be made in the name of the Issuer;

(b) any costs properly and reasonably incurred in making, changing or otherwise disposing of any investment in any Authorised Investments will be reimbursed to the Cash Manager by the Issuer; and

(c) all income and other distributions arising on, or proceeds following the disposal or maturity of, Authorised Investments shall be credited to the Deposit Account.

The Cash Manager shall not be responsible (save where any loss results from the Cash Manager's own fraud, wilful default or gross negligence or that of its directors, officers or employees) for any loss occasioned by reason of any such investment in any Authorised Investments or any purported investment in any Authorised Investments whether by depreciation in value or otherwise, provided that any such investment in any Authorised Investments was made in accordance with the terms of the Cash Management Agreement.

Cash Manager and Directions from the Security Trustee

The Cash Manager will act upon the direction of the Security Trustee (given in accordance with the terms and provisions of the Deed of Charge) upon the Security Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer.

Remuneration of Cash Manager

The Cash Manager will be paid a cash management fee for its cash management services under the Cash Management Agreement. Such fees will be determined under a separate fee letter between the Issuer and the Cash Manager. Any sum (or other consideration) payable (or provided) by the Issuer to the Cash Manager in respect of that fee shall be deemed to be exclusive of VAT, if any, chargeable on any supply for which the cash management fee is the consideration (in whole or in part) for VAT purposes. The cash management fee is payable quarterly in arrear on each Interest Payment Date in the manner contemplated by and in accordance with the provisions of the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments.

Termination of Appointment and Replacement of Cash Manager

If any of the following events (**Cash Manager Termination Events**) shall occur:

(a) default is made by the Cash Manager in the payment, on the due date, of any payment due and payable by it under the Cash Management Agreement and such default continues unremedied for a period of three Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied; or

(b) default is made by the Cash Manager in the performance or observance of any of its other covenants and obligations under the Cash Management Agreement, which in the opinion of the Note Trustee as notified to the Security Trustee is materially prejudicial to the interests of the Noteholders, and such default continues unremedied for a period of 30 Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied; or

(c) an Insolvency Event occurs in respect of the Cash Manager; or

(d) it becomes unlawful for the Cash Manager to perform its obligations under the Cash Management Agreement or under any other Transaction Document,

then prior to the delivery of an Enforcement Notice, the Issuer (with the written consent of the Security Trustee), or following the delivery of an Enforcement Notice, the Security Trustee, may, at once or at any time thereafter while such default continues, by notice in writing to the Cash Manager (with a copy to the Security Trustee if such notice is delivered by the Issuer), terminate its appointment as Cash Manager under the Cash Management Agreement with effect from a date (not earlier than the date of the notice) specified in such notice. In determining whether to give or withhold consent to the termination of the Cash Manager by the Issuer, the Security Trustee will have regard to factors including, *inter alia*, the availability of a substitute cash manager. Upon termination of the appointment of the Cash Manager, the Issuer shall use reasonable endeavours to appoint a substitute cash manager that satisfies the conditions set out below.

Any substitute cash manager:

(a) must agree to enter into an agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute cash manager agrees to assume and perform all material duties and obligations of the Cash Manager under the Cash Management Agreement;

(b) must be a party that the Rating Agencies have previously confirmed by whatever means such Rating Agencies consider appropriate (provided that the Issuer is permitted to and does confirm in writing (including by email) to the Security Trustee that such confirmation has been obtained) the appointment of which will not cause the then current ratings of the Rated Notes and the Class X Certificates to be adversely affected; and

(c) will be subject to the prior written approval of the Security Trustee.

For the avoidance of doubt, upon termination of the appointment of the Cash Manager, if 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.

Resignation of the Cash Manager

The Cash Manager may resign on giving not less than 45 days' written notice (or such shorter time as may be agreed between the Cash Manager, the Issuer, the Servicer and the Security Trustee) of its resignation to the Issuer, the Servicer and the Security Trustee, provided that:

(a) a substitute cash manager shall be appointed, such appointment to be effective not later than the date of such termination;

(b) such substitute cash manager has the requisite cash management experience to perform the functions to be given to it under the Cash Management Agreement and is approved by the Issuer and the Security Trustee;

(c) such substitute cash manager enters into a cash management agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute cash manager agrees to assume and perform all material duties and obligations of the Cash Manager under the Cash Management Agreement; and

(d) (if Rated Notes and Class X Certificates remain outstanding) the then current ratings of the Rated Notes and Class X Certificates are not adversely affected as a result thereof, unless the Security Trustee or the relevant Class or Classes of Noteholders or Certificateholders (acting by way of an Extraordinary Resolution) otherwise agree.

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 a bank account agreement entered into on or about the Closing Date between the Issuer, the Issuer Account Bank, the Cash Manager and the Security Trustee (the **Bank Account Agreement**), the Issuer will maintain with the Issuer Account Bank the Deposit Account which will be operated in accordance with the Cash Management Agreement and the Deed of Charge. The Issuer Account Bank is required to have the Account Bank Rating.

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, unguaranteed and unsubordinated debt rating of at least A-1 by S&P (if a short-term unsecured, unguaranteed rating is assigned by S&P) and a long term unsecured, unguaranteed and unsubordinated debt rating of at least A by S&P, or should the Issuer Account Bank not benefit from a short-term unsecured, unsubordinated and unguaranteed rating of at least A-1 from S&P, a long-term unsecured, unsubordinated and unguaranteed debt rating of at least A+ by S&P; and a short-term, unsecured, unguaranteed and unsubordinated debt rating of at least P-1 by Moody's, 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 and the Class X Certificates.

The Back-Up Servicing Agreement

On or prior to the Closing Date, the Issuer will enter into a back-up servicing agreement with, *inter alia*, the Back-Up Servicer and the Security Trustee (the **Back-Up Servicing Agreement**).

The Back-Up Servicing Agreement provides for the Back-Up Servicer to undertake the servicing services within 90 calendar days of the termination of the Servicer in accordance with the Servicing Agreement.

The liability of the Back-Up Servicer under the Back-Up Servicing Agreement 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 be limited over the duration of the Back-Up Servicing Agreement to £200,000 in aggregate as to any 12 month period; 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 hereby excluded,

provided that on and from the date on which the Back-Up Servicer is required to take over the role of Servicer, the limit on the liability of the Back-Up Servicer shall be determined in accordance with the provisions set out in the Servicing Agreement – see "*Summary of the key Transaction Documents – Servicing Agreement – Liability of Servicer*".

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

The fees due to the Corporate Services Provider and the cap in relation to the fees of the Corporate Services Provider (the **Corporate Services Provider Fee Cap)** will be as agreed between the Issuer and the Corporate Services Provider. Fees due and payable to the Corporate Services Provider up to the Corporate Services Provider Fee Cap will be paid ahead of all outstanding Notes and Certificates. Fees due and payable to the Corporate Services Provider in excess of the Corporate Services Provider Fee Cap (the **Subordinated Corporate Services Provider Fees**) will be subordinated to all Classes of Notes and Certificates other than the Class Y Certificates, the Class F Notes and the Class Z Certificates.

Governing Law

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

The Original Sellers Trust

The Original Seller has pursuant to certain declarations of trust entered into prior to the Closing Date declared itself trustee over all amounts standing to the credit of the Original Collection Accounts held with the Interim Period Collection Account Bank (the **Original Collection Account Trust Property**). Beneficial interest in the Original Collection Account Trust Property is held absolutely by and divided between: (1) the Original Seller and (2) certain historic purchasers of equitable title in mortgage loans from the Original Seller.

The Original Seller will on or prior to the Closing Date enter into a declaration of trust pursuant to which they will declare a trust over all of their right, title and beneficial interest in the Original Collection Account Trust Property (the **Original Sellers Trust**) and the declaration of trust (the **Original Sellers Declaration of Trust**). Pursuant to the terms of the Original Sellers Declaration of Trust, the Original Seller's interest in the Original Collection Account Trust Property (the **Original Sellers Trust Property**) will be held by the Original Seller absolutely for, inter alia: (a) the Original Seller (b) the Issuer and (c) certain other additional beneficiaries that may accede to the terms of the Original Sellers Trust in the manner and in the proportions specified in the Original Sellers Declaration of Trust.

The Issuer's share of the Original Sellers Trust at any relevant time (the **Issuer Trust Share**) shall equal all amounts credited to in the Original Collection Accounts at such time in respect of the Loans and their Related Security comprised in the Portfolio taking into account any amounts previously paid to the Seller in respect of the Loans and their Related Security.

Additional beneficiaries may from time to time on and from the Closing Date accede to the Original Sellers Declaration of Trust without the consent of the Issuer or the Security Trustee, however any such accession will not affect the manner in which the Issuer Trust Share is calculated.

Governing Law

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

The Collection Account Declaration of Trust

The Collection Account Bank will be appointed prior to the Transfer Date in order to provide an account to which collections on the Loans will be deposited.

On or prior to the Transfer Date the Issuer, the Legal Title Holders, the Security Trustee and others entered into the Collection Account Declaration of Trust (the **Collection Account Declaration of Trust**) pursuant to which the Legal Title Holders will declare a trust (the **Collection Account Trust**) in favour of the Issuer, including all amounts standing to the credit of the collection account, absolutely for the Issuer.

The interest of the Issuer shall equal all amounts credited to the collection account at such time in respect of the Loans and their Related Security comprised in the Portfolio taking into account any amounts previously paid to the Issuer in respect of the Loans and their Related Security.

Governing Law

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

CREDIT STRUCTURE

The Notes are obligations of the Issuer only. The Notes are not obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. In particular, the Notes are not obligations of, or the responsibility of, or guaranteed by, any of the Relevant Parties. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Relevant Parties or by any other person other than the Issuer.

The structure of the credit support arrangements may be summarised as follows:

1. Liquidity Support for the Notes and Certificates 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 (s) (inclusive) of the Pre-Enforcement Revenue Priority of Payments. The actual amount of any excess payable to the Class Z Certificateholders under item (v) of the Pre-Enforcement 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 relative to the payments due on the Rated Notes and the Certificates and the performance of the Portfolio.

Available Revenue Receipts will be applied (after making payments ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments, towards reducing any Principal Deficiency Ledger entries which may arise from Losses on the Portfolio and from the application of Available Redemption Receipts as Principal Addition Amounts to cure any Senior Expenses Deficit in accordance with item (a) of the Pre-Enforcement Redemption Priority of Payments.

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date exceeds the aggregate of the payments required to be met under items (a) to (o) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to replenish the Rated Note Reserve Fund Ledger up to an amount equal to the Rated Note Reserve Fund Required Amount.

2. Rated Note Reserve Fund and Rated Note Reserve Fund Ledger

On the Closing Date, the Issuer will establish a fund which will be credited with the Rated Note Reserve Fund Required Amount from part of the proceeds of the Notes and the Certificates on the Closing Date (the **Rated Note Reserve Fund**) to provide liquidity support (and ultimately, credit enhancement) for the Rated Notes and the Class X Certificates, respectively. The Rated Note Reserve Fund will be deposited in the Deposit Account (with a corresponding credit being made to the Rated Note Reserve Fund Ledger). The Issuer may invest the amounts standing to the credit of the Rated Note Reserve Fund from time to time in Authorised Investments. For more information about the application of the amounts standing to the credit of the Rated Note Reserve Fund, see the section "*Cashflows – Application of Monies released from the Rated Note Reserve Fund*" below.

After the Closing Date, on each Interest Payment Date up to and including the Final Rated Notes Redemption Date, the Rated Note Reserve Fund will be replenished an additional amount up to the Rated Note Reserve Fund Required Amount in accordance with item (p) of the Pre-Enforcement Revenue Priority of Payments.

On each Interest Payment Date up to and including the Final Rated Notes Redemption Date, the Cash Manager will apply as Available Revenue Receipts all amounts standing to the credit of the Rated Note Reserve Fund (as determined on the immediately preceding Calculation Date).

The **Rated Note Reserve Fund Required Amount** means:

(a) On the Closing Date, an amount equal to 1.00% of the Initial Principal Balance of the Provisional Portfolio;

(b) From but excluding the Closing Date to (and including) the Interest Payment Date falling in April 2017, an amount equal to 1.70% of the Initial Principal Balance of the Provisional Portfolio;

(c) From but excluding the Interest Payment Date falling in April 2017 to and including the Final Rated Notes Redemption Date, an amount equal to the greater of 2.10% of the Principal Amount Outstanding of the Class A Notes on the relevant Interest Payment Date (prior to any redemption of the Class A Notes on such Interest Payment Date) and 0.25% of the Principal Amount Outstanding of the Class A Notes on the Closing Date

and on each Interest Payment Date following the Final Rated Notes Redemption Date, zero. On the Closing Date, the Rated Note Reserve Fund Required Amount will be equal to £4,082,574.45.

On the Final Rated Notes Redemption Date only, all amounts standing to the credit of the Rated Note Reserve Fund (after first having applied all amounts standing to the credit of the Rated Note Reserve Fund as Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments and after amounts have been credited to the Rated Note Reserve Fund in accordance with the Pre-Enforcement Revenue Priority of Payments) will be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments.

3. Use of Available Redemption Receipts to pay Senior Expenses Deficit

On each Calculation Date prior to the service of an Enforcement Notice, and with reference to the immediately following Interest Payment Date, the Cash Manager will calculate whether there will be an excess or a deficit of Available Revenue Receipts (and for this purpose, without regard to any Principal Addition Amounts) available to pay items (a) to (f) (inclusive) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date. If the Cash Manager determines that there will be a deficit (the **Senior Expenses Deficit**), then pursuant to item (a) of the Pre-Enforcement Redemption Priority of Payments, the Cash Manager on behalf of the Issuer shall apply the Principal Addition Amounts as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

Any Available Redemption Receipts applied as Principal Addition Amounts will be recorded as a debit on the Principal Deficiency Ledger (as further described below).

For more information about the application of Available Redemption Receipts to pay Senior Expenses Deficits, see the section "*Cashflows – Application of Available Redemption Receipts to cure a Senior Expenses Deficit*".

4. Principal Deficiency Ledger

A Principal Deficiency Ledger will be established to record any Losses affecting the Loans in the Portfolio and/or any Principal Addition Amounts. The **Principal Deficiency Ledger** will comprise six sub-ledgers: the Principal Deficiency Ledger relating to the Class A Notes (the **Class A Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class B Notes (the **Class B Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class C Notes (the **Class C Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class D Notes (the **Class D Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class E Notes (the **Class E Principal Deficiency Sub-Ledger**), and the Principal Deficiency Ledger relating to the Class F Notes (the **Class F Principal Deficiency**

Sub-Ledger) (each a **Principal Deficiency Sub-Ledger**). Any Losses on the Portfolio and/or any Principal Addition Amounts will be recorded as a debit (on the date that the Cash Manager is informed of such Losses by the Servicer or such Principal Addition Amounts are determined by the Cash Manager (as applicable)) (a) first, to the Class F Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class F Notes; (b) second, to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes; (c) third, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes; (d) fourth, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; (e) fifth, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Note; and (f) sixth, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes. Investors should note that realised Losses in any period will be calculated after applying any recoveries following enforcement of a Loan to outstanding fees and interest amounts due and payable on the relevant Loan. The Cash Manager will record as a credit to the Principal Deficiency Ledger Available Revenue Receipts applied pursuant to items (g), (i), (k), (m) and (o) and (q) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon become Available Redemption Receipts).

5. Available Revenue Receipts and Available Redemption Receipts

Available Revenue Receipts and Available Redemption Receipts shall be applied on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Redemption Priority of Payments, respectively. Other than amounts which the Issuer expects to generate in each accounting period as its profit in respect of the business of the Issuer, it is not intended that any surplus will be accumulated in the Issuer.

If, on any Interest Payment Date while there are Rated Notes and/or Class X Certificates outstanding, the Issuer has insufficient Available Revenue Receipts to pay the interest or Class Y Payments that would otherwise be payable absent the deferral provisions in respect of the Notes and Certificates other than in respect of the Class A Notes and the Class X Certificates respectively, then the Issuer will be entitled under Condition 17 (*Subordination by Deferral*) and Certificates Condition 16 (Subordination by Deferral) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. Any such deferral in accordance with the deferral provisions contained in the Conditions and the Certificates Conditions will not constitute an Event of Default. However, failure to pay interest or Class X Payments on Class A Notes and the Class X Certificates respectively within any applicable grace period in accordance with the Conditions or the Certificates 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 from time to time under the Loans (including any Early Repayment Charges and any Arrears of Interest) and other amounts received by the Issuer in respect of the Loans and their Related Security other than net Redemption Receipts, (b) recoveries of interest from defaulting Borrowers under Loans being enforced, (c) recoveries of all amounts relating to interest from defaulting Borrowers under Loans following enforcement and sale of the relevant property, (d) the proceeds of repurchase attributable to Accrued Interest and Arrears of Interest only of any Loan repurchased by the Seller from the Issuer pursuant to the Mortgage Sale Agreement and (e) the amount of Expected Pre-Closing Collections which do not relate to principal and the amount of the Expected Excluded Balance in excess of the Outstanding Principal Balance of the Expected Excluded Loans.

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 or, if in a Determination Period, Calculated Revenue Receipts, in each case, excluding any Reconciliation Amounts to be applied as Available Redemption Receipts on that Interest Payment Date received (i) during the immediately preceding Collection Period, or (ii) if representing amounts received in respect of any repurchases of Loans and their Related Security by the Seller and/or Commercial First Group Limited pursuant to the Mortgage Sale Agreement other than in respect of the Retention Holder Call Option, from but excluding the Monthly Pool Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to and including the immediately preceding Monthly Pool Date or (iii) in respect of the exercise of the Retention Holder Call Option or required market sale of the Portfolio, amounts received from a third party purchaser or amounts received from the Retention Holder, as applicable, to be applied as Revenue Receipts including accrued interest, fees, costs and expenses for the Issuer and other amounts to be applied as revenue to effect a redemption in full of the Notes pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), Condition 8.4 (*Mandatory Redemption in full pursuant to a Retention Holder Portfolio Purchase or Market Portfolio Purchase*) or Condition 8.5 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*), two Business Days immediately preceding such Interest Payment Date;

(b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Collection Period and income from any Authorised Investments to be received on or prior to the Interest Payment Date;

(c) any amounts standing to the credit of the Rated Note Reserve Fund;

(d) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 6.9(c) (*Determinations and Reconciliation*);

(e) amounts credited to the Deposit Account on the previous Interest Payment Date in accordance with item (r) of the Pre-Enforcement Revenue Priority of Payments; and

(f) other net income of the Issuer received during the immediately preceding Collection Period, excluding any Redemption Receipts;

(g) any Principal Addition Amount;

(h) amounts applied in accordance with item (h) of the Pre-Enforcement Redemption Priority of Payments; and

(i) any Consideration Adjustment Payments debited by the Issuer from the Reconciliation Ledger and required to be applied as Available Revenue Receipts;

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 (including the Seller) such as (but not limited to):

  (i) certain costs and expenses charged by the Servicer in respect of its servicing of the Loans, (including any amounts (up to, in any one Calculation Period, the Servicing Fee Cap) in order to pay the fees of the Interim Sub-Servicer under the Interim Sub-Servicing Agreement and any costs or expenses incurred in relation to any audit in respect of title and security) other than any Base Fee, Regulatory Responsibility Fee, Arrears Fee, Redemption Fee or Boarding Fee and not otherwise covered by the items below;

  (ii) payments of certain insurance premiums in respect of the Insurance Policies (to the extent referable to the Loans);

  (iii) amounts under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited and such other amounts that have been paid in error or otherwise recalled or is required by the Collection Account Bank to be credited to a reserve which will set aside an amount for such payments in the collection account of the Issuer; and

  (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,

  (items within (j) being collectively referred to herein as **Third Party Amounts**);

(k) any tax payments paid or payable by the Issuer during the immediately preceding Collection Period to the extent not funded from amounts standing to the credit of the Issuer Profit Ledger;

(l) (taking into account any amount paid by way of Third Party Amounts) amounts to remedy any overdraft in relation to the Collection Accounts of the Legal Title Holder or to pay any amounts due to the Collection Account Bank in respect of the Loan; and

(m) any Consideration Adjustment Payment required to be applied from Available Revenue Receipts and paid to the Reconciliation Ledger .

Application of Monies released from the Rated Note Reserve Fund

Prior to service of an Enforcement Notice on the Issuer, all amounts standing to the credit of the Rated Note Reserve Fund will be applied on each Interest Payment Date as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments to pay items (a) to (o) of the Pre-Enforcement Revenue Priority of Payments. On the Final Rated Notes Redemption Date all amounts standing to the credit of the Rated Note Reserve Fund after application of the Pre-Enforcement Revenue Priority of Payments will be applied as Available Redemption Receipts in accordance with the Pre-Enforcement Redemption Priority of Payments. Following service of an Enforcement Notice on the Issuer, all amounts standing to the credit of the Rated Note Reserve Fund Ledger will be applied in accordance with the Post-Enforcement Priority of Payments.

Application of Available Redemption Receipts to cure a Senior Expenses Deficit

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

If any Principal Addition Amounts are applied on any Interest Payment Date in accordance with item (a) of the Pre-Enforcement Redemption Priority of Payments, the Issuer (or the Cash Manager on its behalf) will make a corresponding debit entry in the Principal Deficiency Ledger.

Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer

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

(a) *first*, in or towards satisfaction pro rata and pari passu according to the respective amounts thereof of:

(i) any fees, costs, charges, liabilities, expenses and all other amounts then due to the Note Trustee and any Appointee under the provisions of the Trust Deed and the other Transaction Documents together with (if payable) VAT thereon as provided therein; and

(ii) any fees, costs, charges, liabilities, expenses and all other amounts then due to the Security Trustee 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 (in each case without double counting) of:

(i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agent and any fees, costs, charges, liabilities and expenses then due to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;

(ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, liabilities and expenses then due under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;

(iii) any amounts then due and payable to the Servicer including fees (up to the Servicing Fee Cap), costs, charges, liabilities and expenses then due under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;

(iv) any amounts then due and payable to the Back-Up Servicer and any fees (up to the Back-Up Servicing Fee Cap), costs, charges, liabilities and expenses then due under the provisions of the Back-Up Servicing Agreement, together with VAT (if payable) thereon as provided therein;

(v) any amounts then due and payable to the Servicing Consultant including fees up to the Servicing Fee Cap (after having provided for payment to the Servicer on such Interest

Payment Date), costs, charges, liabilities and expenses then due to the Servicing Consultant under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein

(vi) any amounts then due and payable to the Back-Up Servicer Facilitator including fees up to the Servicing Fee Cap (after having provided for payment to the Servicer and the Servicing Consultant on such Interest Payment Date), costs, charges, liabilities and expenses then due to the Back-Up Servicer Facilitator under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;

(vii) any amounts then due and payable to the Corporate Services Provider and any fees (up to the Corporate Services Provider Fee Cap), costs, charges, liabilities and expenses then due under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;

(viii) any amounts then due and payable to the Issuer Account Bank and any fees, costs, charges, liabilities and expenses then due under the provisions of the Bank Account Agreement, together with (if applicable) VAT thereon as provided therein; and

(ix) any amounts then due and payable to the Collection Account Bank and any fees, costs, charges, liabilities and expenses then due under the provisions of the Collection Account Declaration of Trust, 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 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 required to pay or discharge any liability of the Issuer for corporation tax of the Issuer (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under item (e) below); and

(ii) any Transfer Costs which the Servicer has failed to pay pursuant to Clause 18.3 of the Servicing Agreement;

(d) *fourth*, in or towards the satisfaction pro rata and pari passu according to the respective amounts thereof of any fees and costs due and payable by the Issuer to the Legal Title Holder;

(e) *fifth*, to pay the Issuer an amount equal to £300 to be retained by the Issuer as profit in respect of the business of the Issuer (the **Issuer Profit Amount**);

(f) *sixth*, in or towards satisfaction pro rata and pari passu according to the respective amounts thereof of:

(i) Class X Payment due to the Class X Certificates; and

(ii) any interest due and payable on the relevant Interest Payment Date on the Class A Notes;

(g) *seventh* (so long as the Class A Notes remain outstanding following 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 Redemption Receipts);

(h) *eighth*, to provide for amounts due on the relevant Interest Payment Date, to pay, pro rata and pari passu, interest due and payable on the Class B Notes;

(i) *ninth* (so long as the Class B Notes remain outstanding following 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 Redemption Receipts);

(j) *tenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, pro rata and pari passu, interest due and payable on the Class C Notes;

(k) *eleventh* (so long as the Class C Notes remain outstanding following 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 Redemption Receipts);

(l) *twelfth*, 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;

(m) *thirteenth* (so long as the Class D Notes remain outstanding following 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 Redemption Receipts);

(n) *fourteenth*, 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;

(o) *fifteenth* (so long as the Class E Notes remain outstanding following 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 Redemption Receipts);

(p) *sixteenth*, to credit the Rated Note Reserve Fund Ledger up to the Rated Note Reserve Fund Required Amount;

(q) *seventeenth*, (so long as the Class F Notes remain outstanding following 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 Redemption Receipts);

(r) *eighteenth*, on any Interest Payment Date directly following a Determination Period, all remaining amounts to be credited to the Deposit Account to be applied on the next Interest Payment Date as Available Revenue Receipts.

(s) *nineteenth*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

    (i) (a) any amounts then due and payable to the Servicer as Subordinated Servicing Fees and thereafter (b) any Subordinated Servicing Consultant Fees and thereafter (c) any Subordinated Back-Up Servicer Facilitator Fees, together with (if applicable) VAT thereon as provided therein;

    (ii) any amounts then due and payable to the Back-Up Servicer as Subordinated Back-Up Servicing Fees, together with (if applicable) VAT thereon as provided therein; and

    (iii) any amounts then due and payable to the Corporate Services Provider as Subordinated Corporate Services Provider Fees, together with (if applicable) VAT thereon as provided therein,

in each case including amounts which remain unpaid on any previous Interest Payment Date

(t) *twentieth,* to provide for any amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, the Class Y Payment on the Class Y Certificates;

(u) *twenty-first*, to provide for any amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class F Notes;

(v) *twenty-second*, to provide for any amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, the Class Z Payment on the Class Z Certificates (which shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations (a) to (u), above).

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, custodian, financial adviser or other professional adviser or other person properly appointed 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 Amounts) on that Loan which is currently due and payable and unpaid on that date.

Early Repayment Charge means any charge (other than a Redemption Fee) which a Borrower is required to pay in the event that he or she repays all or any part of the relevant Loan before a specified date in the Mortgage Conditions.

Interest Period means the period from (and including) an Interest Payment Date (except in the case of the first Interest Period, which shall commence on (and include) the Closing Date) to (but excluding) the next following Interest Payment Date.

Redemption Fee means the standard redemption fee charged to the Borrower by the Servicer where the Borrower makes a repayment of the full outstanding principal of a Loan on the maturity date of such Loan.

Transfer Costs means the Issuer's costs and expenses associated with the transfer of servicing to a substitute servicer.

Definition of Redemption Receipts

Redemption Receipts means the sum of (a) principal repayments under the Loans (including payments of arrears of principal and Capitalised Amounts), (b) recoveries of principal from defaulting Borrowers under Loans being enforced, (c) recoveries of principal from defaulting Borrowers under Loans in respect of which enforcement procedures relating to the sale of the property have been completed (including the proceeds of sale of the relevant Property, to the extent such proceeds of sale are deemed to be principal but excluding all amounts received following a sale of the relevant Property), (d) any payment pursuant to any insurance policy in respect of a Property in connection with a Loan in the Portfolio, to the extent such payment is deemed to be principal, (e) the proceeds of the repurchase of any Loan by the Seller or the Retention Holder from the Issuer pursuant to the Mortgage Sale Agreement (but for the avoidance of doubt, excluding amounts attributable to Accrued Interest and Arrears of Interest thereon as at the relevant repurchase date, (f) any other payment received by the Issuer in the nature of principal and (g) the amount of Expected Pre-Closing Collections which relate to principal and the amount of the Expected Excluded Balance up to the Outstanding Principal Balance of the Expected Excluded Loans minus (h) an amount equal to the aggregate of all principal repayments which have been used to purchase or fund any Further Advances, Flexible Redraws or Ported Loans but in an aggregate amount not exceeding such Redemption Receipts.

Capitalised Amounts means, in relation to a Loan, at any date, amounts which are due or overdue in respect of that Loan (other than any principal amounts) and which as at that date have been capitalised in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower and any other amounts (including fees and expenses), capitalised in accordance with the Servicer or policies of the Original Seller, as applicable.

Definition of Available Redemption Receipts

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

(a) all Redemption Receipts or, if in a Determination Period, any Calculated Redemption 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) if representing amounts received in respect of any repurchases of Loans and their Related Security that were repurchased by the Seller and/or Commercial First Group Limited or amounts paid in lieu of a repurchase of a Loan pursuant to the Mortgage Sale Agreement other than in respect of the Retention Holder Call Option, received by the Issuer from but excluding the Monthly Pool Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to and including the immediately preceding Monthly Pool Date or (iii) in respect of the exercise of the Retention Holder Call Option or required market sale of the Portfolio, amounts received from a third party purchaser or amounts received from the Retention Holder, as applicable, to effect a redemption in full of the Notes pursuant Condition 8.3 (*Optional Redemption for Taxation or other reasons*) 8.4 (*Mandatory Redemption in full pursuant to a Retention Holder Portfolio Purchase or Market Portfolio Purchase*) or Condition 8.5 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*), two Business Days prior to such Interest Payment Date;

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

(c) on the Final Rated Notes Redemption Date only, amounts standing to the credit of the Rated Note Reserve Fund, after first having applied the Rated Note Reserve Fund as Available Revenue Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date and after amounts have been credited to the Rated Note Reserve Fund in accordance with the Pre-Enforcement Revenue Priority of Payments;

(d) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Redemption Receipts in accordance with Condition 6.9(c) (*Determinations and Reconciliation*);

(e) any Balance Adjustment Payments received from the Seller; and

(f) any Consideration Adjustment Payments debited by the Issuer from the Reconciliation Ledger and required to be applied as Available Redemption Receipts; and

(g) any Remediation Receipts not required to be applied to pay a Borrower in respect of a Loan, *less*

(h) any Consideration Adjustment Payment required to be applied from Available Redemption Receipts and paid to the Reconciliation Ledger.

Application of Available Redemption Receipts prior to the service of an Enforcement Notice on the Issuer

Prior to the service of an Enforcement Notice on the Issuer, the Cash Manager on behalf of the Issuer is required pursuant to the terms of the Cash Management Agreement to apply Available Redemption Receipts on each Interest Payment Date in the following order of priority (the **Pre-Enforcement Redemption Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):

(a) *first*, any Principal Addition Amounts to be applied to meet any Senior Expenses Deficit;

(b) *second*, in or towards repayment, *pro rata* and *pari passu*, of:

   (a) in the event of an Early Redemption only, amounts due in respect of any Class X Early Termination Amount; and

   (b) principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;

(c) *third*, 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;

(d) *fourth*, 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;

(e) *fifth*, 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;

(f) *sixth*, 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;

(g) *seventh*, in the event of an Early Redemption only, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu* any Class Y Early Termination Amount.

(h) *eighth*, in or towards repayment *pro rata* and *pari passu* to the principal amounts due on the Class F Notes and

(i) *ninth*, any excess amounts to be applied as Available Revenue Receipts.

Distributions following the service of an Enforcement Notice on the Issuer

After an Enforcement Notice has been served on the Issuer, the Security Trustee (or the Cash Manager on its behalf) or any Receiver appointed by the Security Trustee in connection with the enforcement of the Security will apply all amounts received or recovered other than any amount standing to the credit of the Issuer Profit Ledger, which shall be applied by the Issuer in or towards satisfaction of any liability of the Issuer for corporation tax of the Issuer, in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the **Post-Enforcement Priority of Payments** and, together with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Redemption Priority of Payments, the **Priority of Payments**):

(a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:

  (i) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Note Trustee, Receiver and any Appointee under the provisions of the Trust Deed and the other Transaction Documents, together with (if payable) VAT thereon as provided therein; and

  (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Security Trustee, Receiver 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 remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agent and any costs, charges, liabilities and expenses then due and payable to them under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;

  (ii) any amounts then due and payable to the Cash Manager and any fees, costs, charges, liabilities and expenses then due under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;

  (iii) any amounts then due and payable to the Servicer including any fees (up to the Servicing Fee Cap), costs, charges, liabilities and expenses then due under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;

  (iv) any amounts then due and payable to the Back-Up Servicer including any fees (up to the Back-Up Servicing Fee Cap), costs, charges, liabilities and expenses then due under the provisions of the Back-Up Servicing Agreement, together with VAT (if payable) thereon as provided therein;

  (v) any amounts then due and payable to the Servicing Consultant including fees up to the Servicing Fee Cap (after having provided for payments to the Servicer on such date), costs, charges, liabilities and expenses then due to the Servicing Consultant under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein

  (vi) any amounts then due and payable to the Back-Up Servicer Facilitator including fees up to the Servicing Fee Cap (after having provided for payment to the Servicer and the Servicing Consultant on such Interest Payment Date), costs, charges, liabilities and expenses then due to the Back-Up Servicer Facilitator under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;

  (vii) any amounts then due and payable to the Corporate Services Provider including any fees (up to the Corporate Services Provider Fee Cap), costs, charges, liabilities and expenses then due and payable to the Corporate Services Provider under the provisions of the Corporate Services Agreement together with (if payable) VAT thereon as provided therein;

  (viii) any amounts then due and payable to the Issuer Account Bank and any fees, costs, charges, liabilities and expenses then due and payable to the Issuer Account Bank under the provisions of the Bank Account Agreement, together with (if payable) VAT thereon as provided therein; and

(ix) any amounts then due and payable to the Collection Account Bank and any fees, costs, charges, liabilities and expenses then due under the provisions of the Collection Account Declaration of Trust, together with (if applicable) VAT thereon as provided therein;

(c) *third*, to pay, *pro rata* and *pari passu*, amounts due in respect of the fees and costs due to each Legal Title Holder;

(d) *fourth,* to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof:

(i) amounts due in respect of any Class X Early Termination Amount; and

(ii) 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*, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof:

(i) (a) any amounts then due and payable to the Servicer as Subordinated Servicing Fees and thereafter, (b) any Subordinated Servicing Consultant Fees; under the Servicing Agreement and thereafter (c) any Subordinated Back-Up Servicer Facilitator Fees, together with (if payable) in each case VAT thereon as provided therein;

(ii) any amounts then due and payable to the Back-Up Servicer as Subordinated Back-Up Servicing Fees, together with (if payable) in each case VAT thereon as provided therein; and

(iii) any amounts then due and payable to the Corporate Services Provider as Subordinated Corporate Services Provider Fees, together with (if payable) VAT thereon as provided therein,

in each case including any amounts which remain unpaid on any previous Interest Payment Date;

(j) *tenth*, to pay, *pro rata* and *pari passu* the Class Y Early Termination Amount;

(k) *eleventh*, to pay *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, interest and principal due on the Class F Notes until the Principal Amount Outstanding on the Class F Notes has been reduced to zero.

(l) *twelfth*, to pay, *pro rata* and *pari passu* any Class Z Payment (which shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations ranking (a) to (k), above).

DESCRIPTION OF THE GLOBAL NOTES

General

Each Class of Notes as at the Closing Date will each be represented by a Global Note. All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Global Notes will be registered in the name of the Common Depositary as nominee for both Euroclear and Clearstream, Luxembourg. The Registrar will maintain a register in which it will register the nominee for the Common Depositary as the owner of the Global Note.

Upon confirmation by the Common Depositary that it has custody of the Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record in book-entry form interests representing beneficial interests in the Global Note attributable thereto (**Book-Entry Interests**).

Book-Entry Interests in respect of each Global Note will be recorded in denominations of £100,000 and higher integral multiples of £1,000 (an **Authorised Denomination**). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg (**Participants**) or persons that hold interests in the Book-Entry Interests or the Certificate Book-Entry Interests through Participants or through other Indirect Participants (**Indirect Participants**), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. 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 Lead Manager. 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 Depositary is the registered holder of the Global Note underlying the Book-Entry Interests, the nominee for the Common Depositary will be considered the sole Noteholder of the Global Note for all purposes under the Trust Deed. Except as set out under "*Issuance of Registered Definitive Notes*", below, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes under the Trust Deed. See "*Action in respect of the Global Notes and the Book-Entry Interests*", below.

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

In the case of a Global Note, unless and until Book-Entry Interests are exchanged for Registered Definitive Notes, the Global Note held by the Common Depositary may not be transferred except as a whole by the Common Depositary to a successor of the Common Depositary.

Purchasers of Book-Entry Interests in a Global Note will hold Book-Entry Interests in the Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out under "*Transfers and Transfer Restrictions*", below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in the Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Arranger, the Lead Manager, 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

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Sterling by or to the order of Elavon Financial Services Limited, acting through its UK Branch (the **Principal Paying Agent**), on behalf of the Issuer to the order of the Common Depositary or its nominee as the registered holder thereof with respect to the Global Notes. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Depositary or their nominees in respect of those Book-Entry Interests. All such payments will be distributed without deduction or withholding for or on account of any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer, the Paying Agents nor any other person will be obliged to pay additional amounts in respect thereof.

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 Depositary, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the **Record Date**) Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The Record Date in respect of the Notes (i) where the Notes are in global registered form, shall be at the close of the Business Day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to the relevant Interest Payment Date and (ii) where the Notes are in definitive registered form, shall be the date falling 15 days prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arranger, the Lead Manager, the Note Trustee or the Security Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established 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

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 Depositary and, upon final payment, will surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. Appropriate entries will be made in the Register. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of the Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be, deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

Cancellation

Cancellation of any Note represented by a Global Note and required by the Conditions to be cancelled following its redemption will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant schedule thereto and the corresponding entry on the Register.

Transfers and Transfer Restrictions

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants. See "*General*" above.

Issuance of Registered Definitive Notes

Holders of Book-Entry Interests in the Global Note will be entitled to receive Notes in definitive registered form (such exchanged Global Notes in definitive registered form, **Registered Definitive Notes**) in exchange for their respective holdings of Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things and no alternative clearing system satisfactory to the Note Trustee is available or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive registered form. Any Registered Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Registered Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will not be entitled to exchange such Registered Definitive Notes for Book-Entry Interests in such Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set out under "*Transfers and Transfer Restrictions*" above and provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Registered Definitive Notes will be issued in a denomination that is an integral multiple of the minimum Authorised Denomination. See " *Risk Factors – Registered Definitive Notes and denominations in integral multiples* above.

Action in respect of the Global Notes and the Book-Entry Interests

Not later than 10 days after receipt by the Issuer of any notices in respect of a Global Note or any notice of solicitation of consents or requests for a waiver or other action by the holder of such Global Note, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Note and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Note in accordance with any instructions set out in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "*General*" above with respect to soliciting instructions from their respective

Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

Notices

Whilst the Notes are represented by Global Notes the Issuer may, at its option, send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to Noteholders for communication by Euroclear and Clearstream, Luxembourg to the Noteholders. Alternatively, such notices regarding the Notes may instead be published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom; provided that if, at any time, the Issuer procures that the information contained in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders, publication in such newspaper shall not be required with respect to such information so long as the rules of the Irish Stock Exchange allow. The Issuer may elect not to publish any notice in a newspaper for so long as the Notes are held in global form and notice is given to Euroclear and Clearstream, Luxembourg. The Note Trustee may, in accordance with Condition 16.2 (*Note Trustee's Discretion to Select Alternative Method*) sanction other methods of giving notice to all or some of the Noteholders if such method is reasonable having regard to, among other things, the market practice then prevailing and the requirements of the relevant stock exchange. See also Condition 16 (*Notice to Noteholders*) of the Notes.

DESCRIPTION OF THE GLOBAL CERTIFICATES

General

Each Class of Certificates, as at the Closing Date, will be represented by a Global Certificate. The Global Certificates will be registered on issue on or around the Closing Date in the name of the Common Depositary as nominee for Euroclear Bank SA / NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**). The Registrar will maintain a register in which it will register the nominee for the Common Depositary as the holder of the Global Certificate.

Upon confirmation by the Common Depositary that it has been issued with the Global Certificates, Euroclear or Clearstream, Luxembourg, as the case may be, will record the beneficial interests in the Global Certificate (**Certificate Book-Entry Interests**) representing beneficial interests in the Certificates attributable thereto.

Ownership of Certificate Book-Entry Interests will be limited to Participants or Indirect Participants, including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants will also include persons that hold beneficial interests through such Indirect Participants. Certificate Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Certificate Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Lead Manager. Ownership of Certificate Book-Entry Interests will be shown on, and transfers of Certificate Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Certificate Book-Entry Interests.

So long as the nominee of the Common Depositary is the registered holder of the Global Certificate underlying the Certificate Book-Entry Interests, it will be considered the sole Certificateholder of the Certificate represented by that Global Certificate for all purposes under the Trust Deed. Except as set out under the section below entitled "*Issuance of Definitive Certificates*", Participants or Indirect Participants will not receive or be entitled to receive physical delivery of Certificates in definitive form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Certificate Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Certificate Book-Entry Interests, to exercise any rights and obligations of a holder of Certificates under the Trust Deed. See the section below entitled "*Action in respect of the Global Certificates and the Certificate Book-Entry Interests*".

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

Unless and until Certificate Book-Entry Interests are exchanged for Definitive Certificates, the Certificates held by the nominee for the Common Depositary may not be transferred except as a whole by that nominee for the Common Depositary to a successor nominee for that Common Depositary or a nominee of a successor of the Common Depositary.

Purchasers of Certificate Book-Entry Interests in a Certificate will hold Certificate Book-Entry Interests in the Certificates relating thereto. Investors may hold their Certificate Book-Entry Interests in respect of a Certificate directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out in the section below entitled "*Transfers and Transfer Restrictions*"), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Certificate Book-Entry Interests in each Certificate on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Certificate Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Arranger, the Lead Manager, 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.

Transfer and Transfer Restrictions

All transfers of Certificate Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants. See "*General" above.*

Issuance of Registered Definitive Certificates

Holders of Book-Entry Interests in the Global Certificate will be entitled to receive Certificates in definitive registered form (such exchanged Global Certificates in definitive registered form, **Registered Definitive Certificates**) in exchange for their respective holdings of Certificate Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Certificates and do in fact do either of those things and no alternative clearing system satisfactory to the Note Trustee is available or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Certificates which would not be required were the Notes in definitive registered form. Any Registered Definitive Certificates issued in exchange for Certificate Book-Entry Interests in the Global Certificate will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Certificate Book-Entry Interests. Holders of Registered Definitive Certificates issued in exchange for Certificate Book-Entry Interests in the Global Certificate will not be entitled to exchange such Registered Definitive Certificates for Certificate Book-Entry Interests in such Global Certificate. Any Certificates issued in definitive form will be issued in registered form only and will be subject to the provisions set out under "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 Certificate.

Payments on Global Certificate

Payment of amounts due in respect of the Global Certificate will be made in Sterling by or to the order of the Principal Paying Agent on behalf of the Issuer to the order of the Common Depositary or its nominee as the registered holder thereof with respect to the Global Certificate.

Each holder of Certificate Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Depositary or its nominee in respect of those Certificate Book-Entry Interests. All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then none of the Issuer, the Principal Paying Agent or any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the Common Depositary, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Certificate Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the **Record Date**), Euroclear and Clearstream, Luxembourg will determine the identity of the Participants for the purposes of making payments under the Certificates. The Record Date in respect of the Certificates shall be as at the close of business on the Business Day prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Certificate Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Lead Manager, the Note Trustee or the Security Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Certificate Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Certificate Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

- Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of Certificates and any risk from lack of simultaneous transfers of securities.

- Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing.

- Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

- Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

- An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer, the Note Trustee or the Security Trustee requests any action of owners of Certificate Book-Entry Interests or if an owner of a Certificate Book-Entry Interest desires to give instructions or 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 Certificate Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

Action in respect of the Global Certificates and the Certificate Book-Entry Interests

Not later than 10 days after receipt by the Issuer of any notice in respect of a Global Certificate or any notice of solicitation of consents or requests for a waiver or other action by the Certificateholder of such Global Certificate, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Certificate Book-Entry Interests or the Global Certificates and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Certificate Book-Entry Interests or the Global Certificates in accordance with any instructions set out in such request. Euroclear and Clearstream, Luxembourg are expected to follow the procedures described under the section above entitled "*General*", with respect to soliciting instructions from their respective Participants.

Notices

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to Certificateholders for communication by Euroclear and Clearstream, Luxembourg to the Certificateholders and shall procure that the information contained in such notice shall appear on a Relevant Screen (see also Certificates Condition 15 (*Notice to Certificateholders*)). The Note Trustee may in accordance with the Certificates Condition 15.2 (*Note Trustee's Discretion to Select Alternative Method*) sanction other methods of giving notice to all or some of the Certificateholders, if such method is reasonable having regard to the then prevailing market practice.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below).

1. GENERAL

The £330,688,000 Class A mortgage backed floating rate notes due October 2044 (the **Class A Notes**), the £16,330,000 Class B mortgage backed floating rate notes due October 2044 (the **Class B Notes**), the £20,413,000 Class C mortgage backed floating rate notes due October 2044 (the **Class C Notes**), the £18,372,000 Class D mortgage backed floating rate notes due October 2044 (the **Class D Notes**), the £4,082,000 Class E mortgage backed floating rate notes due October 2044 (the **Class E Notes** (and together the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes the **Rated Notes)**, the £18,373,000 Class F mortgage backed floating rate notes due October 2044 (the **Class F Notes** and together with the Rated Notes, the **Notes**) in each case of Slate No.2 plc (the **Issuer**) are constituted by a trust deed (the **Trust Deed**) dated 27 October 2014 (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 or the Class F Notes, as the case may be, or to the respective holders thereof. Any reference in these Conditions to a Class of Certificates or of Certificateholders shall be a reference to the Class X Certificates or the Class Y Certificates or the Class Z Certificates, 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 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 or prior to the Closing Date and made between the Issuer, the Note Trustee, Elavon Financial Services Limited, acting through its UK Branch as principal paying agent (in such capacity, the **Principal Paying Agent** and, together with any further or other paying agent appointed under the Agency Agreement, the **Paying Agent**), Elavon Financial Services Limited as registrar (in such capacity, the **Registrar**) and Elavon Financial Services Limited, acting through its UK Branch as agent bank (in such capacity, the **Agent Bank**), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and a 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).

Physical 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 the Paying Agent. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

2. INTERPRETATION

2.1 Definitions

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule available as described above.

2.2 Interpretation

These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

3. FORM, DENOMINATION AND TITLE

3.1 Form and Denomination

Each Class of Notes will initially be represented by a global note certificate in registered form (a **Global Note**).

For so long as any of the Notes are represented by a Global Note, transfers and exchanges of beneficial interests in such Global Note and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank 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 nominee of a common depositary 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, notwithstanding that no Registered Definitive Notes (as defined below) will be issued with a denomination above £199,000. A Global Note will be exchanged for the relevant Note in definitive registered form (such exchanged Global Notes in definitive registered form, 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 or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes or in fact do either of those things,

   and in either case no alternative clearing system satisfactory to the Note Trustee is available; or

(b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Notes which would not be required were the relevant Notes in definitive registered form.

If Registered Definitive Notes are issued in respect of Notes originally represented by a Global Note, the beneficial interests represented by such Global Note shall be exchanged by the Issuer for the relevant Notes in registered definitive form. The aggregate principal amount of the Registered Definitive Notes shall be equal to the Principal Amount Outstanding of the Notes at the date on which notice of exchange is given of the Global Note, subject to and in accordance with the detailed provisions of these Conditions, the Agency Agreement, the 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.

3.2 Title

Title to the Global Notes shall pass by and upon registration in the register (the **Register**) which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Note may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Note regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to a Registered Definitive Note shall only pass by and upon registration of the transfer in the Register.

Registered Definitive Notes may be transferred upon the surrender of the relevant Registered Definitive Note, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. Such transfers shall be subject to the minimum denominations specified in Condition 3.1 (*Form and Denomination*) above. All transfers of Registered Definitive Notes are subject to any restrictions on transfer set out on the Registered Definitive Notes and the detailed regulations concerning transfers in the Agency Agreement.

Each new Registered Definitive Note to be issued upon transfer of such Registered Definitive Note will, within five Business Days of receipt and surrender of such Registered Definitive Note (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Registered Definitive Note to such address as may be specified in the relevant form of transfer.

Registration of a Registered Definitive Note on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

4. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

4.1 Status and relationship between the Notes

(a) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12.4 (Limited Recourse)) unconditional obligations of the Issuer. The Class X Certificates constitute direct, secured and (subject to the limited recourse provisions in Certificate Condition 12.4 (Limited Recourse), unconditional obligations of the Issuer. The Class A Notes and the Class X Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of (in relation to the Class A Notes) interest and principal and (in relation to the Class X Certificates) the Class X Payments and the Class X Early Termination Amount at all times, as provided in these Conditions and the Transaction Documents.

(b) The Class B Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12.4 (Limited Recourse) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class B Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes and the Class X Certificates, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class B Notes (the **Class B Noteholders**) will be subordinated to the interests of the persons who for the time being are registered in the Register as holders of Class A Notes (the **Class A Noteholders**) or Class X Certificates (the **Class X Certificateholders**) (so long as any Class A Notes or Class X Certificates remain outstanding).

(c) The Class C Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class C Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class X Certificates and the Class B Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class C Notes (the **Class C Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class X Certificateholders and the Class B Noteholders (so long as any Class A Notes and/or any Class X Certificates 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 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class D Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, but subordinate to the Class A Notes, the Class X Certificates, the Class B Notes and the Class C Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class D Notes (the **Class D Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class X Certificateholders, the Class B Noteholders and the Class C Noteholders (so long as any Class A Notes and/or any Class X Certificates 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 provisions in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class E Notes rank *pari passu* without preference or priority among themselves in relation to the payment of principal and interest at all times, but subordinate to the Class A Notes, the Class X Certificates, the Class B Notes, the Class C Notes and the Class D Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class E Notes (the **Class E Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class X Certificateholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (so long as any Class A Notes and/or any Class X Certificates and/or Class B Notes and/or Class C Notes and/or Class D Notes remain outstanding).

(f) The Class Y Certificates constitute direct, secured and (subject to the limited recourse provisions in Certificate Condition 12.4 (*Limited Recourse*) and Certificate Condition 16 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class Y Certificates rank *pari passu* without preference or priority among themselves in relation to the payment of Class Y Payments and Class Y Early Termination Amount, but subordinate to the Class A Notes, the Class X Certificates, 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 persons who for the time being are registered in the Register as holders of the Class Y Certificates (the **Class Y Certificateholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class X Certificateholders, 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 X Certificates and/or Class B Notes and/or Class C Notes and/or Class D Notes and/or Class E Notes remain outstanding).

(g) The Class F Notes constitute direct, secured and (subject as provided in Condition 17 (*Subordination by Deferral*) and the limited recourse provisions in Condition 12.4 (*Limited Recourse*)) unconditional obligations of the Issuer. The Class F Notes rank *pari passu* without preference or priority among themselves in relation to the payment of principal and interest at all times, but subordinate to the Class A Notes, the Class X Certificates, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class Y Certificates, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class F Notes (the **Class F Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class X Certificateholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class Y Certificateholders (so long as any Class A Notes and/or any Class X Certificates and/or Class B Notes and/or Class C Notes and/or Class D Notes and/or Class E Notes and/or any Class Y Certificates remain outstanding).

(h) The Class Z Certificates constitute direct, secured and (subject to the limited recourse provisions in Certificate Condition 12.4 (*Limited Recourse*) unconditional obligations of the Issuer. The Class Z Certificates rank *pari passu* without preference or priority among themselves in relation to the payment of Class Z Payments, but subordinate to the Class A Notes, the Class X Certificates, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class Y Certificates and the Class F Notes as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class Z Certificates (the **Class Z Certificateholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class X Certificateholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class Y Certificateholders and the Class F Noteholders (so long as any Class A Notes and/or any Class X Certificates and/or Class B Notes and/or Class C Notes and/or Class D Notes and/or Class E Notes and/or Class Y Certificates and/or Class F Notes remain outstanding).

(i) 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 holders of each Class of the Notes and each Class of Certificates as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or the Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class of Notes and/or Certificates ranking in priority to the other relevant Classes of Notes or Certificates in the Pre-Enforcement Revenue Priority of Payments.

(j) The Trust Deed and the Deed of Charge also contain provisions limiting the powers of any Class of Noteholders or Class of Certificateholders to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Class or Classes of Notes and/or Certificates ranking in priority thereto. Except in certain circumstances described in Condition 13 (*Meetings of Noteholders and Certificateholders*, *Modification*, *Waiver* and Substitution), the Trust Deed and the Deed of Charge contain no such limitation on the powers of the holders of the Most Senior Class, the exercise of which will be binding (save in respect of a Basic Terms Modification) on the holders of all other Classes of Notes and all other Classes of Certificates in each case irrespective of the effect thereof on their respective interests.

As long as any Notes or Certificates are outstanding but subject to Condition 13.5, the Security Trustee shall not have regard to the interests of the other Secured Creditors.

4.2 Security

(a) The security constituted by or pursuant to the Deed of Charge is granted to the Security Trustee for it to hold on trust for the Noteholders, the Certificateholders and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.

(b) The Noteholders, the Certificateholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

5. COVENANTS

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

(a) **Negative pledge**: create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertakings;

(b) **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 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 by the Issuer**: pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the applicable Priority of Payments which are available for distribution in accordance with the Issuer's memorandum and articles of association and with applicable laws or issue any further shares;

(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 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) **U.S. activities**: engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

6. INTEREST

6.1 Accrual of interest

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 7 (*Payments*), payment of the principal in respect of the Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Trust Deed.

6.2 Interest Payment Dates

Interest will be payable in arrear on each Interest Payment Date, for all Classes of Notes. The first Interest Payment Date will be the Interest Payment Date falling in January 2015.

Interest Payment Date means the 24th day of each of January, April, July and October in each year or, if such day is not a Business Day, the immediately following Business Day.

Interest shall accrue from (and including) an Interest Payment Date (except in the case of the first Interest Period, which shall commence on (and include) the Closing Date) to (but excluding) the next following Interest Payment Date (each such period above, an **Interest Period**).

6.3 Rate of Interest

Rate of Interest

(a) The rate of interest payable from time to time in respect of each Class of the Notes (each a **Rate of Interest** and together the **Rates of Interest**) and any Interest Period will be determined on the basis of the following provisions:

(A) 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 (or, in respect of the first Interest Period for the Notes, the linear interpolation of LIBOR for two and three months deposit in Sterling) of £10,000,000 in the London interbank market as at or about 11.00 a.m. (London time) on the relevant Interest Determination Date. The Rates of Interest for the relevant Interest Period shall be the aggregate of (I) the Relevant Margin for such Note, and (II) the Relevant Screen Rate (or, if the Relevant Screen Rate is unavailable, the arithmetic mean of such offered quotations for three months or in respect of the first Interest Period the linear interpolation of two and three monthly Sterling deposits (rounded upwards, if necessary, to five decimal places)); and

(B) 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 Rates of Interest for the relevant Interest Period shall be determined in accordance with the provisions of sub-paragraph (A) above on the basis of the offered quotations of those Reference Banks providing such quotations.

(C) 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).

(D) If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the Rates of Interest for the relevant Interest Period shall be the Rates of Interest in effect for the last preceding Interest Period. Following the occurrence of the circumstances set out in this Condition 6.3(a)(i)(D), the Note Trustee may agree with the Issuer and the Agent Bank in making any modification to the manner in which the Rates of Interest are determined for the relevant Interest Period provided that the holders of each Class of Rated Notes approve such modification or amendment acting by Extraordinary Resolution;

There will be no minimum or maximum Rate of Interest.

(b) In these Conditions (except where otherwise defined), the expression:

(i) **Business Day** means a day (other than a Saturday or Sunday or a public holiday) on which banks are generally open for business in London;

(ii) **Interest Determination Date** means the first Business Day of the Interest Period for which the rate will apply;

(iii) **Interest Determination Ratio** means, on any Interest Payment Date, (a) the aggregate Revenue Receipts calculated in the three preceding Servicer Reports (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports) divided by (b) the aggregate of all Revenue Receipts and all Redemption Receipts calculated in such Servicer Reports;

(iv) **LIBOR** means the London Interbank Offered Rate for Sterling deposits;

(v) **Reconciliation Amount** means in respect of any Collection Period (a) the actual Redemption Receipts as determined in accordance with the available Servicer Reports, less (b) the Calculated Redemption Receipts in respect of such Collection Period, plus (c) any Reconciliation Amount not applied in previous Collection Periods;

(vi) **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;

(vii) **Relevant Margin** means:

(A) in respect of the Class A Notes, 1.10 per cent. per annum;

(B) in respect of the Class B Notes, 1.70 per cent. per annum;

(C) in respect of the Class C Notes, 1.90 per cent. per annum;

(D) in respect of the Class D Notes, 2.50 per cent. per annum;

(E) in respect of the Class E Notes, 3.50 per cent. per annum; and

(F) in respect of the Class F Notes, 5.00 per cent. per annum.

(viii) **Relevant Screen Rate** means, in respect of the Notes, the arithmetic mean of offered quotations for three-month Sterling deposits (or, with respect to the first Interest Period, the rate which represents the linear interpolation of LIBOR for two and three month deposits in Sterling) in the London interbank market displayed on the Reuters Screen page LIBOR01; and

(ix) **Servicer Report** means a report to be provided by the Servicer no later than the fourth Business Day preceding the 24th calendar day of each month (or if the 24th calendar day is not a Business Day, the immediately following Business Day) from and including January 2015 in accordance with the terms of the Servicing Agreement and detailing, *inter alia*, the information relating to the Portfolio necessary to produce the Investor Report;

6.4 Determination of Rates of Interest and Interest Amounts

(a) In relation to the Notes, the Agent Bank shall, as soon as practicable after 11.00 a.m. (London time) on the Interest Determination Date falling in such Interest Period, but in no event later than the third Business Day thereafter, determine the Sterling amount (the **Interest Amounts**) payable in respect of interest on the Principal Amount Outstanding of each Class of the Rated Notes for the relevant Interest Period.

(b) The Interest Amounts shall, in respect of a Class of Notes, be determined by applying the relevant Rate of Interest to the Principal Amount Outstanding of such Class of Notes and multiplying the sum by the actual number of days in the Interest Period concerned divided by 365 and rounding the figure downwards to the nearest penny.

6.5 Publication of Rates of Interest and Interest Amounts

The Agent Bank shall cause the Rate of Interest and the Interest Amounts for each Class of Notes in respect of each Interest Period and each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Note Trustee, the Registrar and the Paying Agents (as applicable) and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 16 (*Notice to Noteholders*) as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date. The Interest Amounts and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

6.6 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 Rates of Interest and the Interest Amounts (as applicable) in accordance with the above provisions and the Note Trustee has been notified of this default, determine or cause to be determined the Rates of Interest and the 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 6.4 (*Determination of Rates of Interest and 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.

6.7 Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether by the Reference Banks (or any of them), the Agent Bank or the Note Trustee, will (in the absence of wilful default, gross negligence, fraud or manifest error) be binding on the Issuer, the Note Trustee, the Agent Bank, the Registrar, the Paying Agents and all Noteholders and (in the absence of wilful default, gross negligence, fraud or manifest error) no liability to the Issuer or the Noteholders shall attach to the Reference Banks (or any of them), the Cash Manager, the Agent Bank or, if applicable, the Note Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 6 (*Interest*).

6.8 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. The Issuer may, subject to the prior written approval of the Note Trustee, terminate the appointment of the Agent Bank and shall, in the event of the appointed office of any bank being unable or unwilling to continue to act as the agent bank or failing duly to determine the Rate of Interest or the Interest Amounts in respect of any Class of Notes for any Interest Period, subject to the prior written approval of the Note Trustee, appoint another major bank engaged in the relevant interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed on terms commercially acceptable in the market.

6.9 Determinations and Reconciliation

(a) In the event that the Cash Manager does not receive a Servicer Report with respect to a Collection Period (each such period, a **Determination Period**), then the Cash Manager may use the Servicer Report in respect of the three most recent Collection Periods (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in Condition 6.9(b). When the Cash Manager receives the Servicer Report relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 6.9(c). Any (i) calculations properly made on the basis of such estimates in accordance with Conditions 6.9(b) and/or 6.9(c); (ii) payments made under any of the Notes, Certificates and Transaction Documents in accordance with such calculations; and (iii) reconciliation calculations and reconciliation payments made as a result of such reconciliation calculations, each in accordance with Condition 6.9(b) and/or 6.9(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 on the Calculation Date immediately preceding the Determination Period:

(i) determine the Interest Determination Ratio (as defined above) by reference to the three most recently received Servicer Reports (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports) received in the preceding 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 Redemption 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 Redemption Receipts**).

(c) Following the end of any Determination Period, upon receipt by the Cash Manager of the Servicer Report in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 6.9(b) above to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amount (as defined above) 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 Redemption 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 Redemption Ledger, as Available Revenue Receipts (with a corresponding debit of the Redemption Ledger),

provided that the Cash Manager shall apply such Reconciliation Amount in determining Available Revenue Receipts and Available Redemption Receipts for such Collection Period in accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Note Trustee of such Reconciliation Amount.

7. PAYMENTS

7.1 Payment of Interest and Principal

Subject to paragraph 2 of Condition 3.1 (*Form and Denomination*), payments of any amount in respect of a Note, including principal and interest, shall be made by:

(a) (other than in the case of final redemption) Sterling cheque; or

(b) (other than in the case of final redemption) upon application by the relevant Noteholder to the specified office of the Principal Paying Agent not later than the 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

(c) (in the case of final redemption) Sterling cheque upon surrender (or, in the case of part payment only, endorsement) of the relevant Global Note or Registered Definitive Notes (as the case may be) at the specified office of any Paying Agent.

7.2 Laws and Regulations

Payments of any amount in respect of a Note including principal and interest in respect of the Notes are subject, in all cases, to (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.

7.3 Payment of Interest following a Failure to pay Principal

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 6.1 (*Accrual of interest*) and Condition 6.3 (*Rate of Interest*) will be paid in accordance with this Condition 7.

7.4 Change of Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents provided that:

(a) there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London and the Registrar with a specified office in Ireland or in London; and

(b) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

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.

7.5 No Payment on non-Business Day

If the date for payment of any amount in respect of a Note is not a Presentation Date, Noteholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to further interest or other payment in respect of such delay. In this Condition 7.5, the expression **Presentation Date** means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

7.6 Partial Payment

If a Paying Agent makes a partial payment in respect of any Note, the Registrar will, in respect of the relevant Note, annotate the Register indicating the amount and date of such payment.

7.7 Payment of Interest

If interest is not paid in respect of a Note of any Class on the date when due and payable (other than because the due date is not a Presentation Date (as defined in Condition 7.5 (*No Payment on non-Business Day*)) or by reason of non-compliance by the Noteholder with Condition 7.1 (*Payment of Interest and Principal*)), then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such Note until such interest and interest thereon are available for payment and notice thereof has been duly given by the Issuer in accordance with Condition 16 (*Notice to Noteholders*).

8. REDEMPTION

8.1 Redemption at Maturity

Unless previously redeemed in full and cancelled as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding on the Interest Payment Date falling in October 2044 (the **Final Maturity Date**).

8.2 Mandatory Redemption

(a) Prior to the service of an Enforcement Notice, each Class of Notes shall be redeemed on each Interest Payment Date in an amount equal to the Available Redemption Receipts available for such purpose in accordance with the Pre-Enforcement Redemption Priority of Payments which shall be applied, following the payment of any Principal Addition Amount. in the following order of priority:

- (i) *Pro rata* and *pari passu*, to repay the Class A Notes until they are each repaid in full and in the event of an Early Redemption, to pay any Class X Early Termination Amount; and thereafter to 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) in the event of an Early Redemption, to pay any Class Y Early Termination Amount; and thereafter to be applied
- (vii) to repay the Class F Notes until they are each repaid in full.

(b) The Principal Amount Outstanding of each Class of Notes shall be redeemed on each Interest Payment Date in accordance with the relevant Priority of Payments. The principal amount to be redeemed in respect of a Class of Notes (the **Note Principal Payment**) on any Interest Payment Date prior to the service of an Enforcement Notice shall be the Available Redemption Receipts on such Interest Payment Date in accordance with the relevant Priority of Payments, as calculated on the Calculation Date immediately preceding such Interest Payment Date, divided by the number of Notes in the relevant Class 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 the denomination of such Notes. Each determination by or on behalf of the Issuer of any principal repayment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default or manifest error) be final and binding on all persons.

(c) The Issuer will cause each determination of a principal repayment, Principal Amount Outstanding and Pool Factor to be notified by not less than two Business Days prior to the relevant Interest Payment Date to the Note Trustee, the Paying Agents, the Agent Bank and (for so long as the Notes are listed on the Official List of 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*) not later than two Business Days prior to the relevant Interest Payment Date. If no principal repayment is due to be made on the Notes on any Interest Payment Date a notice to this effect will be given to the holders of the Notes.

8.3 Optional Redemption for Taxation or Other Reasons

If:

(a) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any Notes or of a Payment Amount on any Certificates (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Notes or Certificates) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax; or

(b) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any of the Notes.

then the Issuer shall, if the same would avoid the effect of such relevant event described in sub-paragraph (a) or (b) 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 holders of the Notes (and in making such determination, the Note Trustee may rely, without further investigation or inquiry, on (A) any confirmation made in writing 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) if no such confirmation from the Rating Agencies is forthcoming, the Servicer on behalf of the Issuer has certified in writing (an **Issuer Certificate**) to the Cash Manager, the Note Trustee and the Security 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 and (iv) (while any of the Rated Notes remain outstanding) 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

(ii) such substitution would not require registration of any new security under U.S. securities laws or materially increase the disclosure requirements under U.S. law.

If the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that one or more of the events described in sub-paragraph (a) or (b) above is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution, then the Issuer may, on any Interest Payment Date and having given not more than 60 nor less than 30 days' notice (or, in the case of an event described in sub-paragraph (b) above, such shorter period expiring on or before the latest date permitted by relevant law) to the Note Trustee and holders of the Notes in accordance with Condition 16 (*Notice to Noteholders*), redeem all (but not some only) of the Notes at their respective Principal Amount Outstanding together with any interest accrued (and unpaid) thereon up to (but excluding) the date of redemption and the Certificates at their Early Termination Amounts provided that, 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 stating that (i) one or more of the circumstances referred to in sub-paragraph (a) or (b) 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, 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 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 and cancel the Certificates as aforesaid and any amounts required under the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Redemption Priority of Payments to be paid in priority to or *pari passu* with the Notes outstanding and the Certificates then in issue in accordance with the Conditions, such certification to be provided by way of a certificate signed by two directors of the Issuer.

8.4 Mandatory Redemption in full pursuant to a Retention Holder Portfolio Purchase or Market Portfolio Purchase

(a) On the occurrence of a Retention Holder Portfolio Purchase or a Market Portfolio Purchase, the consideration received by the Issuer will be applied in accordance with the Post-Enforcement Priority of Payments on the immediately succeeding Interest Payment Date and such Interest Payment Date shall be deemed to be an Optional Redemption Date with the result that the Notes will be redeemed in full in accordance with this Condition 8.4 (*Mandatory Redemption in full pursuant to a Retention Holder Portfolio Purchase or Market Portfolio Purchase*).

(b) Any Note redeemed pursuant to Condition 8.4(a) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to but excluding the Interest Payment Date on which the redemption occurred.

8.5 Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option

(a) On any Business Day following the Transfer Date, if a Risk Retention Regulatory Change Event occurs and the Retention Holder exercises the Risk Retention Regulatory Change Option, the Issuer will give not more than 40 nor less than 5 Business Days' notice to (i) the Noteholders in accordance with Condition 16 (Notice to Noteholders), (ii) the Note Trustee, and the Notes will be redeemed at their Principal Amount Outstanding on the Interest Payment Date immediately following the exercise of such option by the Retention Holder, provided that the Issuer has, immediately prior to giving such notice, certified to the Note Trustee that it will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Interest Payment Date and to discharge all other amounts required to be paid in priority to or pari passu with the Notes and the Certificates (including for the avoidance of doubt, the relevant Early Termination Amounts) on such 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 Pre-Enforcement Priority of Payments).

(b) Any Note redeemed pursuant to Condition 8.5(a) above, will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to, but excluding, the relevant Interest Payment Date.

Risk Retention Regulatory Change Event means any change in or the adoption of any new law, rule or regulation which as a matter of English law has a binding effect on the Retention Holder or the Seller after the Closing Date which would impose a positive obligation on either of them to subscribe for any Notes over and above those required to be maintained by it under its Risk Retention Undertaking.

Risk Retention Regulatory Change Option means the option of the Retention Holder in the Mortgage Sale Agreement to acquire all but not some of the Portfolio following a Risk Retention Regulatory Change Event.

8.6 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 £330,688,000, in respect of the Class B Notes of £16,330,000, in respect of the Class C Notes of £20,413,000, in respect of the Class D Notes of £18,372,000, in respect of the Class E Notes of £4,082,000 and in respect of the Class F Notes of £18,373,000, in each case less the aggregate amount of all principal payments in respect of such Class of Notes which have been made since the Closing Date.

8.7 Notice of Redemption

Any such notice as is referred to in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above. Any certificate or legal opinion given by or on behalf of the Issuer pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) may be relied on by the Note Trustee without further investigation and, if so relied on, shall be conclusive and binding on the Noteholders.

8.8 No Purchase by the Issuer

The Issuer will not be permitted to purchase any of the Notes.

8.9 Cancellation on redemption in full

All Notes redeemed in full will be cancelled upon redemption. Notes cancelled upon redemption in full may not be resold or re-issued.

9. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including income tax, corporation tax, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon (**Taxes**), unless the withholding or deduction of the Taxes is required by applicable law. In that event, subject to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), the Issuer 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.

10. PRESCRIPTION

Claims in respect of principal and interest on the Notes will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the relevant payment.

In this Condition 10, the **Relevant Date**, in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Noteholders in accordance with Condition 16 (*Notice to Noteholders*).

11. EVENTS OF DEFAULT

11.1 Notes

The Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Note and/or the Certificates, as applicable of the Most Senior Class or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class shall, (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed) give a notice (an

Enforcement Notice) to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued (but unpaid) interest and the relevant Early Termination Amount is immediately due and payable in relation to the Class X Certificates and the Class Y Certificates as provided in the Trust Deed (with a copy of such Enforcement Notice being sent simultaneously to the Security Trustee, the Servicer, the Issuer Account Bank and the Cash Manager), if any of the following events (each, an **Event of Default**) occur:

(a) if default is made in the payment of any principal or interest or Payment due in respect of the Class A Notes or the Class X Certificates and the default continues for: (i) a period of five Business Days in the case of principal, or (ii) three Business Days in the case of interest or any Payment under the Class X Certificates; or

(b) if the Issuer fails to perform or observe any of its other obligations under these Conditions, the Certificate Conditions or any Transaction Document to which it is a party which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the failure continues for a period of 15 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the failure to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or

(c) if any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the matters giving rise to such misrepresentation are not remedied within a period of 15 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or

(d) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of each Class of the Noteholders and Certificateholders; or

(e) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of each Class of the Noteholders and Certificateholders, or (ii) the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or (iii) is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or

(f) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with the court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order), unless initiated by the Issuer, is not discharged within 30 days; or

(g) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

11.2 General

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Condition 11.1 (*Notes*), all the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amount Outstanding, together with accrued interest as provided in the Trust Deed and the Class X Early Termination Amount and the Class Y Early Termination Amount shall immediately become due and payable.

12. ENFORCEMENT

12.1 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 an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security, but neither of them shall be bound to take any such proceedings, action or steps unless:

(a) it shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding or directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Notes and/or Certificates of the Most Senior Class; and

(b) in all cases, it shall have been indemnified and/or prefunded and/or secured to its satisfaction.

12.2 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 Notes and the Certificates (and all persons ranking in priority to the holders of the Notes and the Certificates), or (b) the Security Trustee is of the opinion, which shall be binding on the Secured Creditors, reached after considering at any time and from time to time the advice of any financial adviser (or such other professional advisers selected by the Security Trustee for the purpose of giving such advice), 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: (i) to the Noteholders and Certificateholders (and all persons ranking in priority to the Noteholders and Certificateholders as set out in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders and Certificateholders (and all such higher ranking persons) have been repaid, to the remaining Secured Creditors in the order of priority set out in the

Post-Enforcement Priority of Payments. The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to in this Condition 12.2 without further enquiry and shall incur no liability to any person for so doing.

12.3 Limitations on Enforcement

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

12.4 Limited Recourse

Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Issuer to the Noteholders 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,

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain due or to be paid in respect of the Notes (including, for the avoidance of doubt, payments of principal, premium (if any) or interest in respect of the Notes) and the Issuer shall be deemed to be discharged from making any further payments in respect of the Notes and any further payment rights shall be extinguished.

13. MEETINGS OF NOTEHOLDERS AND CERTIFICATEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

13.1 The Trust Deed contains provisions for convening meetings of the Noteholders and/or Certificateholders of each Class and, in certain cases, more than one Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents.

13.2 For the purposes of these Conditions, **Most Senior Class** means the Class A Notes and Class X Certificates or, if there are no Class A Notes or Class X Certificates then outstanding, the Class B Notes or, if there are no Class A Notes, Class X Certificates or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes, Class X Certificates, Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Class A Notes, Class X Certificates, Class B Notes, Class C Notes or Class D Notes outstanding, the Class E Notes or, if there are no Class A Notes, Class X Certificates, Class B Notes, Class C Notes, Class D Notes or Class E Notes then outstanding, the Class Y Certificates or, if there are no Class A Notes, Class X Certificates, Class B

Notes, Class C Notes, Class D Notes, Class E Notes or Class Y Certificates then outstanding, the Class F Notes or, if there are no Class A Notes, Class X Certificates, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class Y Certificates or Class F Notes then outstanding, the Class Z Certificates.

13.3 Most Senior Class, Limitations on other Noteholders

(a) Other than in relation to a Basic Terms Modification, which requires an Extraordinary Resolution of the holders of each affected Class of Notes and/or Certificates then in issue, as applicable (unless the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the holders of those affected Class or Classes of Notes and/or Certificates, as applicable) and other than where an Extraordinary Resolution of each Class of the Rated Notes is required under Condition 6.3(a)(i)(D):

(i) an Extraordinary Resolution passed at any meeting of the holders of the Most Senior Class shall be binding on such Noteholders and/or Certificateholders and all other Classes of Noteholders and Certificateholders irrespective of the effect upon them;

(ii) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on such Noteholders or Certificateholders and all other Classes of Noteholders and Classes of Certificateholders ranking junior to such Class of Noteholders or Certificateholders in the Pre-Enforcement Revenue Priority of Payments, irrespective of the effect it has upon them,; and

(iii) no Extraordinary Resolution of any Class of Noteholders or Certificateholders shall take effect for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the holders of all other Classes of Noteholders and Classes of Certificateholders ranking senior to such Class of Noteholders or Certificateholders in the Pre-Enforcement Revenue Priority of Payments or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of such senior ranking Classes of Noteholders and Certificateholders.

(b) For the purposes of the voting, meeting and quorum provisions, and the provisions concerning the giving of directions in writing to the Note Trustee or the Security Trustee, in these Conditions, the Certificate Conditions, the Deed of Charge and the Trust Deed, the Class A Notes and the Class X Certificates shall (other than in respect of a Basic Terms Modification) be treated as a single Class.

(c) No Extraordinary Resolution of the holders of a Class of Notes and/or a Class of Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Class of Certificates shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding and/or the holders of each affected Class of Certificates then in issue which are affected by such Basic Terms Modification, or the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the holders of those affected Class or Classes of Notes then outstanding and/or the holders of the affected Class or Classes of Certificates (if applicable).

(d) No Ordinary Resolution that is passed by the holders of the Notes shall take effect for any purpose while any of the Notes remain outstanding unless it shall have been sanctioned by an Ordinary Resolution of the holders of the Most Senior Class, or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

13.4 Quorum

(a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes of Notes or Certificateholders of any Class or Classes of Certificates for passing an Ordinary

Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding or such Class or Classes of Certificates then in issue, as applicable.

(b) Subject as provided below, the quorum at any meeting of Noteholders and/or Certificateholders of any Class of any Notes or Certificates for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes and/or Certificates then outstanding or in issue, as applicable.

(c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Class of Notes or holders of any Class of Certificates for passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of any Class of the Notes or Certificates, (ii) sanction a modification of the date of payment of principal or interest or amounts due in respect of any Class of the Notes or Certificates, (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of any Class of the Notes or, where applicable, of the method of calculating the amount of any principal or interest payable in respect of any Class of the Notes, or of the method of calculating the amounts payable in respect of any Class of the Certificates, (iv) alter the currency in which payments under any Class of the Notes or Certificates are to be made, (v) alter the quorum or majority required in relation to a resolution or a meeting of holders of any Class of the Notes or Certificates, (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of the Notes or the Certificates, (vii) alter the priority of payment of interest or principal in respect of any Class of the Notes or amounts in respect of any Class of Certificates (viii) change the definition of a Basic Terms Modification, (each a **Basic Terms Modification**) shall be one or more persons holding or representing in the aggregate not less than three-quarters of the aggregate Principal Amount Outstanding of such Class of Notes or Certificates then outstanding or in issue, as applicable.

(d) The quorum at any adjourned meeting will be:

(i) for an Ordinary Resolution, one or more persons present and holding or representing not less than 10 per cent. of the Principal Amount Outstanding of the Notes and/or Certificates of such Class then outstanding or in issue, as applicable;

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

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

13.5 The Note Trustee or, as the case may be, the Security Trustee may or, in the case of (c) below, shall at any time and from time to time, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree with the Issuer and any other parties in making or sanctioning any modification:

(a) to the Conditions, the Certificates Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee or, as the case may be, the Security Trustee, will not be materially prejudicial to the interests of the Noteholders or the Certificateholders, or the interests of the Note Trustee or the Security Trustee;

(b) to the Conditions, the Certificates Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee or, as the case may be, the Security Trustee, such modification is of a formal, minor or technical nature or to correct a manifest error; or

(c) that would result in the Issuer entering into any new and/or amended bank account agreement or collection account agreement (including where the unsecured, unsubordinated and unguaranteed debt obligations of the Issuer Account Bank are downgraded below the Account Bank Rating, and the Issuer is required (within 30 calendar days) to arrange for the transfer at its own cost of the Issuer Account to an appropriately rated bank or financial institution on similar terms to those set out in the Bank Account Agreement in order to maintain the ratings of the Notes at their then current ratings), provided that the Issuer certifies to the Security Trustee and/or the Note Trustee (upon which the Security Trustee and Note Trustee shall rely without liability) that any such new agreement and/or amendment would not have an adverse effect on the then current rating of the Most Senior Class and provided that neither the Note Trustee nor the Security Trustee shall be obliged to agree to any such new agreement and/or amendment which, in the sole opinion of the Note Trustee or the Security Trustee, would have the effect of (a) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections, of the Note Trustee and/or the Security Trustee under the Transaction Documents and/or the Conditions and/or the Certificates Conditions.

13.6 The Note Trustee or, as the case may be, the Security Trustee may, without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without prejudice to its rights in respect of any further or other breach or Event of Default, from time to time and at any time, but only if and in so far as in the sole opinion of the Note Trustee or, as the case may be, the Security Trustee the interests of the Noteholders or the Certificateholders will not be materially prejudiced thereby, authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions, the Certificates Conditions or any of the Transaction Documents by any party thereto or determine that any Event of Default shall not be treated as such, provided that the Note Trustee shall not exercise any powers conferred on it by this Condition 13.6 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class or by a direction under Condition 11 (*Events of Default*) but so that no such direction shall affect any waiver, authorisation or determination previously given or made.

13.7 Any such modification, waiver, authorisation or determination by the Note Trustee and/or the Security Trustee, as applicable, in accordance with these Conditions, Certificates Conditions or Transaction Documents shall be binding on the Noteholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16 (*Notice to Noteholders)*.

13.8 Any modification to the Transaction Documents and the Conditions shall be notified by the Issuer in writing to the Rating Agencies.

13.9 In connection with any such substitution of principal debtor referred to in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) or Condition 13.19 (*Issuer Substitution Condition*), the Note Trustee and the Security Trustee may also agree, without the consent of the Noteholders or the other Secured Creditors, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee or, as the case may be, the Security Trustee, be materially prejudicial to the interests of the Noteholders.

13.10 In determining whether a proposed action will not be materially prejudicial to the interests of the Noteholders or Certificateholders of 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 ratings of the Rated Notes or the Class X Certificates. 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 and/or the Certificateholders. In being entitled to take into account that each of the Rating Agencies has confirmed that the then current ratings of the Rated Notes or the Class X Certificates 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, the Certificateholders, or any other person, or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders, the Certificateholders or any other person, whether by way of contract or otherwise.

13.11 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 Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee is required to have regard to the interests of the Noteholders or Certificateholders of any Class or Classes, it shall (A) have regard to the general interests of the Noteholders or Certificateholders of such Class or Classes but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders or Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Noteholder or Certificateholder be entitled to claim, from the Issuer, the Note Trustee or the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Certificateholders and (B) subject to the more detailed provisions of the Trust Deed and the Deed of Charge, as applicable, have regard to the interests of holders of each Class of Notes and Class of Certificates (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or Class of Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class or Classes of Notes or Certificates ranking in priority to the other relevant Classes of Notes or Certificates.

13.12 **Ordinary Resolution** means, in respect of the holders of any of the Classes of Notes:

(a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Trust Deed and these Conditions by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the Notes and/or Certificates held by such Eligible Persons);

(b) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of not less than a clear majority of the aggregate Principal Amount Outstanding of the Notes and/or Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders and/or Certificateholders of the relevant Class; or

(c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes or Class of Certificates.

13.13 **Extraordinary Resolution** means, in respect of the holders of any of the Classes of Notes and/or Certificates:

(a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Trust Deed and these Conditions by a majority consisting of not less than three quarters of Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-quarters of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the Notes and/or the Certificates held by such Eligible Persons);

(b) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of not less than three-quarters of the aggregate Principal Amount Outstanding of the Notes and/or the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders and/or Certificateholders of the relevant Class; or

(c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding not less than three-quarters in aggregate Principal Amount Outstanding of the Notes and/or the Certificates.

13.14 **Eligible Person** means any one of the following persons who shall be entitled to attend and vote at a meeting:

(a) a bearer of any Voting Certificate; and

(b) a proxy specified in any Block Voting Instruction.

13.15 **Voting Certificate** means an English language certificate issued by a Paying Agent in which it is stated:

(a) that on the date thereof the Notes and/or Certificates (not being the Notes and/or Certificates (as applicable) in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Notes and/or Certificates will cease to be so blocked until the first to occur of:

(i) the conclusion of the meeting specified in such Voting Certificate; and

(ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and

(b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes and/or Certificates represented by such Voting Certificate.

13.16 Block Voting Instruction means an English language document issued by a Paying Agent in which:

(a) it is certified that on the date thereof Notes and/or Certificates (not being Notes and/or Certificates (as applicable) in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Notes and/or such Certificates will cease to be so blocked until the first to occur of:

(i) the conclusion of the meeting specified in such Block Voting Instruction; and

(ii) the Notes and/or the Certificates ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;

(b) it is certified that each holder of such Notes and/or such Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the Certificates so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion thereof, neither revocable nor capable of amendment;

(c) the aggregate principal amount or aggregate total amount of the Notes and/or the number of Certificates so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and

(d) one or more persons named in such Block Voting Instruction (each hereinafter called a **proxy**) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes and/or the Certificates so listed in accordance with the instructions referred to in (c) above as set out in such Block Voting Instruction, provided that no such person shall be named as a proxy:

(i) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and

(ii) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the meeting when it is resumed.

13.17 Details of any Extraordinary Resolution and any Ordinary 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.

13.18 The Certificates will not have a Principal Amount Outstanding. However, for the purposes of the voting and quorum provisions, and the provisions concerning the giving of directions in writing to the Note Trustee or the Security Trustee, set out in the Conditions, the Certificate Conditions,, the Deed of Charge and the Trust Deed any reference to the Principal Amount Outstanding of the Certificates of any Class shall be deemed to be (a) a reference to the Early Termination Amount in respect of the Class X Certificates and the Class Y Certificates and, where applicable, to Certificateholders having entitlement to such Early Termination Amount in respect of the Certificates of such Class, assuming that the Early Termination Amount became payable on the date of the relevant meeting or direction or other such date as the Principal Amount Outstanding of the Certificates of such Class falls to be determined and (b) in respect of the Class Z Certificates shall at all times be £10,000 in respect of each Class Z Certificate.

13.19 Issuer Substitution Condition

The Note Trustee may agree, subject to such amendment of these Conditions and of any of the Transaction Documents, and to such other conditions as the Note Trustee may require and subject to the terms of the 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, the Notes 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 are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Condition 5 (*Covenants*) (the **Issuer Substitution Condition**). In the case of a substitution pursuant to this Condition 13.19, the Note Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change in law governing the Notes, the Certificates and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders.

14. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

The 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 subject to all applicable laws and stock exchange requirements. Replacement of any mutilated, defaced, lost, stolen or destroyed Note will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Note must be surrendered before a new one will be issued.

16. NOTICE TO NOTEHOLDERS

16.1 Publication of Notice

(a) Subject to Condition 16.1(d), any notice to Noteholders shall be validly given if published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom, provided that if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders (in each case a

Relevant Screen), or (ii) paragraph (c) below applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which (or on the Relevant Screen) publication is required.

(b) In respect of Notes in definitive form, notices to Noteholders will be sent to them by first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail at the respective addresses on the Register. Any such notice will be deemed to have been given on the fourth day after the date of posting.

(c) While the Notes are represented by Global Note, notices to Noteholders will be valid if published as described above or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid shall be deemed to have been given on the day of such delivery.

(d) So long as the relevant Notes are admitted to trading on, and listed on the official list of, the Irish Stock Exchange 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.

16.2 Note Trustee's Discretion to Select Alternative Method

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

17. SUBORDINATION BY DEFERRAL

17.1 Interest

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 17, include any interest previously deferred under this Condition 17.1 and accrued interest thereon) payable in respect of the Notes other than the Class A Notes and Class X Payments after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer shall be entitled to defer to the next Interest Payment Date the payment of interest (such interest, the **Deferred Interest**) in respect of the Notes other than the Class A Notes and Class X Certificates to the extent only of any insufficiency of funds.

17.2 General

Any amounts of Deferred Interest in respect of a Class of Notes shall accrue interest (**Additional Interest**) at the same rate and on the same basis as scheduled interest in respect of the corresponding Class of Notes, but shall not be capitalised. Such Deferred Interest and Additional Interest shall, in any event, become payable on the next Interest Payment Date (unless and to the extent that Condition 17.1 (*Interest*) applies) or on such earlier date as the relevant Class of Notes becomes due and repayable in full in accordance with these Conditions.

17.3 Notification

As soon as practicable after becoming aware that any part of a payment of interest on a Class of Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 17, the Issuer will give notice thereof to the relevant Class of Noteholders, as appropriate, in accordance with Condition 16 (*Notice to Noteholders*). Any deferral of interest in accordance with this Condition 17 will not constitute an Event of Default. The provisions of this Condition 17 shall cease to apply on the Final Maturity Date, or any earlier date on which the Notes are redeemed in full or, are required to be redeemed in full, at which time all deferred interest and accrued interest thereon shall become due and payable.

18. 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 or two Rating Agencies (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 such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and

(ii) one or two Rating Agencies 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 a Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by a director certifying and confirming that each of the events in paragraphs (i)(A) or (B) and (ii) above has occurred.

19. JURISDICTION AND GOVERNING LAW

(a) The Courts of England (the **Courts**) are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Certificates and/or the Transaction Documents may be brought in such Courts.

(b) The Transaction Documents, the Notes, the Certificates and these 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 except that to the extent that the provisions of the

Mortgage Sale Agreement, the Deed of Charge and any security documents supplemental thereto relate to the Scottish Loans, such provisions and documents shall be governed by Scots law.

20. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below)

1. GENERAL

The 1000 Class X Certificates (the **Class X Certificates**) and the 1000 Class Y Certificates (the **Class Y Certificates**) and the 1053 Class Z Certificates (the **Class Z Certificates** and, together with the Class X Certificates and the Class Y Certificates, the **Certificates**) of Slate No.2 plc (the **Issuer**) are constituted by a trust deed (the **Trust Deed**) dated on 27 October 2014 (the **Closing Date**) and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the registered holders for the time being of the Certificates (the **Certificateholders**) (in such capacity, the **Note Trustee**). Any reference in these certificates 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 or the Class F Notes, as the case may be, or to the respective holders thereof. Any reference in these Certificates Conditions to a **Class** of Certificates or Certificateholders shall be a reference to the Class X Certificates or the Class Y Certificates or the Class Z Certificates, as the case may be, or to the respective holders thereof. Any reference to the **Rated Notes** 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 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 or prior to the Closing Date and made between the Issuer, the Note Trustee, Elavon Financial Services Limited, acting through its UK Branch as principal paying agent (in such capacity, the **Principal Paying Agent** and, together with any further or other paying agent appointed under the Agency Agreement, the **Paying Agent**), Elavon Financial Services Limited as registrar (in such capacity, the **Registrar**) and Elavon Financial Services Limited, acting through its UK Branch as agent bank (in such capacity, the **Agent Bank**), provision is made for, *inter alia*, the payment of amounts in respect of the Certificates.

The statements in these Certificates Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and a 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).

Physical 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 Agent. The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

2. INTERPRETATION

2.1 Definitions

Capitalised terms not otherwise defined in these Certificates Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule available as described above.

2.2 Interpretation

These Certificates Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

3. FORM AND TITLE

3.1 Form and Denomination

Each Certificate will initially be represented by a global certificate in registered form (a **Global Certificate**).

For so long as any of the Certificates are represented by a Global Certificate, transfers and exchanges of beneficial interests in such Global Certificate and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank SA/NV (**Euroclear**) or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**), as appropriate. The Global Certificate will be deposited with and registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg.

A Global Certificate will be exchanged for the relevant Certificate in definitive registered form (such exchanged Global Certificate in definitive registered form, the **Definitive Certificates**) only if either of the following applies:

(a) both Euroclear and Clearstream, Luxembourg:

(i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or

(ii) announce an intention permanently to cease business or to cease to make their book-entry systems available for settlement of beneficial interests in the Global Certificate and do in fact do either of those things,

and in either case no alternative clearing system satisfactory to the Note Trustee is available; or

(b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations which become effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Certificates which would not be required were the relevant Certificates in definitive registered form.

If Definitive Certificates are issued in respect of Certificates originally represented by a Global Certificate, the beneficial interests represented by such Global Certificate shall be exchanged by the Issuer for the relevant Certificates in registered definitive form.

Definitive Certificates will be serially numbered and will be issued in registered form only.

References to **Certificates** in these Certificates Conditions shall include the Global Certificate and the Definitive Certificates.

3.2 Title

Title to the Global Certificate shall pass by and upon registration in the register (the **Register**) which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Certificate may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Certificate regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to Definitive Certificates shall only pass by and upon registration of the transfer in the Register.

Definitive Certificates may be transferred upon the surrender of the relevant Definitive Certificate, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. All transfers of Definitive Certificates are subject to any restrictions on transfer set out on the Definitive Certificates and the detailed regulations concerning transfers in the Agency Agreement.

Each new Definitive Certificate to be issued upon transfer of such Definitive Certificate will, within five Business Days of receipt and surrender of such Definitive Certificate (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Definitive Certificate to such address as may be specified in the relevant form of transfer.

Registration of a Definitive Certificate on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

4. STATUS AND SECURITY

4.1 Status of the Certificates

(a) The Certificates constitute direct, secured and (subject to the limited recourse provisions in Certificates Condition 11.4 (*Limited Recourse*)) unconditional obligations of the Issuer. The Class X Certificates and the Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payments of (in relation to the Class A Notes) interest and principal and (in relation to the Class X Certificates) the Class X Payments and the Class X Early Termination Amounts (if any). Payments on the Certificates will be made subject to and in accordance with the Pre-Enforcement Revenue Priority of Payments, Pre-Enforcement Redemption Priority of Payments and Post-Enforcement Priority of Payments.

(b) The Class Y Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of the Class Y Payments and the Class Y Early Termination Amounts (if any) at all times, but subordinate to the Class X Certificates and the Rated Notes, as provided in these Certificates Conditions and the Transaction Documents.

(c) The Class Z Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of the Class Z Payments at all times, but subordinate to the Notes and the Class X Certificates and the Class Y Certificates, as provided in these Certificates Conditions and the Transaction Documents.

(d) 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 holders of each Class of Notes and each Class of Certificates equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more classes of Notes and/or Classes of Certificates in any such can to have regard (except as expressly provided otherwise) to the interests of the holders of the Class of Notes and/or Certificates ranking in priority to the other relevant Classes of Notes and/or Certificates in the Pre-Enforcement Revenue Priority of Payments..

(e) The Trust Deed and the Deed of Charge also contain provisions limiting the powers of any Class of Noteholders or Class Certificateholders to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Class or Classes of Notes and/or Certificates ranking in priority thereto. Except in certain circumstances described in Condition 13 (*Meetings of Noteholders and Certificateholders, Modification, Waiver* and Substitution), the Trust Deed and the Deed of Charge contain no such limitation on the powers of the holders of the Most Senior Class, the exercise of which will be binding (save in respect of a Basic Terms Modification) on the holders of all other Classes of Notes and all other Classes of Certificates in each case irrespective of the effect thereof on their respective interests.

As long as any Notes or Certificates are outstanding but subject to Condition 13.5, the Security Trustee shall not have regard to the interests of the other Secured Creditors.

4.2 Security

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, Certificateholders and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.

The Noteholders, the Certificateholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

5. ISSUER COVENANTS

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

(a) **Negative pledge**: create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking;

(b) **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 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 applicable Priority of Payments which are available for distribution in accordance with the Issuer's memorandum and articles of association and with applicable laws or issue any further shares;

(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 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) **U.S. activities**: engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

6. PAYMENTS

6.1 Right to Payments

Each Certificate represents a *pro rata* entitlement to receive the Payments.

6.2 Payment

A Payment shall be payable in respect of the Certificates on each Interest Payment Date as referred to below.

(a) **Certificate Payment Termination Date** means each of the Class X Certificate Payment Termination Date and the Class Y Certificate Payment Termination Date and the Class Z Certificate Payment Termination Date.

(b) **Class X Certificate Payment Termination Date** means the Interest Payment Date falling in April 2017.

(c) **Class Y Certificate Payment Termination Date** means the Interest Payment Date falling in October 2019.

(d) **Class Z Certificate Payment Termination Date** means the Interest Payment Date falling in October 2044.

(e) **Class X Early Termination Amount** on any date means the sum of all Class X Payments that would be due on any Interest Payment Date from (and including) that date, assuming availability of sufficient funds to the Issuer to pay such amounts in accordance with the Priorities of Payment. For the avoidance of doubt, projected future payments are not discounted for this purpose.

(f) **Class Y Early Termination Amount** on any date means the sum of all Class Y Payments that would be due on any Interest Payment Date from that date, assuming availability of sufficient funds to the Issuer to pay such amounts in accordance with the Priorities of Payment. For the avoidance of doubt, (i) projected future payments are not discounted for this purpose; and (ii) the Class Y Early Termination Amount includes any Deferred Payments and Additional Interest that may be due in accordance with Certificate Condition 16.

(g) **Early Termination Amount** means each of the Class X Early Termination Amount and the Class Y Early Termination Amount.

(h) **Interest Payment Date** means each date determined as an Interest Payment Date in accordance with the Conditions of the Notes.

(i) **Payment** means in relation to the Class X Certificates, the Class X Payment, and in relation to the Class Y Certificates, the Class Y Payment and in relation to the Class Z Certificates, the Class Z Payment.

(j) **Payment Amount** means, for a Certificate on any date on which amounts are to be applied in accordance with the applicable Priority of Payments, the Payment for that date, divided by the number of Certificates then in issue.

(k) **Class X Payment** means, on any date of determination prior to the delivery of an Enforcement Notice and in respect of each Interest Payment Date set out below, the payment applicable to such Interest Payment Date set out below:

Interest Payment Date falling in	**Class X Payment**
January 2015	£1,050,190.27
April 2015	£759,466.23
July 2015	£762,286.22
October 2015	£759,302.47
January 2016	£731,024.66
April 2016	£664,695.02
July 2016	£617,914.76
October 2016	£317,353.61
January 2017	£365,388.85
April 2017	£292,213.90
July 2017	-

(l) **Class Y Payment** means, on any date of determination prior to the delivery of an Enforcement Notice and in respect of each Interest Payment Date set out below, the payment applicable to such Interest Payment Date set out below:

Interest Payment Date falling in	Class Y Payment
January 2015	0
April 2015	0
July 2015	0
October 2015	0
January 2016	£755,556.80
April 2016	£730,325.82
July 2016	£714,935.96
October 2016	£707,645.04
January 2017	£690,028.01
April 2017	£658,840.27
July 2017	£651,340.86
October 2017	£643,515.74
January 2018	£628,121.42
April 2018	£598,037.88
July 2018	£589,862.88
October 2018	£581,279.86
January 2019	£566,214.82
April 2019	£539,087.74
July 2019	£532,293.44
October 2019	£525,629.78
January 2020	0

(m) **Class Z Payment** means, on any date of determination:

(i) prior to the delivery of an Enforcement Notice, in respect of each Interest Payment Date, the amount by which Available Revenue Receipts exceeds the amounts required to satisfy items (a) to (u) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date; and

(ii) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, the amount by which amounts available for payment in accordance with the Post-Enforcement Priority of Payments exceeds the amounts required to satisfy items (a) to (k) of the Post-Enforcement Priority of Payments on that date.

6.3 Determination of Payment

The Cash Manager shall on each Calculation Date determine the Payment payable on the immediately following Interest Payment Date and the Payment Amount payable in respect of each Class of Certificates on such Interest Payment Date.

6.4 Publication of Payment and Payment Amount

The Cash Manager shall cause the Payment and Payment Amount (if any) for each Class of Certificates for each Interest Payment Date to be notified to the Issuer, the Cash Manager, 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 two Business Days prior to the immediately succeeding Interest Payment Date.

6.5 Determination by the Note Trustee

The Note Trustee may, without liability therefor, if the Cash Manager defaults at any time in its obligation to determine the Payment and Payment Amount for any Class of Certificates (if any) in accordance with the above provisions and the Note Trustee has been notified of this default, determine or cause to be determined the Payment and Payment Amount (if any), in the manner provided in this Certificates Condition 6.5. Any such determination shall be deemed to be a determination made by the Cash Manager.

6.6 Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Certificates Condition 6.6, whether by the Cash Manager or the Note Trustee, will (in the absence of wilful default, gross negligence, fraud or manifest error) 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, fraud or manifest error) 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 6.6.

6.7 Termination of Payments

When all Class X Payments and Class Y Payments and Class Z Payments (if any) (as set out in Certificates Condition 6.2 and including any Deferred Payments and Additional Interest that may be due as a result of payment deferral in accordance with Certificates Condition 17)) have been made, no further Payments will be made by the Issuer and the Certificates shall be cancelled.

6.8 Payment of Early Termination Amounts

Upon a redemption of the Notes in accordance with either Condition 8.3 (*Optional Redemption for Taxation or other reasons*), Condition 8.4 (*Mandatory Redemption in full pursuant to a Retention Holder Portfolio Purchase or Market Portfolio Purchase*) or Condition 8.5 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*) prior to the relevant Certificate Payment Termination Date, the Issuer shall be required to pay the Early Termination Amount to the Class X Certificateholders and the Class Y Certificateholders.

6.9 Determination and Reconciliation

Condition 6.9 of the Notes shall have effect in relation to the Certificates as if set out in full herein.

7. PAYMENTS

7.1 Payment of Payment Amounts

Subject to paragraph 2 of Certificates Condition 3.1 (*Form and Denomination*), payments of Payment Amounts shall be made by:

(a) (other than in the case of final cancellation) Sterling cheque; or

(b) (other than in the case of final cancellation) upon application by the relevant Certificateholder to the specified office of the Principal Paying Agent not later than the 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

(c) (in the case of final cancellation) Sterling cheque upon surrender (or, in the case of part-payment only, endorsement) of the relevant Global Certificate or Definitive Certificate (as the case may be) at the specified office of any Paying Agent.

7.2 Laws and Regulations

Payments of any Payment Amounts are subject, in all cases, to (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.

7.3 Change of Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents, provided that:

(a) 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 Ireland or in London; and

(b) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

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.

7.4 No Payment on non-Business Day

If the date for payment of any amount in respect of a Certificate is not a Presentation Date, Certificateholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to interest or other payment in respect of such delay. In this Certificates Condition 7.4, the expression **Presentation Date** means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

8. TAXATION

All payments of Payment Amounts by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imports, duties, fees, deductions, withholding or charges of any nature whatsoever and wheresoever imposed, including income tax, corporation tax, value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon (**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.

9. PRESCRIPTION

Claims in respect of Payment Amounts will be prescribed after ten years from the Relevant Date in respect of the relevant payment.

In this Certificates Condition 9, the **Relevant Date**, in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Certificateholders in accordance with Certificates Condition 15 (*Notice to Certificateholders*).

10. EVENTS OF DEFAULT

10.1 Certificates

The Note Trustee at its absolute discretion may, and, if so directed in writing by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes and/or Certificates as applicable of the Most Senior Class or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class shall (subject to being indemnified and/or prefunded and/or secured to its satisfaction as more particularly described in the Trust Deed), give a notice (an **Enforcement Notice**) to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued (but unpaid) interest and the relevant Early Termination Amount is immediately due and payable in relation to the Class X Certificates and the Class Y Certificates as provided in the Trust Deed (with a copy of such Enforcement Notice being sent simultaneously to the Security Trustee, the Servicer, the Issuer Account Bank and the Cash Manager in any of the following events (each, an **Event of Default**):

(a) if default is made in the payment of any principal or interest or Payment due in respect of the Class A Notes or Class X Certificates and the default continues for: (i) a period of five Business Days in the case of principal, or (ii) three Business Days in the case of interest (or any Payment under the Class X Certificates); or

(b) if the Issuer fails to perform or observe any of its other obligations under the Conditions of the Notes, 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 holders of the Most Senior Class and the failure continues for a period of 15 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the failure to be incapable of remedy, then no continuation or notice as is aforementioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or

(c) if any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the matters giving rise to such misrepresentation are not remedied within a period of 15 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or

(d) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of each Class of the Noteholders and Certificateholders; or

(e) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of each Class of the Noteholders and the Certificateholders, or (ii) the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or (iii) is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or

(f) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the Issuer, is not discharged or within 30 days; or

(g) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

10.2 General

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Certificates Condition 10.1 (*Certificates*), the Early Termination Amount for the relevant Class of Certificates pursuant to the Certificates shall thereby immediately become due and payable.

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 the Condition of the Notes or 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 an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security, but neither of them shall be bound to take any such proceedings, action or steps unless:

(a) it shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding or directed in writing by the holders of at least 25 per cent in aggregate Principal Amount Outstanding of the Notes and/or the Certificates of the Most Senior Class; and

(b) in all cases, it shall have been indemnified and/or prefunded and/or secured to its satisfaction.

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 Notes and the Certificates (and all persons ranking in priority to the holders of the Notes and the Certificates), or (b) the Security Trustee is of the opinion, which shall be binding on the Secured Creditors, reached after considering at any time and from time to time the advice of any financial adviser (or such other professional advisers selected by the Security Trustee for the purpose of giving such advice), 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: (i) to the Noteholders and Certificateholders (and all persons ranking in priority to the Noteholders and Certificateholders as set out in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders and Certificateholders (and all such higher ranking persons) have been repaid, to the remaining Secured Creditors in the order of priority set out in the Post-Enforcement Priority of Payments. The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to in this Certificate Condition 11.2 without further enquiry and shall incur no liability to any person for so doing.

11.3 Limitations on Enforcement

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

11.4 Limited Recourse

Notwithstanding any other Certificates 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 accordance with the provisions of the Deed of Charge, any further amounts under the Certificates (including payments of Payment Amounts),

then the Certificateholders shall have no further claim against the Issuer in respect of any further amounts due or to be paid in respect of the Certificates (including, for the avoidance of doubt, payments of Payment Amounts in respect of the Certificates) and the Issuer shall be deemed to be discharged from making any further payments in respect of the Certificates and any further payment rights shall be extinguished.

12. MEETINGS OF CERTIFICATEHOLDERS AND NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

12.1 The Trust Deed contains provisions for convening meetings of the Noteholders and/or Certificateholders of each Class and, in certain cases, more than one Class, to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Certificates Conditions, the Conditions or the provisions of any of the Transaction Documents.

12.2 For the purposes of these Certificates Conditions, **Most Senior Class** means the Class A Notes and the Class X Certificates or, if there are no Class A Notes or Class X Certificates then outstanding, the Class B Notes or, if there are no Class A Notes, Class X Certificates or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes, Class X Certificates, Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Class A Notes, Class X Certificates, Class B Notes, Class C Notes or Class D Notes, the Class E Notes then outstanding or, if there are no Class A Notes, Class X Certificates, Class B Notes, Class C Notes, Class D Notes or Class E Notes then outstanding, the Class Y Certificates or, if there are no Class A Notes, Class X Certificates, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class Y Certificates then outstanding, the Class F Notes, or, if there are no Class A Notes, Class X Certificates, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class Y Certificates or Class F Notes then outstanding, the Class Z Certificates .

12.3 Most Senior Class, Limitations on other Noteholders and Certificateholders

(a) Other than in relation to a Basic Terms Modification, which requires an Extraordinary Resolution of the holders of the each affected Class of Notes and/or Certificates then in issue, as applicable (unless the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the holders of each affected Class or Classes of Notes and/or Certificates, as applicable):

(i) an Extraordinary Resolution passed at any meeting of the holders of the Most Senior Class shall be binding on all other Classes of Noteholders and Classes of Certificateholders irrespective of the effect it has upon them;

(ii) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on all other Classes of Noteholders and Classes of Certificateholders ranking junior to such Class of Noteholders or Certificateholders in the Pre-Enforcement Revenue Priority of Payments irrespective of the effect it has upon them; and

(iii) no Extraordinary Resolution of any Class of Noteholders or Certificateholders shall take effect for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the holders of all other Classes of Noteholders and Classes of Certificateholders ranking senior to such Class of Noteholders or Certificateholders in the Pre-Enforcement Revenue Priority of Payments or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of such senior ranking Classes of Noteholders and Certificateholders,

(b) For the purposes of the voting, meeting and quorum provisions, and the provisions concerning the giving of directions in writing to the Note Trustee or the Security Trustee, in the Conditions, Certificate Conditions, the Deed of Charge and the Trust Deed, the Class A Notes and the Class X Certificates shall (other than in respect of a Basic Terms Modification) be treated as a single Class.

(c) No Extraordinary Resolution of the holders of a Class of Notes and/or a Class of Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Class of Certificates shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding and/or the holders of each affected Class of Certificates then in issue which are affected by such Basic Terms Modification, or the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the holders of those affected Class or Classes of Notes then outstanding and the holders of the affected Class or Classes of Certificates (if applicable).

(d) No Ordinary Resolution that is passed by the holders of the Certificates shall take effect for any purpose while any of the Notes remain outstanding unless it shall have been sanctioned by an Ordinary Resolution of the holders of the Most Senior Class, or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

12.4 Quorum

(a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes of Notes or Certificateholders of any Class or Classes of Certificates for passing an Ordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes then outstanding or such Class or Classes of Certificates then in issue, as applicable.

(b) Subject as provided below, the quorum at any meeting of Noteholders and/or Certificateholders of any Class of any Notes or Certificates for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes and/or Certificates then outstanding or in issue, as applicable.

(c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Class of Notes or holders of any Class of Certificates for passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of any Class of Notes or Certificates, (ii) sanction a modification of the date of payment of principal or interest or amounts due in respect of any Class of Notes or Certificates, (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of any Class of Notes, or where applicable, of the method of calculating the amount payable of any principal or interest in respect of any Class of Notes or of the method of calculating the amounts payable in respect of any Class of the Certificates, (iv) alter the currency in which payments under any Class of Notes or Certificates are to be made, (v) alter the quorum or majority required in relation to a resolution or a meeting of holders of any Class of Notes or Certificates, (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of Notes or the Certificates, (vii) alter the priority of payment of interest or principal in respect of any Class of the Notes or amounts in respect of any Class of Certificates, (viii) change the definition of Basic Terms Modification, (each a **Basic Terms Modification**), shall be one or more persons holding or representing in the aggregate not less than (i) three-quarters of the aggregate Principal Amount Outstanding of such Class of Notes or Certificates then outstanding or in issue, as applicable.

(d) The quorum at any adjourned meeting will be:

(i) for an Ordinary Resolution, one or more persons present and holding or representing not less than 10 per cent. of the Principal Amount Outstanding of the Notes and/or Certificates of such Class then outstanding or in issue, as applicable;

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

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

12.5 The Note Trustee or, as the case may be, the Security Trustee may or, in the case of (c) below, shall at any time and from time to time, only with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree with the Issuer and any other parties in making or sanctioning any modification:

(a) to the Conditions, the Certificates Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee or, as the case may be, the Security Trustee will not be materially prejudicial to the interests of the Noteholders or the 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 or, as the case may be, the Security Trustee such modification is of a formal, minor or technical nature or to correct a manifest error; or

(c) that would result in the Issuer entering into any new and/or amended bank account agreement or collection account agreement (including where the unsecured, unsubordinated and unguaranteed debt obligations of the Issuer Account Bank are downgraded below the Account Bank Rating, and the Issuer is required (within 30 calendar days) to arrange for the transfer at its own cost of the Account to an appropriately rated bank or financial institution on similar terms to those set out in the Bank Account Agreement in order to maintain the ratings of the Notes at their then current ratings), provided that the Issuer certifies to the Security Trustee and/or the Note Trustee (upon which the Security Trustee and Note Trustee shall rely without liability) that any such new agreement and/or amendment would not have an adverse effect on the then current rating of the Most Senior Class and provided that neither the Note Trustee nor the Security Trustee shall be obliged to agree to any such new agreement and/or amendment which, in the sole opinion of the Note Trustee or the Security Trustee, would have the effect of (a) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections, of the Note Trustee and/or the Security Trustee under the Transaction Documents and/or the Conditions and /or the Certificates Conditions

12.6 The Note Trustee or as the case may be, the Security Trustee, as applicable, may, without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without prejudice to its rights in respect of any further or other breach or Event of Default, from time to time and at any time, but only if and in so far as in the sole opinion of the Note Trustee or, as the case may be, the Security Trustee the interests of the Noteholders or the Certificateholders will not be materially prejudiced thereby, authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions, the Certificates Conditions or any of the Transaction Documents by any party thereto or determine that any Event of Default shall not be treated as such, provided that the Note Trustee shall not exercise any powers conferred on it by this Certificates Condition 12.6 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class or by a direction under Certificates Condition 10 (*Events of Default*) but so that no such direction shall affect any waiver, authorisation or determination previously given or made.

12.7 Any such modification, waiver, authorisation or determination by the Note Trustee and/or the Security Trustee, as applicable, in accordance with the Conditions, these Certificates Conditions or the Transaction Documents shall be binding on the Certificateholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Certificateholders as soon as practicable thereafter in accordance with Certificates Condition 15 (*Notice to Certificateholders*).

12.8 Any modification to the Transaction Documents and the Conditions shall be notified by the Issuer in writing to the Rating Agencies.

12.9 In connection with any such substitution of principal debtor referred to in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), the Note Trustee and the Security Trustee may also agree, without the consent of the Certificateholders or the other Secured Creditors, to a change of the laws governing the Certificates, these 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 Certificateholders.

12.10 In determining whether a proposed action will not be materially prejudicial to the interests of the Noteholders or Certificateholders of 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 ratings of the Rated Notes or the Class X Certificates. 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 and/or the Certificateholders. In being entitled to take into account that each of the Rating Agencies has confirmed that the then current ratings of the Rated Notes or the Class X Certificates 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, the Certificateholders or any other person, or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders, the Certificateholders or any other person, whether by way of contract or otherwise.

12.11 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 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 Noteholder or Certificateholders or any Class or Classes, it shall (A) have regard to the general interests of the Noteholder or Certificateholders or any Class or Classes but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders or Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the

Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Noteholders or Certificateholders be entitled to claim from the Issuer, the Note Trustee or the Security Trustee or any other person, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Certificateholders and (B) subject to the more detailed provisions of the Trust Deed and the Deed of Charge, as applicable, have regard to the interests of holders of each Class of Notes and Class of Certificates (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or Class of Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class or Classes of Notes or Certificates ranking in priority to the other relevant Classes of Notes or Certificates.

12.12 Ordinary Resolution means:

(a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Trust Deed and the Certificates Conditions by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the Notes and/or Certificates held by such Eligible Persons);

(b) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of not less than a clear majority of the aggregate Principal Amount Outstanding of the Notes and/or Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders and/or Certificateholders of the relevant Class; or

(c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes or Class of Certificates in each case held by such Eligible Persons.

12.13 Extraordinary Resolution means:

(a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Trust Deed and the Certificates Conditions by a majority consisting of not less than three quarters of the Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than three-quarters of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the Notes and/or the Certificates held by such Eligible Persons);

(b) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of not less than three-quarters of the aggregate Principal Amount Outstanding of the Notes and/or the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders and/or the Certificateholders of the relevant Class; or

(c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding not less than three-quarters in aggregate Principal Amount Outstanding of the Notes and/or Certificates.

12.14 **Eligible Person** means any one of the following persons who shall be entitled to attend and vote at a meeting:

(a) a bearer of any Voting Certificate; and

(b) a proxy specified in any Block Voting Instruction.

12.15 **Voting Certificate** means an English language certificate issued by a Paying Agent in which it is stated:

(a) that on the date thereof the Notes and/or Certificates (not being the Notes and/or Certificates (as applicable) in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Notes and/or Certificates will cease to be so blocked until the first to occur of:

(i) the conclusion of the meeting specified in such Voting Certificate; and

(ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and

(b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes and/or Certificates represented by such Voting Certificate.

12.16 **Block Voting Instruction** means an English language document issued by a Paying Agent in which:

(a) it is certified that on the date thereof Notes and/or Certificates (not being Notes and/or Certificates (as applicable) in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Notes and/or such Certificates will cease to be so blocked until the first to occur of:

(i) the conclusion of the meeting specified in such Block Voting Instruction; and

(ii) the Notes and/or the Certificates ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;

(b) it is certified that each holder of such Notes and/or such Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the Certificates so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion thereof, neither revocable nor capable of amendment;

(c) the aggregate principal amount or aggregate total amount of the Notes and/or the number of Certificates so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and

(d) one or more persons named in such Block Voting Instruction (each hereinafter called a **proxy**) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes and/or the Certificates so listed in accordance with the instructions referred to in (c) above as set out in such Block Voting Instruction, provided that no such person shall be named as a proxy:

(i) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and

(ii) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the meeting when it is resumed.

12.17 Details of any Extraordinary Resolution and any Ordinary 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.

12.18 The Certificates will not have a Principal Amount Outstanding. However, for the purposes of the voting and quorum provisions, and the provision concerning the giving of directions in writing to the Note Trustee or the Security Trustee, set out in the Conditions, the Certificate Conditions, the Deed of Charge and the Trust Deed any reference to the Principal Amount Outstanding of the Certificates of any Class shall be deemed to be (a) a reference to the Early Termination Amount in respect of the Class X Certificates and the Class Y Certificates and, where applicable, to Certificateholders having entitlements to such Early Termination Amount in respect of Certificates of such Class, assuming that the Early Termination Amount became payable on the date of the relevant meeting or direction or such other date as the Principal Amount Outstanding of the Certificates of such Class falls to be determined and (b) in respect of the Class Z Certificates shall at all times be £10,000 in respect of each Class Z Certificate.

12.19 Issuer Substitution Condition

The Note Trustee may agree, subject to such amendment of 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 Certificateholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed, the Notes 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 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 5 (*Issuer Covenants*) (the **Issuer Substitution Condition**). In the case of a substitution pursuant to this Certificates Condition 12.19, the Note Trustee may in its absolute discretion agree, without the consent of the Certificateholders, to a change in law governing the Certificates and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Certificateholders.

13. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

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 subject to all applicable laws. Replacement of any mutilated, defaced, lost, stolen or destroyed Certificate will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Certificate must be surrendered before a new one will be issued.

15. NOTICE TO CERTIFICATEHOLDERS

15.1 Publication of Notice

While the Certificates are represented by a Global Certificate, notices to Certificateholders will be valid if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Certificateholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid, shall be deemed to have been given on the day of such delivery.

While the Certificates are represented by Definitive Certificates, the Note Trustee shall be at liberty to sanction any method of giving notice to the Certificateholders if, in its opinion, such method is reasonable having regard to market practice then prevailing and provided that notice of such other method is given to the Certificateholders in such manner as the Note Trustee shall deem appropriate.

15.2 Note Trustee's Discretion to Select Alternative Method

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Certificateholders or category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the quotation systems on or by which the Certificates are then quoted and/or traded and provided that notice of such other method is given to the Certificateholders in such manner as the Note Trustee shall require.

16. SUBORDINATION BY DEFERRAL

16.1 Class Y Payments

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of Payment (which shall, for the purposes of this Certificates Condition 16, include any Deferred Payment from prior Interest Payment Dates and/or any Additional Interest, each as defined under this Certificates Condition 16) payable in respect of the Class Y Certificates after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer shall be entitled to defer to the next Interest Payment Date the payment of some or all of the relevant Payment due (such deferred amount, the **Deferred Payment**) in respect of such Certificates to the extent only of any insufficiency of funds.

16.2 General

Any amounts of Deferred Payment in the case of the Class Y Certificates shall accrue interest (**Additional Interest**) at a rate of 8.5% per annum. Such Deferred Payment and Additional Interest shall, in any event, become payable on the next Interest Payment Date (unless and to the extent that Certificate Condition 16.1 (Class Y Payments) applies) or on such earlier date as the Class Y Certificates become due and repayable in full in accordance with these Conditions.

16.3 Notification

As soon as practicable after becoming aware that any part of a Payment on the Class Y Certificates will be deferred or that a previous Deferred Payment and/or Additional Interest will be made in accordance with this Certificates Condition 16, the Issuer will give notice thereof to the relevant Class of Certificateholders, as appropriate, in accordance with Certificates Condition 15 (Notice to Certificateholders). Any deferral of a Payment, a Deferred Payment or Additional Interest in accordance with this Certificates Condition 16 will not constitute an Event of Default. The provisions of this Certificates Condition 16 shall cease to apply on the Final Maturity Date, or any earlier date on which the Certificates are cancelled or are required to be redeemed in full, at which time all Deferred Payments and Additional Interest shall become due and payable.

17. JURISDICTION AND GOVERNING LAW

(a) The Courts of England (the **Courts**) are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Certificates and/or the Transaction Documents may be brought in such Courts.

(b) The Transaction Documents, the Notes, the Certificates and these 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 except that to the extent that the provisions of the Mortgage Sale Agreement, the Deed of Charge and any security documents supplemental thereto relate to Scottish Loans, such provisions and documents shall be governed by Scots 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 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). Prospective Noteholders or Certificateholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek professional advice.*

Interest on the Notes and Payments on the Certificate

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 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 Member States of the European Economic Area 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.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.). 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 Rated 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).

HMRC has powers to obtain information and documents relating to the Notes, including in relation to issues of and other transactions in the Notes, interest, payments treated as interest and other payments derived from the Notes. This may include details of the beneficial owners of the Notes, of the persons for whom the Notes are held and of the persons to whom payments derived from the Notes are or may be paid. Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, the registered holders of the Notes, persons who make, receive or are entitled to receive payments derived from the Rated Notes and persons by or through whom interest and payments treated as interest are paid or credited. Information obtained by HMRC may be provided to tax authorities in other jurisdictions.

Clearance has been obtained in accordance with the non-statutory clearance procedure set out in HMRC's Non-Statutory Business Clearance Guidance confirming that any payments of deferred consideration payable in accordance with the terms of the Certificates are not qualifying annual payments within the meaning of section 899 of the Income Tax Act 2007 such that the Issuer will not be subject to a requirement to deduct income tax (withholding or otherwise) in respect of payments under the Certificates.

EU Savings Directive

Under the EU Savings Directive, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted the Amending Directive, amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities. The Amending Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the EU Savings Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the US Internal Revenue Code of 1986 (**FATCA**) impose 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 passthru payments" (a term not yet defined) no earlier than 1 January 2017. This 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 announced their intention to negotiate 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 an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being a **FATCA Withholding**) from payments it makes. The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on "foreign passthru payments" and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the United Kingdom have entered into an agreement (the **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 Euroclear and Clearstream, Luxembourg (together the ICSDs), it is expected that FATCA will not affect the amount of any payments made under or in respect of the Notes or Certificates by the Issuer, any paying agent or the Common Depositary, 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.

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

J.P. Morgan Securities plc (the **Arranger** and **Lead Manager**) has, pursuant to a subscription agreement dated 13 October 2014 between the Seller, the Arranger and Lead Manager, Commercial First Group Limited, the Legal Title Holder and the Issuer (the **Subscription Agreement**), agreed with the Issuer and Seller (subject to certain conditions) to:

(a) subscribe or purchase and pay for:

- (i) £330,688,000 of the Class A Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class A Notes;
- (ii) £16,330,000 of the Class B Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class B Notes;
- (iii) £20,413,000 of the Class C Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class C Notes;
- (iv) £18,372,000 of the Class D Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class D Notes;
- (v) £4,082,000 of the Class E Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class E Notes;

(b) place on behalf of the Seller:

- (i) 95 per cent of the Class X Certificates;
- (ii) 95 per cent of the Class Y Certificates.

as at the Closing Date.

J.P. Morgan Securities plc has undertaken to subscribe for the Rated Notes on the Closing Date and intends to sell the Rated Notes to investors on or around the Closing Date. J.P. Morgan Securities plc in its capacity as Lead Manager may hold any Notes (including the Rated Notes) after the Closing Date to the extent that transactions with investors do not settle on the Closing Date.

The Issuer, the Seller, and Commercial First Group Limited have agreed to indemnify the Arranger and the Lead Manager against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes and the Certificates.

Pursuant to the Subscription Agreement, the Retention Holder will undertake to the Lead Manager and the Arranger to retain, or procure that the Seller or another member of its consolidated group retains. a material net economic interest of not less than 5 per cent. in the securitisation pursuant to Article 405 of Part Five and Article 51 of the AIFM Regulation and to comply with the disclosure obligations imposed on sponsor and originator credit institutions under Article 409 of Part Five, subject always to any requirement of law, provided that the Retention Holder will not be in breach of such undertaking if it fails to so comply due to events, actions or circumstances beyond its control. As at the Closing Date, such retention requirement will be satisfied by the Retention Holder holding not less than 5 per cent. of the nominal value of each of the Notes and Certificates to be sold or transferred to investors as required by the text of each of Article 405 of Part Five and Article 51 of the AIFM Regulation. Any change to the manner in which such interest is held will be notified to the Noteholders. Commercial First Group Limited will undertake to hold the entire share capital of the Seller for so long as the Seller holds such material net economic interest in the securitisation.

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 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 pursuant to an exemption from registration requirements. Accordingly, the Notes and Certificates are being offered and sold in offshore transactions in reliance on Regulation S.

Each of the Lead Manager and the Seller has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes or the Certificates (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the closing date within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each affiliate or other dealer (if any) to which it sells Notes or Certificates during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. 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.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes or Certificates within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each of the Lead Manager and the Seller has represented to and agreed with the Issuer that:

(a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes or any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes and Certificates in, from or otherwise involving the United Kingdom.

Ireland

Each of the Lead Manager and the Seller represents, warrants and undertakes to the Issuer that:

(a) it will not underwrite the issue of, or place the Notes or the Certificates, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulation 2007 (Nos. 1 to 3) of Ireland, including Regulations 7 and 152 thereof and any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998 (as amended);

(b) it will not underwrite the issue of, or place, the Notes or the Certificates, otherwise than in conformity with the provisions of the Companies Act 1963 to 2013 (as amended), the Irish Central Bank Acts 1942 to 2014 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989;

(c) it will not underwrite the issue of, or place, or do anything in Ireland with respect to the Notes or the Certificates otherwise than in conformity with the provisions of the Irish Prospectus (Directive 2003/71/EC) Regulations, 2005 and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act, 2005, by the Central Bank of Ireland; and

(d) it will not underwrite the issue of, place or otherwise act in Ireland with respect to the Notes or the Certificates, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations, 2005 (as amended) and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act, 2005 by the Central Bank of Ireland.

Japan

The Notes and the Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and the Manager has represented and agreed that it will not offer or sell any Notes or Certificates, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), the Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes or Certificates which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes or Certificates to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes or Certificates referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Notes or Certificates to the public in relation to any Notes or any Certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes or Certificates to be offered so as to enable an investor to decide to purchase or subscribe the Notes or Certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU."

General

Other than admission of the Notes and Certificates to the Official List of the Irish Stock Exchange and the admission of the Notes and Certificates to trading on its Main Securities Market, no action has been taken by the Issuer, the Arranger, the Lead Manager or the Seller that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Issuer, the Arranger, the Lead Manager and the Seller has undertaken that it will not, directly or indirectly, offer or sell any Notes or Certificates 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 or Certificates in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

TRANSFER RESTRICTIONS 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 Arranger 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 27 October 2014.

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 September 2014 (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. The accounting reference date of the Issuer is 30 November and the first statutory accounts of the Issuer will be drawn up to 30 November 2015. 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 September 2014 (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 13 October 2014.

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/ Certificates	**ISIN**	**Common Code**
Class X Certificates	XS1028939640	102893964
Class A Notes	XS1028939483	102893948
Class B Notes	XS1028938758	102893875
Class C Notes	XS1028939301	102893930
Class D Notes	XS1028939137	102893913
Class E Notes	XS1028938329	102893832
Class Y Certificates	XS1028939210	102893921
Class F Notes	XS1028938832	102893883
Class Z Certificates	XS1028938089	102893808

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 Paying Agents) 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) physical copies of the following documents:

(i) the Agency Agreement;

(ii) the Deed of Charge;

(iii) the Cash Management Agreement;

(iv) the Master Definitions and Construction Schedule;

(v) the Mortgage Sale Agreement;

(vi) the Corporate Services Agreement;

(vii) the Bank Account Agreement;

(viii) the Collection Account Declaration of Trust (when entered into);

(ix) the Servicing Agreement;

(x) the Back-Up Servicing Agreement

(xi) the Share Trust Deed; and

(xii) 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 usbank.com/abs. Investor Reports will also be made available to the Seller and the Rating Agencies. In addition, information on the Loans in the Portfolio will be published monthly on the website at usbank.com/abs. 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 the Prospectus together with any amendments or supplements thereto.

12. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Main Securities Market of the Irish Stock Exchange.

INDEX OF TERMS

ISSUER
Slate No.2 plc
35 Great St. Helen's
London EC3A 6AP

SELLER
Consilium Airton Limited
Jessop House, Jessop Avenue
Cheltenham, Gloucester, GL50 3WG

SERVICER
Pepper (UK) Limited
114 A Cromwell Road
London SW7 4ES

CASH MANAGER, ISSUER ACCOUNT BANK, AGENT BANK AND PRINCIPAL PAYING AGENT
Elavon Financial Services Limited, acting through its UK Branch
125 Old Broad Street, Fifth Floor
London EC2N 1AR

LEAD MANAGER, ARRANGER AND SOLE BOOK RUNNER
J.P. Morgan Securities PLC
25 Bank Street
Canary Wharf
London E14 5JP

NOTE TRUSTEE AND SECURITY TRUSTEE
U.S. Bank Trustees Limited
125 Old Broad Street, Fifth Floor
London EC2N 1AR

REGISTRAR
Elavon Financial Services Limited
Block E, Cherrywood Business Park
Loughlinstown
Dublin, Ireland

LEGAL ADVISERS TO THE LEAD MANAGER AND THE ARRANGER
(as to English law)
Allen & Overy LLP
One Bishops Square
London E1 6AD

(as to Scots law)
Shepherd and Wedderburn LLP
1 Exchange Crescent, Conference Square
Edinburgh EH3 8UL

LEGAL ADVISERS TO THE SELLER
Mayer Brown International LLP
201 Bishopsgate
London EC2M 3AF

LISTING AGENT
Arthur Cox Listing Services Limited
Earlsfort Centre
Earlsfort Terrace
Dublin 2, Ireland