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# Temese Funding 1 plc

(Incorporated under the laws of England and Wales with limited liability under registered number 8610289)

Notes	Initial Principal Amount	Issue Price	Interest Rate/ Reference Rate	Margin	Final Maturity Date	Ratings (S&P/Fitch)
A	£227,700,000	100%	One-Month LIBOR	0.90% per annum	The Interest Payment Date falling in November 2021	AAA(sf)/AAAsf
B	£15,840,000	100%	One-Month LIBOR	1.40% per annum	The Interest Payment Date falling in November 2021	AA(sf)/AAsf
C	£11,220,000	100%	One-Month LIBOR	1.90% per annum	The Interest Payment Date falling in November 2021	A(sf)/Asf
D	£9,240,000	100%	One-Month LIBOR	2.50% per annum	The Interest Payment Date falling in November 2021	BBB(sf)/BBBsf
E	£6,250,000	100%	Not Applicable	Residual	The Interest Payment Date falling in November 2021	No rating

The date of this Prospectus is 13 November 2013

*Joint Lead Arrangers*

**Investec Bank plc**

**Lloyds Bank**

*Joint Lead Managers*

**Investec Bank plc**

**Lloyds Bank**

*Co-Manager*

**Bank of America Merrill Lynch**

**Issue Date** The Issuer will issue the Notes in the classes set out above on 14 November 2013 (the “**Issue Date**”).

**Underlying Assets** The Issuer will make payments on the Notes from, inter alia, payments of principal and revenue from a portfolio comprising fixed term leases, minimum term leases and hire purchase receivables originated or (in the case of leases only) acquired by Investec Asset Finance plc (the “**Seller**”) (a wholly owned subsidiary of Investec Bank plc), which will be purchased by the Issuer on the Issue Date.

Please refer to the sections entitled “Portfolio and Servicing” and “General Characteristics of the Provisional Completion Portfolio” for further information.

**Credit Enhancement**

- (a) Reserve Fund funded in the amount of £2,640,000 on the Issue Date, increasing to £6,864,000 on subsequent Interest Payment Dates. The Reserve Fund shall be used to pay a Revenue Shortfall;
- (b) Excess spread; and
- (c) The subordination of junior ranking Notes.

Please refer to the section entitled “Credit Structure and Cash Flow” for further information.

**Liquidity Support**

- (a) Reserve Fund funded in the amount of £2,640,000 on the Issue Date, increasing to £6,864,000 on subsequent Interest Payment Dates. The Reserve Fund shall be used to pay a Revenue Shortfall; and
- (b) The availability of a Liquidity Reserve Fund which allows for payment towards any Senior Fees Shortfall and/or any Interest Shortfall on the A Notes or the B Notes (subject, in the case of the B Notes if the B Notes are not the Most Senior Class, to the operation of the B PDL Trigger).

Please refer to the section entitled “Credit Structure and Cash Flow” for further information.

**Redemption Provisions** For information on any optional and mandatory redemption of the Notes, please see the section entitled “Overview of the Terms and Conditions of the Notes - Redemption” and Condition 5 (*Redemption*).

**Rating Agencies** In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Community and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Community before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

The Issuer has solicited ratings for the Rated Notes from each of S&P and Fitch. Each of S&P and Fitch is established in the EU and is registered under the CRA Regulation.

Provisional ratings were previously solicited from and assigned to the Rated Notes by Moody’s Investors Service Ltd. Following notification from

Moody's of a proposed correction (due to a Moody's error) to one key input of the rating model used by Moody's to rate the transaction, the Issuer requested the withdrawal by Moody's of the solicited provisional ratings for the Rated Notes on 4 November 2013.

## **Ratings**

Ratings will be assigned to the Rated Notes by the Rating Agencies on or before the Issue Date. The E Notes will not be rated.

The ratings reflect the views of the Rating Agencies and are based on the Receivables, the Security and the structural features of the transaction including, inter alia, the ratings of the Swap Counterparty and the Account Bank.

The ratings that are assigned to the Rated Notes by the Rating Agencies will address the likelihood of full and timely receipt by Noteholders of interest on their respective Classes of Notes and the likelihood of full receipt by Noteholders of principal on their respective Classes of Notes on or before their date of maturity.

The assignment of ratings to the Rated Notes is not a recommendation to invest in the Notes and may be revised, suspended or withdrawn at any time.

## **Listing**

This Prospectus comprises a prospectus for the purpose of the Prospectus Directive. This Prospectus has been approved by the Central Bank (the "**Central Bank**"), as the competent authority under EU Directive 2003/71/EC (as amended) (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.

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list and trading on its regulated market. The regulated market of the Irish Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC.

## **Eurosystem eligibility**

The A Notes are intended to be held in a manner which would allow Eurosystem eligibility. This means that the A Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (the "**ICSDs**"), as common safekeeper and does not necessarily mean that the A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. The B Notes, C Notes, D Notes and E Notes are not intended to be held in a manner which would allow Eurosystem eligibility or be recognised as eligible.

## **Obligations**

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

## **Definitions**

Please refer to the section entitled "Glossary of Defined Terms" for definitions of defined terms.

**Retention Undertaking**

The Seller will undertake in the Receivables Sale Agreement that it will retain, on an ongoing basis, a material net economic interest which shall in any event be not less than 5% of the nominal value of each Class of Notes sold or transferred to the investors on the Issue Date, in accordance with (a) from the Issue Date to the CRR Implementation Date, Article 122a of European Union Directive 2006/48/EC (as inserted by European Union Directive 2009/111/EC) and (b) from the CRR Implementation Date, Article 405(1) (the “**Retention Requirement**”).

Please refer to the section entitled “Retention Requirements and the Retained Interest” and “Risk Factors – Compliance with European risk retention requirements”.

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

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR ANY STATE SECURITIES LAWS. THE NOTES MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE NOTES WILL ONLY BE OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS PURSUANT TO THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT. THERE IS NO UNDERTAKING TO REGISTER THE NOTES UNDER STATE OR FEDERAL SECURITIES LAW. THE NOTES CANNOT BE SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT IS AVAILABLE.

Each initial and subsequent purchaser of 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 thereof as set forth therein and described in this Prospectus and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases.

The information contained in this Prospectus was obtained from the Issuer and other sources, but no assurance is or can be given by the Joint Lead Managers, the Co-Manager, the Joint Lead Arrangers or the Trustee or anyone other than the Issuer as to the adequacy, accuracy or completeness of such information and this Prospectus does not constitute and shall not be construed as any representation or warranty by the Joint Lead Managers, the Co-Manager, the Joint Lead Arrangers or the Trustee or anyone other than the Issuer as to the adequacy, accuracy or completeness of such information contained herein. None of the Joint Lead Managers, the Co-Manager, the Joint Lead Arrangers or the Trustee or anyone other than the Issuer have independently verified any of the information contained herein (financial, legal or otherwise) and in making an investment decision, investors must rely on their own examination of the terms of this Prospectus, including the merits and risks involved. Delivery of this Prospectus to any person other than the prospective investor and those persons, if any, retained to advise such prospective investor with respect to the possible offer and sale of the Notes is unauthorised, and any disclosure of any of its contents for any purpose other than considering an investment in the Notes is strictly prohibited. A prospective investor shall not be entitled to, and must not rely on, this Prospectus unless it was furnished to such prospective investor directly by the Issuer, the Joint Lead Arrangers, the Joint Lead Managers or the Co-Manager.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of its knowledge and belief (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.

Neither the Issuer, the Joint Lead Managers, the Co-Manager, the Joint Lead Arrangers, the Trustee nor any other Person 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 and prospective investors should consult their legal advisers to determine whether and to what extent the investment in the Notes constitute a legal investment for them.

EACH PERSON RECEIVING THIS PROSPECTUS ACKNOWLEDGES THAT (I) SUCH PERSON HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST AND TO REVIEW, AND HAS RECEIVED, ALL ADDITIONAL INFORMATION CONSIDERED BY IT TO BE NECESSARY TO VERIFY THE ACCURACY OF OR TO SUPPLEMENT THE INFORMATION HEREIN, (II) SUCH PERSON HAS NOT RELIED ON THE JOINT LEAD MANAGERS, THE CO-MANAGER, THE JOINT LEAD ARRANGERS OR ANY PERSON AFFILIATED WITH THE JOINT LEAD MANAGERS OR THE CO-MANAGER OR THE JOINT LEAD

ARRANGERS IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION, (III) NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THE NOTES OTHER THAN AS CONTAINED HEREIN, AND IF GIVEN OR MADE, ANY SUCH OTHER INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED, AND (IV) NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER WILL CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SINCE THE DATE HEREOF. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN BUSINESS, LEGAL AND TAX ADVISERS FOR INVESTMENT, LEGAL AND TAX ADVICE AND AS TO THE DESIRABILITY AND CONSEQUENCES OF AN INVESTMENT IN THE NOTES.

This Prospectus comprises a prospectus for the purposes of the Prospectus Directive and for the purpose of giving information with regard to the Issuer and the Notes which according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (which has 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.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Joint Lead Managers or the Co-Manager to subscribe for or purchase any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Joint Lead Managers and the Co-Manager to inform themselves about and to observe any such restrictions.

For a description of further restrictions on offers and sales of the Notes and distribution of this Prospectus, see “Purchase and Sale” below.

No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Trustee, the Joint Lead Arrangers, the Joint Lead Managers or the Co-Manager. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Co-Manager, the Joint Lead Arrangers or the Trustee or anyone other than the Issuer accepts any responsibility whatsoever for the contents of this Prospectus or for any other statement, made or purported to be made by the Joint Lead Managers, the Co-Manager the Joint Lead Arrangers or the Trustee or any other Person or on their behalf in connection with the Issuer or the issue and offering of the Notes. Each of the Joint Lead Managers, the Co-Manager, the Joint Lead Arrangers, the Trustee or anyone other than the Issuer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

The Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Payments of interest and principal in respect of the Notes will be subject to any applicable withholding taxes without the Issuer being obliged to pay additional amounts thereof. References in this Prospectus to “£”, “pounds” or “sterling” are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern

Ireland and references to “Euro” are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended from time to time.

### **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 Underlying Agreements, the Receivables, the Purchased Receivables and the Ancillary Rights, and reflect significant assumptions and subjective judgments by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as “may”, “will”, “could”, “believes”, “expects”, “anticipates”, “continues”, “intends”, “plans” or similar terms. Consequently, future results may differ from the Issuer’s expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the vehicle leasing industry in the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. The Joint Lead Arrangers, the Joint Lead Managers and the Co-Manager have not attempted to verify any such statements, nor do they make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements. None of the Issuer, the Seller, the Joint Lead Managers, the Co-Manager nor the Joint Lead Arrangers 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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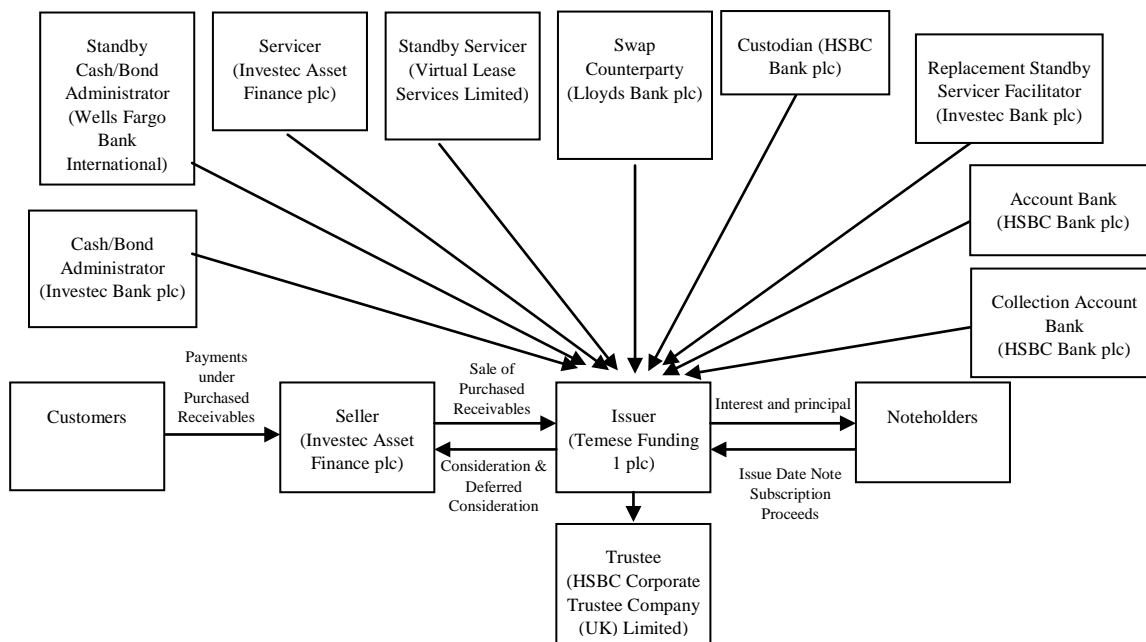
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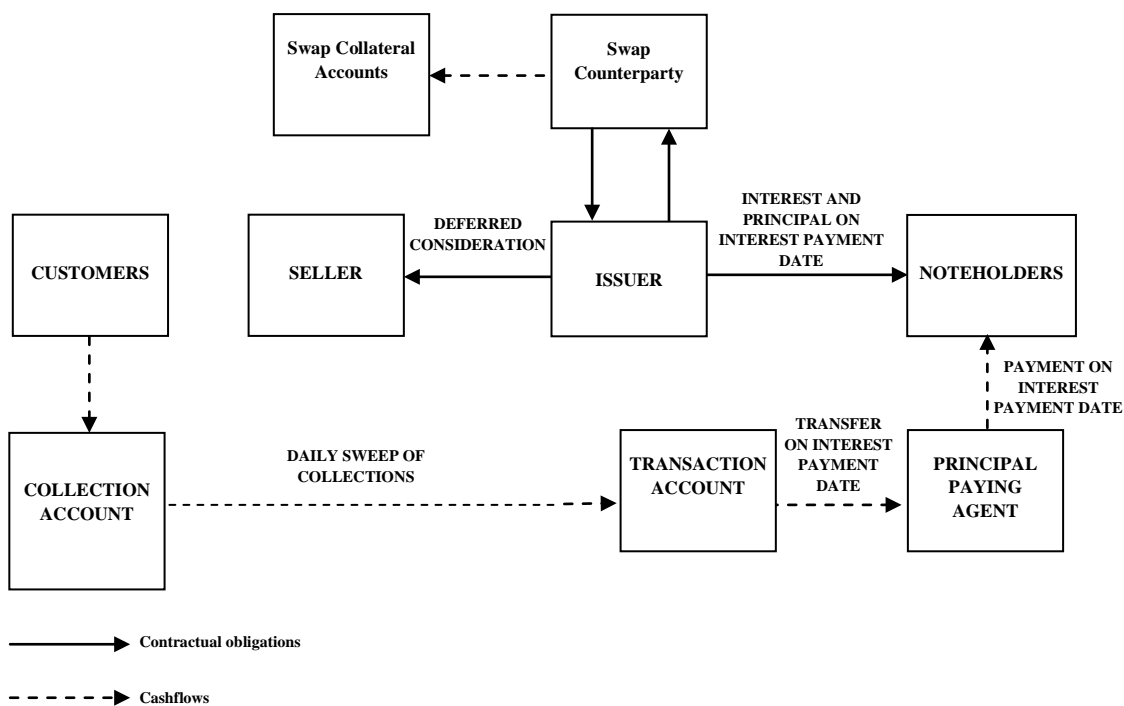
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## TRANSACTION OVERVIEW

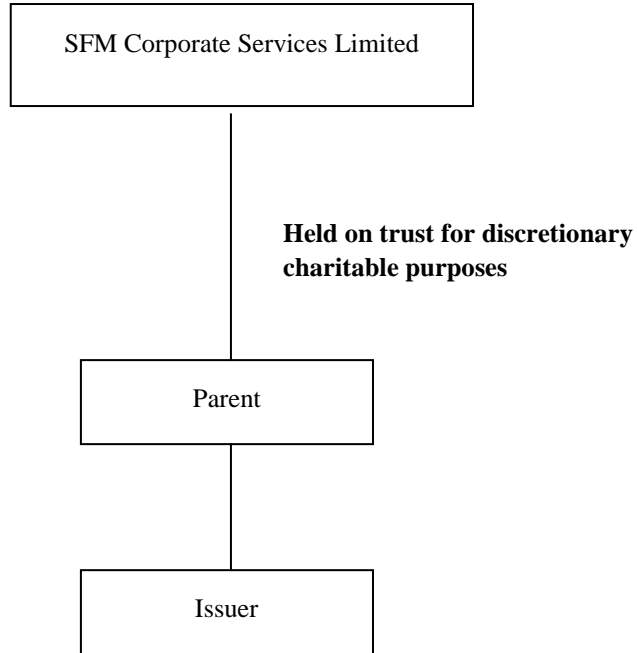
The information set out below is an overview of various aspects of the transaction. This overview is not purported to be complete, should be read in conjunction with, and is qualified in its entirety by references to, the detailed information presented elsewhere in this Prospectus.



### Diagrammatic Overview of Ongoing Cash Flows



## Ownership Structure



## Parties on the Issue Date

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further information</b>
Joint Lead Arranger	Investec Bank plc	2 Gresham Street, London EC2V 7QP, United Kingdom	Not Applicable
Joint Lead Arranger	Lloyds Bank plc	25 Gresham Street, London, EC2V 7HN, United Kingdom	Not Applicable
Joint Lead Manager	Investec Bank plc	2 Gresham Street, London EC2V 7QP, United Kingdom	Note Purchase Agreement
Joint Lead Manager	Lloyds Bank plc	25 Gresham Street, London, EC2V 7HN, United Kingdom	Note Purchase Agreement
Co-Manager	Merrill Lynch International	2 King Edward Street, London, EC1A 1HQ	Note Purchase Agreement
Issuer	Temese Funding 1 plc	35 Great St. Helen's, London, EC3A 6AP, United Kingdom	Not Applicable
Seller	Investec Asset Finance plc	Reading International Business Park, Reading, RG2 6AA, United Kingdom	Receivables Sale Agreement
Servicer	Investec Asset Finance plc	Reading International Business Park, Reading, RG2 6AA, United Kingdom	Receivables Servicing Agreement
Standby Servicer	Virtual Lease Services Limited	Planet House, North Heath Lane Industrial Estate, Horsham, West Sussex, RH12 5QE, United Kingdom	Standby Receivables Servicing Agreement
Replacement Standby Servicer Facilitator	Investec Bank plc	2 Gresham Street, London EC2V 7QP, United Kingdom	Replacement Standby Servicer Facilitation Agreement
Trustee	HSBC Corporate Trustee Company (UK) Limited	8 Canada Square, London, E14 5HQ, United Kingdom	Trust Deed



Corporate Services Provider	Structured Finance Management Limited	35 Great St. Helen's, London, EC3A 6AP, United Kingdom	Corporate Services Agreement
Cash/Bond Administrator	Investec Bank plc	2 Gresham Street, London, EC2V 7QP, United Kingdom	Cash/Bond Administration Agreement
Standby Cash/Bond Administrator	Wells Fargo Bank International	Arthur Cox Building, Earlsfort Terrace, Dublin 2, Ireland	Standby Cash/Bond Administration Agreement
Account Bank	HSBC Bank plc	8 Canada Square, London, E14 5HQ, United Kingdom	Bank Agreement
Collection Account Bank	HSBC Bank plc	8 Canada Square, London, E14 5HQ, United Kingdom	Not Applicable
Principal Paying Agent	HSBC Bank plc	8 Canada Square, London, E14 5HQ, United Kingdom	Paying Agency Agreement
Agent Bank	HSBC Bank plc	8 Canada Square, London, E14 5HQ, United Kingdom	Paying Agency Agreement
Swap Counterparty	Lloyds Bank plc	25 Gresham Street, London, EC2V 7HN, United Kingdom	Balance Guaranteed Swap Agreement
Custodian	HSBC Bank plc	8 Canada Square, London, E14 5HQ, United Kingdom	Custody Agreement
Listing Agent	Investec Capital & Investments (Ireland) Limited	The Harcourt Building, Harcourt Street, Dublin 2, Ireland	Not Applicable
Listing Authority and Stock Exchange	Irish Stock Exchange	28 Anglesea Street, Dublin 2, Ireland	Not Applicable
Clearing Systems	Euroclear	33 Canon Street, London, EC4M 5SB, United Kingdom	Not Applicable
	Clearstream, Luxembourg	42 Avenue JF Kennedy, L-1855, Luxembourg	Not Applicable
Rating Agencies	Fitch Ratings Ltd.	30 North Colonnade, London, E14 5GN,	Not Applicable

		United Kingdom	
	Standard & Poor's Ratings Services, a division of Standard & Poor's Credit Market Services Europe Ltd.	20 Canada Square, London, E14 5LH, United Kingdom	Not Applicable
Auditors	Ernst & Young LLP	1, More London Place, London, SE1 2AF, United Kingdom	Not Applicable
Share Trustee	SFM Corporate Services Limited	35 Great St. Helen's, London, EC3A 6AP, United Kingdom	Share Trust Deed
Parent	Temese Funding Holdings Limited	35 Great St. Helen's, London, EC3A 6AP, United Kingdom	Not Applicable

## Portfolio and Servicing

*Please refer to the sections entitled “General Characteristics of the Provisional Completion Portfolio” and “Sale of the Portfolio” for further detail in respect of the characteristics of the Purchased Receivables and the sale and the servicing arrangements in respect of the Portfolio.*

### **Sale of Receivables**

The Receivables, together with Ancillary Rights, will be sold to the Issuer on the Issue Date pursuant to the Receivables Sale Agreement. In the case of Scottish Receivables, the Seller will hold such Scottish Receivables on trust for the Issuer pursuant to the terms of each Scottish Transfer. The Underlying Agreements are governed by either English or Scottish law.

The aggregate Principal Balance of Receivables to be sold to the Issuer on the Issue Date will be £264,038,431.

The Receivables comprise claims against Customers located in England, Wales and Scotland in respect of payments due under Lease Agreements and Hire Purchase Agreements, each of which are entered into by Customers to finance the supply of business purpose Equipment.

The Ancillary Rights include, without limitation, rights of action against Customers, rights to Enforcement Recoveries and rights to insurance proceeds arising in relation to the relevant Equipment. Ancillary Rights exclude, without limitation, any rights in respect of Secondary Rental Payments, legal title to the Equipment, sums representing insurance premiums, maintenance charges and VAT and Sundry Servicer Fees.

The Seller has also agreed to sell any Replacement Receivables, together with Ancillary Rights, pursuant to the Receivables Sale Agreement.

Legal title to the Purchased Receivables and their Ancillary Rights following sale pursuant to the Receivables Sale Agreement will remain with the Seller until one or more Perfection Events occur under the terms of the Receivables Sale Agreement.

Legal title to the relevant Equipment remains with the Seller. Generally, any Equipment relating to a Receivable has no residual value. All Purchased Receivables will amortise in full over the life of the Underlying Agreement. Accordingly, there is no reliance on residual value.

Approximately 36.43% by aggregate Principal Balance of the Provisional Completion Portfolio, consists of Receivables arising from lease agreements acquired (rather than originated) by the Seller from certain pre-approved brokers. Immediately following acquisition of the relevant Receivable by the Seller, the Seller provided written notice of the acquisition to the Customer and became lessor of record.

Approximately 63.57% by aggregate Principal Balance of the Provisional Completion Portfolio, consists of Receivables originated by the Seller.

All Underlying Agreements from which any Purchased Receivables derive (or will derive in respect of Replacement Receivables) (irrespective of whether acquired or originated by the Seller) are or will be (as the case may be in respect of a Replacement Receivable) approved by the Seller through its underwriting process and entered into on the terms of a pre-approved Standard Form Agreement. Pursuant to each Standard Form Agreement (other than in respect of Replacement Receivables), Customers are generally obliged to make an initial payment or deposit

with the balance payable in amortising amounts (or for a small number of such Purchased Receivables, by way of balloon payment). Customers in respect of Replacement Receivables will not be required to make an initial payment or deposit but will make payments in amortising amounts (or for a small number of Replacement Receivables, by way of balloon payment).

Please refer to the sections entitled “General Characteristics of the Provisional Completion Portfolio” and “The Seller and Servicer” for further information in respect of the Seller’s arrangements with relevant brokers and origination processes.

Approximately 9.6% by aggregate Principal Balance of the Provisional Completion Portfolio, consists of Lease Agreements which are regulated by the CCA. Please refer to the section entitled “Risk Factors - Consumer Protection” for further information in respect of such leases.

### **Features of Receivables**

In this Prospectus, unless otherwise noted, all references to specified percentages of the Receivables are references to the Receivables as a percentage of the aggregate Principal Balance of the Provisional Completion Portfolio. The following is a summary of certain features of the Receivables as at the date on which the Provisional Completion Portfolio was selected. On the Issue Date, the Issuer will acquire Receivables selected from the Provisional Completion Portfolio, together with the rights to any Replacement Receivables (which, as at the Issue Date, do not yet exist but will automatically form part of the Portfolio on their coming into existence following the completion of a Customer transfer).

Investors should refer to, and carefully consider, further details in respect of the Receivables and Underlying Agreements set out in “The Provisional Completion Portfolio” and with respect to Replacement Receivables, “Servicing and Cash Management of the Portfolio - Customer transfers”.

<b>Description</b>	<b>Value</b>
Aggregate Principal Balance (£)	265,934,881
Number of Leases	35,875
Average Principal Balance (£)	7,413
Average Original Principal Balance (£)	10,706
WA Current Coupon (%)	13.51
WA Original Term (Years)	4.21
WA Remaining Term (Years)	3.15
WA Seasoning (Mths)	12.74
Fixed Rate Leases	100.0%
Arrears in % of Principal Balance	0.0%
Top 10 Lessees in % of Principal	2.52%

Balance

**Number of Lessees** **30,573**

**Consideration**

The consideration payable by the Issuer to the Seller in respect of the sale of the Portfolio on the Issue Date shall be equal to the aggregate of a cash payment of £264,038,431 payable on the Issue Date and the Deferred Consideration.

**Deferred Consideration**

Deferred Consideration will be due and payable by the Issuer to the Seller and will comprise:

- (a) all amounts standing to the credit of the Contingency Reserve Ledger on the date when all the Rated Notes are redeemed in full in accordance with the Conditions;
- (b) on any Interest Payment Date prior to the redemption in full of the Rated Notes, an amount equal to the aggregate amounts paid to suppliers during the relevant Determination Period in respect of Pre-Lease Agreements and following redemption in full of the Rated Notes, all amounts standing to the credit of the Staged Payment Contingency Reserve Ledger (if any);
- (c) the amount of any balance standing to the credit of the Yield Reduction Contingency Reserve Ledger on the date when all the Rated Notes are redeemed in full in accordance with the Conditions; and
- (d) the aggregate of all amounts (if any) which remain standing to the credit of the Start-Up Costs Ledger after all Issuer Costs have been finally determined and paid by the Cash/Bond Administrator on behalf of the Issuer and will become due and payable from the date that is the fourth Interest Payment Date following the Issue Date.

**Representations and Warranties**

The Seller will make certain Warranties regarding the Purchased Receivables and Ancillary Rights (each a “**Lease Receivables Warranty**”) to the Issuer and the Trustee on the Issue Date. Though given on the Issue Date, such Warranties will relate to the Receivables and Ancillary Rights as of the Cut-Off Date.

In addition to representations and warranties in respect of the legal nature of the Receivables and their Ancillary Rights (e.g. the valid, binding and enforceable nature of the relevant Receivable and their Ancillary Rights), and representations and warranties in relation to the Seller itself (e.g. that has taken all necessary action to authorise its entry into, performance and delivery of the Transaction Documents and that no insolvency proceedings have been started against it), there are also asset Warranties including, without limitation, the following:

- (a) each Underlying Agreement is governed by English law and/or Scots law;
- (b) no Underlying Agreement has been terminated, nor has the Seller received written notice of the termination of an Underlying Agreement;
- (c) the Seller is the sole legal and beneficial owner of each Receivable and related Ancillary Rights and is selling each free from encumbrance; and
- (d) no Equipment has been repossessed by the Seller and the Seller has not given any notice, or applied for a court order, under the CCA, in order to repossess

Equipment as at the Cut-Off Date.

Please refer to the section entitled “Sale of the Portfolio - Warranties and Repurchase” for a further description of the representations and warranties to be given by the Seller.

**Repurchase of the Receivables**

Pursuant to the Receivables Sale Agreement, the Seller will be obliged to repurchase any Purchased Receivables and Ancillary Rights in the event of a breach of a Lease Receivables Warranty made by the Seller which, if capable of remedy, is not so remedied by the Seller within 21 days of receipt of a Remedy Notice in respect of such breach being delivered to the Seller by the Servicer on behalf of the Issuer (a “**Warranty Repurchase Event**”).

If a Warranty Repurchase Event occurs, the Servicer on behalf of the Issuer shall promptly sign and deliver a Receivables Repurchase Notice to the Seller and the Seller shall on the date specified in the Receivables Repurchase Notice (which shall be no later than 30 days after the date of such Receivable Repurchase Notice) promptly sign and return a duplicate copy, and the Seller shall on such specified date repurchase from the Issuer the relevant Purchased Receivable and its Ancillary Rights.

**Consideration for Repurchase**

The consideration payable by the Seller in respect of repurchase of a Purchased Receivable shall be equal to the Repurchase Price.

**Perfection Events**

See “Perfection Events” in the section entitled “Triggers Tables - Non-Rating Triggers Table” below.

Legal title to the Purchased Receivables and their Ancillary Rights will not be vested in the Issuer on the Issue Date, the Repurchase Date or any other date until certain Perfection Events occur under the terms of the Receivables Sale Agreement. Prior to the completion of the transfer of the legal title to the Purchased Receivables, the Issuer will be subject to certain risks as set out in the sections entitled “Risk Factors - Equitable assignment”.

**Servicing of the Portfolio**

Investec Asset Finance plc, acting as servicer will, pursuant to the terms of the Receivables Servicing Agreement and until the occurrence of a Servicer Termination Event, service and administer the Underlying Agreements and report on the performance of the Portfolio.

**Standby Servicing**

Following a Servicer Termination Event, the Standby Servicer (acting as replacement servicer) will assume the responsibilities of Investec Asset Finance plc as servicer under the Receivables Servicing Agreement, subject to and in accordance with the Standby Receivables Servicing Agreement.

**Replacement Standby Servicer Facilitator**

Following a Standby Servicer Replacement Event, the Replacement Standby Servicer Facilitator will, within 90 Business Days, (i) identify a suitable entity to act as a Replacement Standby Servicer, (ii) negotiate and document commercial terms with such entity and (iii) direct the Issuer to appoint such entity.

**Delegation by Cash/Bond Administrator**

The Cash/Bond Administrator will delegate certain of its responsibilities and obligations under the Cash/Bond Administration Agreement to Wells Fargo Bank International. However, the Cash/Bond Administrator remains liable at all times for the acts or omissions of any delegate or sub-contractor.

### Full Capital Structure of the Notes

	Class A	Class B	Class C	Class D	Class E
Currency	£	£	£	£	£
Initial Principal Amount	227,700,000	15,840,000	11,220,000	9,240,000	6,250,000
Rating Agencies	S&P, Fitch	S&P, Fitch	S&P, Fitch	S&P, Fitch	Not Applicable
Anticipated Ratings	AAA(sf)/AAAsf	AA(sf)/AAsf	A(sf)/Asf	BBB(sf)/BBBsf	Not Applicable
Note Credit Enhancement	Subordination of B Notes, C Notes, D Notes and E Notes; Excess spread; Reserve Fund	Subordination of C Notes, D Notes and E Notes; Excess spread; Reserve Fund	Subordination of D Notes and E Notes; Excess spread; Reserve Fund	Subordination of E Notes; Excess spread; Reserve Fund	Not Applicable
Liquidity Support	Reserve Fund and Liquidity Reserve Fund	Reserve Fund; Liquidity Reserve Fund (subject to, if the B Notes do not represent the then Most Senior Class, the B PDL Trigger not being met)	Reserve Fund	Reserve Fund	Not Applicable
Issue Price	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
Interest Rate	1 Month sterling LIBOR + Margin	1 Month sterling LIBOR + Margin	1 Month sterling LIBOR + Margin	1 Month sterling LIBOR + Margin	Residual
Margin	0.90 per cent.	1.40 per cent.	1.90 per cent.	2.50 per cent.	Residual
Interest Accrual Method	Actual/365	Actual/365	Actual/365	Actual/365	Not Applicable
Determination Date	Three Business Days prior to an Interest Payment Date.				
Interest Payment Dates	Interest will be payable monthly in arrear on the Interest Payment Date falling on or around 21st of each month in each calendar year.				

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class E</b>
Business Day Convention	Following	Following	Following	Following	Following
First Interest Payment Date	23 December 2013	23 December 2013	23 December 2013	23 December 2013	23 December 2013
First Interest Period	The period from the Issue Date to 23 December 2013.				
Call Option	10 per cent. clean up call. When the aggregate Principal Balance of the Portfolio is less than or equal to 10 per cent. of the aggregate Principal Balance of the Portfolio as of the Issue Date.				
Pre-Enforcement Redemption Profile	Sequential pass-through redemption in accordance with the Pre-Enforcement Principal Priority of Payments. Please refer to Condition 5 ( <i>Redemption</i> ).				
Post-Enforcement Redemption Profile	Pass-through redemption in accordance with the Post-Enforcement Priority of Payments. Please refer to Condition 2(d) ( <i>Post-Enforcement Priority of Payments</i> ).				
Other Early Redemption in Full Events	Tax call. Please refer to Condition 5(e) ( <i>Optional Redemption for Taxation or Other Reasons</i> ).				
Final Maturity Dates	The Interest Payment Date falling in November 2021	The Interest Payment Date falling in November 2021	The Interest Payment Date falling in November 2021	The Interest Payment Date falling in November 2021	The Interest Payment Date falling in November 2021
Form of the Notes	Bearer Global Notes	Bearer Global Notes	Bearer Global Notes	Bearer Global Notes	Bearer Global Notes
Application for Listing	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange
ISIN	XS0979433033	XS0979433629	XS0979433892	XS0979434437	XS0979434783
Common Code	097943303	097943362	097943389	097943443	097943478
Minimum Denomination	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000



	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>	<b>Class D</b>	<b>Class E</b>
Clearance/Settlement	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg
Regulation S	Regulation S	Regulation S	Regulation S	Regulation S	Regulation S
Retained Amount	5 per cent.	5 per cent.	5 per cent.	5 per cent.	5 per cent.

## Overview of the Terms and Conditions of the Notes

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

### Ranking

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

The Most Senior Class is:

- (a) the A Notes whilst they remain outstanding;
- (b) thereafter the B Notes whilst they remain outstanding;
- (c) thereafter the C Notes whilst they remain outstanding;
- (d) thereafter the D Notes whilst they remain outstanding; and
- (e) thereafter the E Notes whilst they remain outstanding.

### Ranking of Payments of Interest

Payments of interest on the A Notes, the B Notes, the C Notes and the D Notes will be made in the following order of priority:

- (a) firstly, to the A Notes;
- (b) secondly, to the B Notes;
- (c) thirdly, to the C Notes; and
- (d) fourthly, to the D Notes.

The E Notes will not bear interest other than the E Note Residual Revenue.

See Condition 4 (*Interest*) for further information.

### Ranking of Payments of Principal

Payments of principal on the A Notes, the B Notes, the C Notes and the D Notes will be made in the following order of priority:

- (a) firstly, to the A Notes;
- (b) secondly, to the B Notes;
- (c) thirdly, to the C Notes; and
- (d) fourthly, to the D Notes.

Available Revenue Amounts will be applied on each Interest Payment Date in accordance with the relevant Pre-Enforcement Priority of Payments in redeeming the E Notes on a pari passu and pro rata basis until the Principal Amount Outstanding on each E Note representing every £100,000 of Principal Amount Outstanding as of the Issue Date is redeemed in an amount so that the Principal Amount Outstanding is £1.00.

Subject to the foregoing paragraph, payments of principal on the E Notes will be made following redemption of the Rated Notes in accordance with the Post-Enforcement Priority of Payments on the earlier to occur of (i) the Final Maturity Date, (ii) redemption of the Notes in accordance with Condition 5 (*Redemption*) and (iii) the Trustee giving notice to the Issuer pursuant to Condition 9(a) (*Events of Default*) declaring the Notes to be due and repayable.

See Condition 5 (*Redemption*) for further information.

## **Security**

The Notes will be secured and share the same Security with other Secured Creditors in accordance with the Deed of Charge as described in further detail in Condition 2(b) (*Security*). The Security to be granted by the Issuer pursuant to the Deed of Charge includes:

- (a) first fixed equitable charges and security in favour of the Trustee over the Issuer's present and future right, title, benefit and interest in, to and under the Purchased Receivables and their Ancillary Rights and, in relation to any Purchased Receivables and/or Ancillary Rights governed by or otherwise subject to Scots law, an assignation in security in favour of the Trustee of the Issuer's beneficial interest in such Purchased Receivables and/or Ancillary Rights;
- (b) an assignment in favour of the Trustee of the Issuer's right, title, interest and benefit in, to and under the Transaction Documents, the Master Collection Account Declaration of Trust and any other agreement entered into between the Issuer and a secured party to the Deed of Charge;
- (c) a first fixed charge in favour of the Trustee over (x) the Issuer's interest in the Transaction Account, any Authorised Investments and the Swap Collateral Accounts, (y) the Issuer's beneficial interest in the Collection Account and (z) any other accounts with any bank or financial institution in which the Issuer now or in the future has an interest (to the extent of its interest); and
- (d) a first floating charge in favour of the Trustee (ranking after the security referred to in paragraphs (a) to (c) above) over the whole of the undertaking, property, assets and rights of the Issuer.

Some of the other secured obligations rank senior to the Issuer's obligations under the Notes in respect of the allocation of proceeds as set out in the applicable Priority of Payments.

See also the Risk Factor "Risk Factors – Recharacterisation of Fixed Security Interests".

## **Interest payable on the Rated Notes**

The interest rate applicable to the Rated Notes is described in the section entitled "Full Capital Structure of the Notes" and Condition 4 (*Interest*).

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest due and payable in respect of any Class of Notes, (other than the A Notes) then the Issuer will be entitled under Condition 6(g) (*Subordination of the payment of interest*) to defer payment of that amount (to the extent of the shortfall) until the following Interest Payment Date or such earlier date as interest in respect of such Class of Notes becomes immediately due and repayable in accordance with the Conditions.

## **Withholding Tax**

None of the Issuer, the Principal Paying Agent, any other Paying Agent nor any other person will be obliged to gross up payments to the Noteholders if there is any withholding or deduction for or on account of taxes from any payments made to the Noteholders.

## **Redemption**

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

- (a) mandatory redemption in whole on the date on which the relevant Class of Notes falls due, as fully set out in Condition 5(a) (*Final Redemption of the Notes*);
- (b) in the case of the Rated Notes, mandatory redemption in part on any Interest Payment Date, subject to the availability of Available Principal Amounts, as fully set out in Condition 5(b) (*Mandatory Redemption of the Rated Notes*);
- (c) optional redemption exercisable by the Issuer in whole (but not in part) when the aggregate Principal Balance of the Portfolio is less than or equal to 10 per cent. of the aggregate Principal Balance of the Portfolio as of the Issue Date, as fully set out in Condition 5(d)(i) (*Optional Redemption in Full*); and
- (d) optional redemption exercisable by the Issuer in whole (but not in part) for tax reasons, as fully set out in Condition 5(e) (*Optional Redemption for Taxation or Other Reasons*).

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

**Relevant Dates and Periods**

Issue Date:	The date of initial issuance for the Notes will be 14 November 2013 (or such other date as the Issuer and the Joint Lead Managers may agree).
Final Maturity Date:	Unless previously redeemed in full, the Issuer will redeem the Notes in full (together with all interest accrued thereon) on the Interest Payment Date falling in November 2021.
Interest Payment Date:	Each interest-bearing Note will bear interest on its Principal Amount Outstanding from, and including, the Issue Date. Interest will be payable in respect of the Notes monthly in arrear on the 21st day in each month or, if such day is not a Business Day, the next following Business Day. The first Interest Payment Date in respect of the Notes will be the Interest Payment Date falling in December 2013.
Interest Period:	The period from (and including) an Interest Payment Date (or the Issue Date) to (but excluding) the next (or first) Interest Payment Date.
Business Day:	A day on which commercial banks and foreign exchange markets settle payments in London.
Determination Date:	The third Business Day prior to each Interest Payment Date or, if such day is not a Business Day, the immediately preceding Business Day.  The Determination Date is the date on which the Cash/Bond Administrator will be required, as set out in

the Cash/Bond Administration Agreement, to calculate, among other things, the amounts required to pay interest and principal in respect of the Notes.

**Determination Period:** In the case of the first Determination Period, the period from and including the Issue Date to the end of the 6th Business Day in December 2013, and then for each subsequent Determination Period, the period ending on the 6th Business Day of the calendar month and starting on the immediately following calendar day immediately following the 6th Business Day of the calendar month.

**Interest Determination Date:** The Agent Bank will, at 11.00 a.m. (London time) on the first day of an Interest Period, determine the rate of LIBOR applicable to, and calculate the amount of interest payable on the Rated Notes for the Interest Period immediately following such Interest Determination Date.

**Events of Default**

As fully set out in Condition 9 (*Events of Default*), which include:

- (a) default being made for a period of 5 Business Days in the payment of the principal of or any interest on the A Notes;
- (b) breach of contractual obligations by the Issuer under the Notes or the Trust Deed where such failure continues for a period of 30 days;
- (c) certain insolvency events of the Issuer (as more fully set out in Conditions 9(a)(iii) to (v) (*Events of Default*)); or
- (d) it is or will become unlawful for the Issuer to perform or comply with its obligations,

provided that, in respect of (b) and certain of the events in (c) above, the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the Noteholders.

**Enforcement**

If an Event of Default has occurred and is continuing, the Trustee may, and shall, if (a) so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class or (b) so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class (but, in each case, only if it has been indemnified and/or secured (including by way of prefunding) to its satisfaction) deliver an Enforcement Notice and institute such proceedings as may be required in order to enforce the Security.

**Limited Recourse**

All the Notes will be limited recourse obligations of the Issuer and, if the Issuer has insufficient funds to pay amounts in full, amounts outstanding will cease to be due and payable as described in more detail in Condition 10(b) (*Limited Recourse*).

**Non-Petition**

The Noteholders shall not be entitled to take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure is continuing. Please see Condition

10(c) (*Non-Petition*).

**Governing Law**

The Transaction Documents (other than each Scottish Transfer and each Scottish Supplemental Security, all of which are governed by Scots law) and the Notes 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, save for any terms particular to the laws of Scotland which shall be construed in accordance with Scots law.

## Overview of Rights of Noteholders

Please refer to the section entitled “*Terms and Conditions of the Notes*” for further detail in respect of the rights of Noteholders, conditions for exercising such rights and relationships with other Secured Creditors.

**Prior to an Event of Default** Noteholders holding not less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes then outstanding of the relevant Class or Classes are entitled to convene a meeting of such Class or Classes of Noteholders by written consent. The Issuer, the Trustee or the Cash/Bond Administrator may also convene Noteholder meetings (at the cost of the Issuer) for any purpose, including consideration of Extraordinary Resolutions and Ordinary Resolutions.

**Following an Event of Default** If an Event of Default occurs and is continuing, the holders of the Most Senior Class may, if they hold at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class or if they pass an Extraordinary Resolution, direct the Trustee to give an Enforcement Notice to the Issuer pursuant to which each Class of Notes shall become immediately due and repayable at their respective Principal Amount Outstanding together with (in respect of the Rated Notes) any accrued interest subject to the Trustee being indemnified and/or secured (including by way of prefunding) to its satisfaction.

### **Noteholders Meeting Provisions**

#### **Initial Meeting**

#### **Adjourned Meeting**

Notice period	21 clear days for the initial meeting.	Not less than 14 nor more than 42 clear days for the adjourned meeting.
Quorum for Ordinary Resolution:	Two or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the initial meeting.	At an adjourned meeting, any proportion of the Notes which the persons constituting the quorum is holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding.
Quorum for Extraordinary Resolution:	Two or more persons holding or representing a clear majority of the Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the initial meeting, (other than a Basic Terms Modification (which must be proposed	At an adjourned meeting any proportion of the Notes which the persons constituting the quorum is holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding (and in the case of a Basic Terms

separately to each Class of Noteholders), which requires two or more persons holding or representing in aggregate not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding).

Required majority for Extraordinary Resolution: Not less than 75 per cent. of the persons voting at the meeting upon a show of hands or, if a poll is demanded, not less than 75 per cent. of the votes cast on such poll. Modification, not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes of each Class). Not less than 75 per cent. of the persons voting at the meeting upon a show of hands or, if a poll is demanded, not less than 75 per cent. of the votes cast on such poll.

Required majority for Ordinary Resolution: Not less than 50.1 per cent. of the persons voting at the meeting upon a show of hands or, if a poll is demanded, not less than 50.1 per cent. of the votes cast on such poll. Not less than 50.1 per cent. of the persons voting at the meeting upon a show of hands or, if a poll is demanded, not less than 50.1 per cent. of the votes cast on such poll.

Written Resolution: In the case of an Extraordinary Resolution, not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes. In the case of an Ordinary Resolution, not less than 50.1 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes. A written resolution has the same effect as an Ordinary Resolution or an Extraordinary Resolution (as applicable).

**Basic Terms Modification**

Any amendment to the following matters would be a Basic Terms Modification which requires an Extraordinary Resolution of each Class of Notes:

- (a) the maturity of the Notes or the dates on which interest is payable in respect of the Notes;
- (b) a reduction of the amount due in respect of, or cancellation of the principal amount of, or interest on or variation of the method of calculating the Rate of Interest on, the Notes;
- (c) the priority of payment of interest or principal on the Notes;
- (d) the currency of payment of the Notes or the Coupons;



- (e) the definition of Basic Terms Modification; or
- (f) the provisions concerning the quorum required at any meeting of Noteholders or the majority required to effect a Basic Terms Modification or to pass an Extraordinary Resolution.

**Negative Consent**

An Extraordinary Resolution or Ordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification) will be passed by a Class or Classes of Notes if, within 40 days of a notice to such Class or Classes of Noteholders which:

- (a) contains the text of such Extraordinary Resolution or Ordinary Resolution;
- (b) invites such Noteholders to object to such Extraordinary Resolution or Ordinary Resolution;
- (c) details the manner in which objections to such Extraordinary Resolution or Ordinary Resolution should be made; and
- (d) is given to such Class or Classes of Noteholders in accordance with the provisions of Condition 14 (*Notice to Noteholders*),

10 per cent. or more (in the case of an Extraordinary Resolution) or 15 per cent. or more (in the case of an Ordinary Resolution) in aggregate of the Principal Amount Outstanding of the Notes of such Class or Classes have not informed the Principal Paying Agent in the prescribed manner of their objection to such Extraordinary Resolution or Ordinary Resolution.

Upon the Principal Paying Agent receiving objections from Noteholders of 10 per cent. or more (in the case of an Extraordinary Resolution) or 15 per cent. or more (in the case of an Ordinary Resolution) in aggregate of the Principal Amount Outstanding of the Notes of the relevant Class or Classes, the Principal Paying Agent shall give notice to the Issuer, the Trustee or the Cash/Bond Administrator, as the case may be, and the relevant Class or Classes of Noteholders in accordance with the provisions of Condition 14 (*Notice to Noteholders*) that the relevant Extraordinary Resolution or the Ordinary Resolution (as the case may be) has not passed. In such circumstance, a meeting of Noteholders may be called in accordance with the provisions of Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*) in order to pass the relevant Extraordinary Resolution or Ordinary Resolution in accordance with the provisions of Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*).

**Matters Requiring Extraordinary Resolution**

The following matters require an Extraordinary Resolution unless otherwise specified in the Transaction Documents:

- (a) a Basic Terms Modification;
- (b) a modification of the Transaction Documents; and
- (c) a modification of the Conditions.

**Convening Noteholder Meetings**

The Issuer, the Trustee or the Cash/Bond Administrator may at any time convene a meeting of the Noteholders. If the Trustee receives a written request by Noteholders holding or representing at least 10 per cent. in Principal Amount Outstanding of the Notes of a particular Class and is indemnified and/or secured (including by way of prefunding) to its satisfaction against all costs and expenses, the Trustee shall

convene a meeting of the Noteholders of such Class. Every meeting shall be held at a time and place approved by the Trustee.

In certain circumstances, the Trustee may also convene meetings of Noteholders at its discretion.

**Communication with Noteholders**

All notices to be given to Noteholders may be given in any one or more of the following manners:

- (a) for so long as the Notes are in global form:
  - (i) through the regulated information service maintained or recognised by the Irish Stock Exchange (and any notice containing material, non-public information will be given in this manner); and
  - (ii) by delivery to Euroclear and/or Clearstream, Luxembourg for communication by them to their participants and for communication by such participants to entitled account holders; and
  - (iii) by delivery to the electronic communications systems maintained by Bloomberg L.P. for publication on the relevant page for the Notes (or, to the extent Bloomberg L.P. is not available, such other medium for electronic display of data as may be approved in writing by the Trustee); and
- (b) if the Notes are in definitive form, if published in a leading daily newspaper printed in the English language and with general circulation in Ireland (which is expected to be The Irish Times).

A copy of each notice given in accordance with Condition 14 (*Notice to Noteholders*) will be provided to (for so long as any Rated Note is outstanding) the Rating Agencies.

The Issuer will give notice to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) of any additions to, deletions from or alterations to such methods from time to time.

**Relationship between Classes of Noteholders**

Subject to the provisions in respect of a Basic Terms Modification, a resolution of Noteholders of the Most Senior Class shall be binding on all other Classes and would override any resolutions to the contrary of the Classes ranking behind such Most Senior Class.

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

**Relationship between Noteholders and other Secured Creditors**

So long as any Notes are outstanding and there is a conflict between the interests of the Noteholders and the other Secured Creditors, the Trustee will take into account the interests of the Noteholders only in the exercise of its discretion and the Secured Creditors shall have no claim against the Trustee for doing so.

**Modification**

The Trustee may, in respect of (i) and (ii) below and shall in respect of (iii) below, agree without the consent or sanction of any of, or liability to, the Noteholders or Couponholders, at any time and from time to time, to (i) any modification of any of the provisions of the Trust Deed, the Conditions, any of the other Transaction Documents or the Master Collection Account Declaration of Trust which is, in its

opinion, of a formal, minor or technical nature or which is made to correct a manifest error or to comply with mandatory provisions of law or regulation and (ii) any other modification to any of the provisions of the Trust Deed, the Conditions, any other Transaction Documents or the Master Collection Account Declaration of Trust which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders (other than any Noteholders who have confirmed their consent in writing to the relevant waiver, authorisation or determination) (provided that the Trustee will not do so in contravention of an express direction given by the holders of the Most Senior Class or a request made pursuant to Condition 9 (*Events of Default*)) provided that in the case of (ii), such modification does not relate to a Basic Terms Modification and (iii) any modification to the Balance Guaranteed Swap Agreement which is requested by the Swap Counterparty in order to enable the Issuer and/or the Swap Counterparty to comply with any requirements which apply to it under EMIR, including any New EMIR Requirements, in relation to the Balance Guaranteed Swap Agreement, subject to the Swap Counterparty providing the Trustee with written certification that the Swap Counterparty is only seeking to implement changes it considers appropriate to meet the New EMIR Requirements, together with any modification to any other Transaction Documents that may be necessary as a consequence of such modification to the Balance Guaranteed Swap Agreement, provided that the Trustee shall not be obliged to agree to any such modification to any document to which it is party which it believes, acting in its personal capacity and in good faith and in a reasonable manner, imposes any more onerous obligations upon it or in any way prejudices the Trustee. Any such modifications so permitted shall be binding on the Noteholders and Couponholders and, unless the Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders and Couponholders as soon as practicable thereafter in accordance with Condition 14 (*Notice to Noteholders*). So long as the Rated Notes, or any of them, are rated by the Rating Agencies the Issuer shall notify each of the Rating Agencies of any modification made by it in accordance with Condition 11(e) (*Modification and Waiver*) as soon as reasonably practicable thereafter.

**Provision of Information to the Noteholders**

Information in respect of the Purchased Receivables will be provided to the investors on an ongoing basis. See the section entitled “General Information” for further information.

**Rating Agency Confirmation**

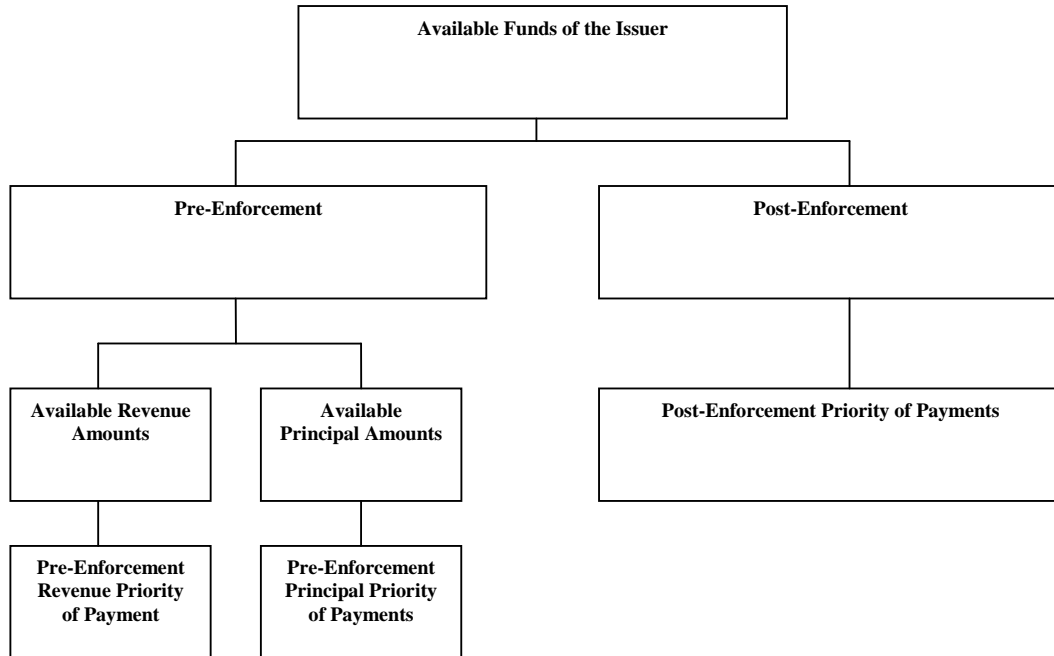
The implementation of certain matters pursuant to the Transaction Documents is subject to the receipt by the Issuer and/or the Trustee of written confirmation (which may take the form of a bulletin, press release, email or other written communication) by each Rating Agency which has, as at the relevant date, assigned ratings to any Class of Rated Notes that are outstanding (or, if applicable, the Rating Agency specified in respect of any such action or determination, provided that such Rating Agency has, as at the relevant date assigned ratings to any Class of Rated Notes) that such specified action, determination or appointment will not result in the reduction or withdrawal of any of the ratings currently assigned to the Rated Notes by such Rating Agency.

Notwithstanding anything to the contrary in any Transaction Document and the Conditions, no Rating Agency Confirmation shall be required from a Rating Agency in respect of any action or determination if such Rating Agency has declined a request from the Trustee or the Issuer to review the effect of such action, determination or appointment (provided that such Rating Agency has not declined the request on the basis of its fee not being paid for such confirmation) or if such Rating Agency

announces or confirms to the Trustee or the Issuer that Rating Agency Confirmation from such Rating Agency is not required, or that its practice is to not give such confirmations for such type of action, determination or appointment.

## Overview of Credit Structure and Cash Flow

Please refer to sections entitled “Credit Structure and Cash Flow” and “Servicing and Cash Management of the Portfolio” for further detail in respect of the credit structure and cash flows of the transaction.



**Available Funds of the Issuer**

The Issuer expects to have Available Revenue Amounts and Available Principal Amounts for the purposes of making interest and principal payments under the Notes and the other Transaction Documents.

Available Revenue Amounts will include the following:

- (i) interest received on the Transaction Account for the Determination Period immediately preceding the relevant Determination Date;
- (ii) the proceeds of any Authorised Investments attributable to Revenue Collections for the Determination Period immediately preceding the relevant Determination Date;
- (iii) the Revenue Collections received for the Determination Period immediately preceding the relevant Determination Date;
- (iv) any amounts received by the Issuer under the Balance Guaranteed Swap Agreement or any replacement Balance Guaranteed Swap Agreement on the relevant Interest Payment Date (excluding any Swap Excluded Amounts and any early termination payment received by the Issuer from the Swap Counterparty to the extent utilised to acquire, at any time, a new swap);
- (v) any amount standing to the credit of the Reserve Ledger if and to the extent required to make payment of certain amounts (as set out in the definition of Revenue Shortfall) in the Pre-Enforcement Revenue Priority of Payments to the extent there will be a Revenue Shortfall on the immediately following Interest Payment Date after application of all other Available Revenue Amounts (including paragraph (viii) below but excluding paragraphs (vi) and (vii) below) in respect thereof;
- (vi) for so long as the A Notes remain outstanding, any amount standing to the credit of the Liquidity Reserve Ledger if and to the extent required to make payment of certain amounts in the Pre-Enforcement Revenue Priority of Payments to the extent there will be a Senior Fees Shortfall and/or an Interest Shortfall on the A Notes on the immediately following Interest Payment Date after application of all other Available Revenue Amounts (including paragraph (v) above and paragraph (viii) below but excluding paragraph (vii) below);
- (vii) for so long as the B Notes remain outstanding and either (x) the B Notes are the Most Senior Class or (y) the B Notes are not the Most Senior Class and the B PDL Trigger has not been met, any amount standing to the credit of the Liquidity Reserve Ledger if and to the extent required to make payment of certain amounts in the Pre-Enforcement Revenue Priority of Payments to the extent there will be a Senior Fees Shortfall and/or an Interest Shortfall on the B Notes on the immediately following Interest Payment Date after application of all other Available Revenue Amounts (including paragraphs (v) and (vi) above and paragraph (viii) below);
- (viii) such amounts standing to the credit of the Yield Reduction Contingency Reserve Ledger required and as determined by the

Cash/Bond Administrator to mitigate any yield reduction that has occurred in respect of any Purchased Receivable in the relevant Determination Period,

but excluding any Deferred Consideration.

Available Principal Amounts will include the following:

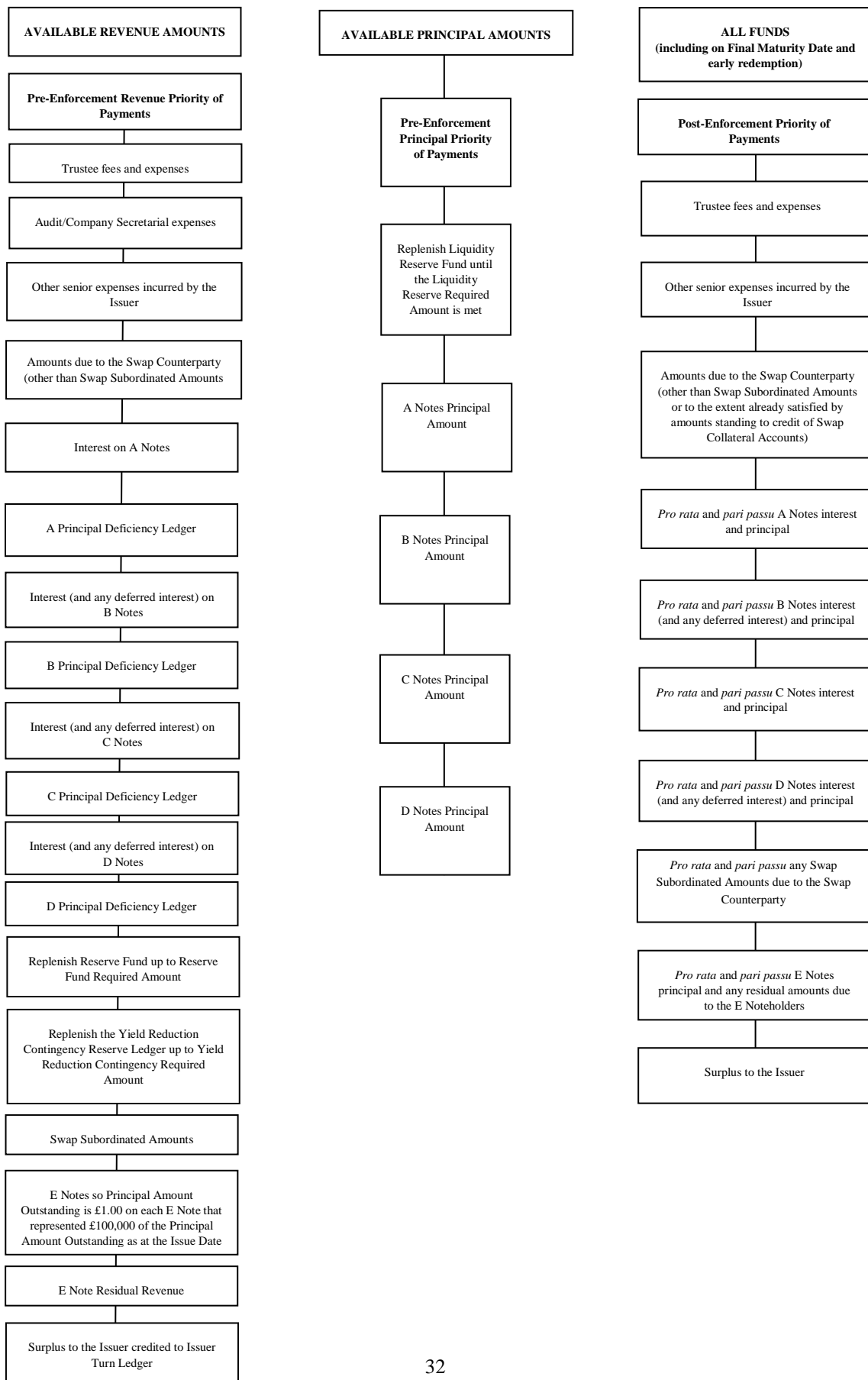
- (i) the Principal Collections received for the preceding Determination Period;
- (ii) any amount which has been released from the Liquidity Reserve Ledger and credited to the Principal Ledger;
- (iii) the proceeds of any Authorised Investments attributable to Principal Collections for the Determination Period immediately preceding the relevant Determination Date;
- (iv) the amount (if any) calculated on that Determination Date pursuant to the Pre-Enforcement Revenue Priority of Payments to be the amount by which the debit balance on any of the Principal Deficiency Ledgers is expected to be reduced by the application of the Available Revenue Amounts on the immediately succeeding Interest Payment Date; and
- (v) on the Determination Date immediately prior to the redemption in full of the A Notes and the B Notes, amounts standing to the credit of the Liquidity Reserve Ledger,

minus the Rounding Balance.

**Overview of Priority of Payments**

Below is an overview of the Priority of Payments. Full details of the Pre-Enforcement Revenue Priority of Payments are set out in Condition 2(c) (*Pre-Enforcement Revenue Priority of Payments*). Full details of the Pre-Enforcement Principal Priority of Payments are set out in Condition 5(b) (*Mandatory Redemption of the Rated Notes*). Full details of the Post-Enforcement Priority of Payments are set out in Condition 2(d) (*Post-Enforcement Priority of Payments*).

## Priority of Payments diagram





**Key Structural Features** The credit enhancement, liquidity support and other key structural features of the transaction include the following:

- (a) availability of the Reserve Fund in the event there is a Revenue Shortfall. The Reserve Fund will initially be funded by part of the issuance proceeds of the E Notes on the Issue Date up to an amount equal to £2,640,000. It will be credited up to the Reserve Fund Required Amount of £6,864,000 on subsequent Interest Payment Dates, which will be funded in accordance with the Pre-Enforcement Revenue Priority of Payments. See the section entitled “Credit Structure and Cash Flow - Reserve Fund” below for limitations on availability of the use of the Reserve Fund;
- (b) availability of the Liquidity Reserve Fund in the event there is a Senior Fees Shortfall and/or an Interest Shortfall on the A Notes or the B Notes (subject, in the case of the B Notes if the B Notes are not the Most Senior Class, to the B PDL Trigger not being met). See the section entitled “Credit Structure and Cash Flow - Liquidity Reserve Fund” below for limitations on availability of the use of the Liquidity Reserve Fund;
- (c) availability of the Contingency Reserve for the purpose of covering, on any date, any exceptional extraordinary expenses that may arise whilst the Rated Notes are outstanding and are not as of the Issue Date identifiable costs. The Contingency Reserve will be funded in an amount equal to £150,000 by the issuance of the E Notes on the Issue Date;
- (d) availability of the Yield Reduction Contingency Reserve to cover any reduction in yield as a consequence of a reschedule of a Receivables Payment Date and/or a reduction in the rate of interest payable in respect of a Purchased Receivable, up to a target amount of £100,000;
- (e) availability of the Staged Payment Contingency Reserve for the purposes of holding an amount to pay, on any date, amounts due to suppliers by the Seller in connection with Outstanding Staged Payment Leases;
- (f) availability of interest paid and investment income provided by the Account Bank in respect of collections deposited in the Transaction Account to partially mitigate negative carry on the interest to be paid on the Notes;
- (g) availability of the Balance Guaranteed Swap Agreement entered into by the Issuer and the Swap Counterparty to hedge against the variance between the fixed rate of interest received by the Issuer on the Purchased Receivables and the floating rate of interest payable by the Issuer on the Notes, as set out in full in section entitled “Risk Factors - Interest rate risk and risk of Swap Counterparty insolvency”; and
- (h) during the life of the Notes, the Available Revenue Amounts are expected to be sufficient to pay the interest amounts payable in respect of all the Classes of Notes and senior costs and expenses of the structure and to retain the Issuer Turn.

**Revenue Shortfall** Where there is a Revenue Shortfall, the Issuer shall pay or provide for that Revenue Shortfall:

- (a) firstly, by applying the Reserve Fund then standing to the credit of the Reserve

Ledger; and

- (b) secondly, in order to make up a Senior Fees Shortfall and/or an Interest Shortfall on the A Notes or the B Notes (subject, in the case of the B Notes if the B Notes are not the Most Senior Class, the B PDL Trigger not being met), by applying the Liquidity Reserve Fund then standing to the credit of the Liquidity Reserve Ledger.

**Principal Deficiency Ledger**

The Principal Deficiency Ledger shall comprise of four sub-ledgers, being the A Principal Deficiency Ledger, the B Principal Deficiency Ledger, the C Principal Deficiency Ledger and the D Principal Deficiency Ledger, respectively, and will be established in order to record principal deficiencies arising from Defaulted Receivables and/or drawings from the Liquidity Reserve Fund.

Any principal deficiencies arising from Defaulted Receivables shall firstly be debited to the D Principal Deficiency Ledger (such debit items being re-credited at item (xiv) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on the D Principal Deficiency Ledger is less than or equal to the aggregate Principal Amount Outstanding of the D Notes; then next shall be debited to the C Principal Deficiency Ledger (such debit items being re-credited at item (xii) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than or equal to the Principal Amount Outstanding of the C Notes; then next shall be debited to the B Principal Deficiency Ledger (such debit items being re-credited at item (x) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than or equal to the Principal Amount Outstanding of the B Notes; then next shall be debited to the A Principal Deficiency Ledger (such debit items being re-credited at item (viii) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than or equal to the Principal Amount Outstanding of the A Notes.

**Collection Account and Transaction Account**

Revenue Collections and Principal Collections in respect of the Purchased Receivables are received by the Seller in the Collection Account.

On or about the Issue Date, the Seller will declare a Master Collection Account Declaration of Trust in favour of itself (and other issuers of securitisations the Seller may undertake from time to time) and the Issuer in respect of the Collection Account over amounts credited to such account.

The Servicer is obliged to transfer collections representing the Issuer Trust Share (subject to the Daily Transfer Minimum Amount) in respect of the Purchased Receivables to the Transaction Account on each Business Day. On each Interest Payment Date, amounts standing to the credit of the Transaction Account will be applied as required in accordance with the relevant Priority of Payments.

## Triggers Tables

### *Rating Triggers Table*

<u>Transaction party</u>	<u>Required Ratings</u>	<u>Possible effects of Ratings Trigger being breached include the following:</u>
<b>Swap Counterparty - Initial/First Trigger Swap Counterparty Required Rating</b>	<p>(a) In the case of S&amp;P, (x) for as long as the A Notes are rated AAA(sf) by S&amp;P (and S&amp;P Replacement Option 1 or S&amp;P Replacement Option 2 (both as defined in the Balance Guaranteed Swap Agreement) applies), a short-term senior unsecured debt rating of at least A-1 and a long-term unsubordinated, unsecured debt rating of at least A, or (y) for so long as the A Notes are rated below AAA by S&amp;P, such rating as set out in the Balance Guaranteed Swap Agreement.</p> <p>(b) In the case of Fitch, (x) for as long as the A Notes are rated AAAsf by Fitch, a short-term issuer default rating of at least F1 and a long-term issuer default rating of at least A or (y) for so long as the A Notes are rated below AAA by Fitch, such rating as set out in the Balance Guaranteed Swap Agreement.</p>	<p>The consequences for the Swap Counterparty of breach of an Initial/First Trigger Swap Counterparty Required Rating requirement under the Balance Guaranteed Swap Agreement include:</p> <p>(a) a requirement (unless the Swap Counterparty implements one of the other remedies described below) to post collateral within 10 or 20 Business Days as applicable (in the case of S&amp;P) and 14 calendar days (in the case of Fitch); or</p> <p>(b) in certain circumstances, to replace the Swap Counterparty; or</p> <p>(c) in certain circumstances, to obtain a guarantee or co-obligor of the Swap Counterparty's obligations; or</p> <p>(d) in certain circumstances, to take any other action (which may include no action) which will result in the rating of the Rated Notes then outstanding being rated by such Rating Agency following the taking of such action no lower than they would be rated but for the occurrence of such rating event.</p>
<b>Swap Counterparty – First Subsequent Fitch Rating Event</b>	<p>It shall amount to a “First Subsequent Fitch Rating Event” if the following rating requirements are not satisfied (but the requirements in the below row entitled “Swap Counterparty-Second Subsequent Fitch Rating</p>	<p>The consequences for the relevant Swap Counterparty of the occurrence of a First Subsequent Fitch Rating Event is:</p>

Event” are satisfied):

For as long as the A Notes are rated AAAsf by Fitch, a short-term issuer default rating of at least F2 and a long-term issuer default rating of at least BBB+ or for so long as the A Notes are rated below AAA by Fitch, the short-term issuer default rating and the long-term issuer default rating as set out in the Balance Guaranteed Swap Agreement.

- (a) a requirement that collateral be posted using a higher multiplier than required pursuant to a breach of the Initial/First Trigger Swap Counterparty Required Rating within 14 calendar days (unless the Swap Counterparty has implemented one of the other remedies described below); or
- (b) in certain circumstances, to replace the Swap Counterparty; or
- (c) in certain circumstances, to obtain a guarantee or co-obligor of the Swap Counterparty’s obligations; or
- (d) in certain circumstances, to take any other action (which may include no action) which will result in the rating of the Rated Notes then outstanding being rated by such Rating Agency following the taking of such action no lower than they would be rated but for the occurrence of such First Subsequent Fitch Rating Event.

**Swap Counterparty –  
Second Subsequent  
Fitch Rating Event**

It shall amount to a “Second Subsequent Fitch Rating Event” if the following rating requirements are not satisfied:

For as long as the A Notes are rated AAAsf by Fitch, a short-term issuer default rating of at least F3 and a long-term issuer default rating of at least BBB- or for so long as the A Notes are rated below AAA by Fitch, the short-term issuer default rating and the long-term issuer default rating as set out in the Balance Guaranteed Swap Agreement.

The consequences for the relevant Swap Counterparty of the occurrence of a Second Subsequent Fitch Rating Event is a requirement that collateral be posted using a higher multiplier than required pursuant to a breach of the First Subsequent Fitch Rating Event within 10 calendar days (unless the Swap Counterparty has implemented one of the other remedies described below) and use reasonable endeavours:

- (a) to replace the Swap Counterparty; or

- (b) to obtain a guarantee or co-obligor of the Swap Counterparty's obligations; or
- (c) to take any other action (which may include no action) which will result in the rating of the Rated Notes then outstanding being rated by such Rating Agency following the taking of such action no lower than they would be rated but for the occurrence of such Second Subsequent Fitch Rating Event.

**Swap Counterparty  
- Subsequent/Second  
Trigger Swap  
Counterparty Required  
Rating**

In the case of S&P, (x) for as long as the A Notes are rated AAA(sf) by S&P (and S&P Replacement Option 1 (as defined in the Balance Guaranteed Swap Agreement) applies), a long-term unsecured and unsubordinated debt rating of at least BBB+ or (in the event that the Swap Counterparty has elected for Replacement Option 2 (as defined in the Balance Guaranteed Swap Agreement) to apply (and certain conditions as set out in the Balance Guaranteed Swap Agreement are satisfied)) A-, or (y) for so long as the A Notes are rated below AAA by S&P, such rating as set out in the Balance Guaranteed Swap Agreement.

The consequences for the Swap Counterparty of breach of a Subsequent/Second Trigger Swap Counterparty Required Rating requirement under the Balance Guaranteed Swap Agreement include:

- (a) a requirement to post collateral / maintain the posting of collateral within 10 or 20 Business Days, as applicable, following the Subsequent S&P Rating Event (in the case of S&P), (unless the Swap Counterparty implements one of the other remedies described below); and
- (b) to replace the Swap Counterparty; or
- (c) to obtain a guarantee or co-obligor of the Swap Counterparty's obligations; or
- (d) to take any other action (which may include no action) which will result in the rating of the Rated Notes then outstanding being rated by such Rating Agency following the taking of such action no lower than they

would be rated but for the ratings event.

**S&P Replacement Options**

The Swap Counterparty has the right to elect any of S&P Replacement Option 1, S&P Replacement Option 2, S&P Replacement Option 3 or S&P Replacement Option 4 (each as defined in the Balance Guaranteed Swap Agreement) to apply, in which case the required long-term unsecured and unsubordinated debt ratings and short-term unsecured and unsubordinated debt ratings required by S&P change as set out in the Balance Guaranteed Swap Agreement.

In the absence of an express election by the Swap Counterparty, S&P Replacement Option 1 will be deemed to apply.

**Account Bank and Custodian**

- (a) In the case of S&P, a short-term senior unsecured debt rating of at least A-1 and a long-term rating of at least A or (where the short-term unsecured debt rating by S&P is less than A-1 or there is no short-term rating) a long-term rating of at least A+ by S&P;
  - (b) In the case of Fitch, a short-term issuer default rating of at least F1 and, if the Custodian or Account Bank has been assigned a long-term issuer default rating, a long-term issuer default rating of at least A; or
  - (c) Alternatively to each of the above, such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Most Senior Class.
- The consequences for the Account Bank of breach under the Bank Agreement include a requirement for the Issuer, the Cash/Bond Administrator and the Account Bank to each use their commercially reasonable endeavours to replace the Account Bank or the Custodian (as applicable) within 30 calendar days of the downgrade of the relevant entity.

**Collection Account Bank**

- (a) In the case of S&P, a short-term senior unsecured debt rating of at least A-2 and a long-term rating of at least BBB or (where the short-term unsecured debt rating by S&P is less than A-2 or there is no short-term rating) a long-term rating of at least BBB+ by S&P;
  - (b) In the case of Fitch, a short-term issuer default rating of at least F2 and, if the Collection Account Bank has been assigned a long-term issuer default rating, a long-term issuer default rating
- The Receivables Servicing Agreement includes a requirement for the Issuer and the Servicer to each use their commercially reasonable endeavours to replace the Collection Account Bank within 30 calendar days of the downgrade of the relevant entity.

of at least BBB+; or

- (c) Alternatively to each of the above, such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Most Senior Class.

***Non-Rating Triggers Table***

<b><u>Nature of Trigger</u></b>	<b><u>Description of Trigger</u></b>	<b><u>Consequence of Trigger</u></b>
<b>Perfection Events</b>	<p>The occurrence of any of the following:</p> <ul style="list-style-type: none"> <li>(a) the service of an Enforcement Notice;</li> <li>(b) the Trustee giving notice that it has determined that the Charged Property or any part thereof is in jeopardy (including due to the possible insolvency of the Seller);</li> <li>(c) certain insolvency events of the Seller;</li> <li>(d) the Issuer, the Trustee, or the Seller becoming obliged to provide notice of assignment of the Receivable by order of court, by law or any relevant regulatory authority; or</li> <li>(e) the occurrence of a Servicer Termination Event.</li> </ul>	<p>Customers will be notified of the sale of the Receivables to the Issuer and legal title to the Purchased Receivables will be transferred to the Issuer (other than in the case of perfection event (d) whereby only legal title to the affected Purchased Receivable will be transferred to the Issuer).</p>
<b>Cash/Bond Administrator Termination Events</b>	<p>The occurrence of any of the following:</p> <ul style="list-style-type: none"> <li>(a) default by the Cash/Bond Administrator in the performance of its covenants and obligations under the Cash/Bond Administration Agreement and the Trustee considers such default to be materially prejudicial to the interests of the Noteholders and which, in the case of a default that is remediable, continues unremedied for a period of 15 days after written notice by the Trustee requiring the same to be remedied;</li> <li>(b) certain insolvency events of the Cash/Bond Administrator; or</li> <li>(c) an Enforcement Notice is given and the Trustee is of the opinion that the continuation of the appointment of the Cash/Bond Administrator is materially</li> </ul>	<p>Standby Cash/Bond Administrator to be appointed, subject to approval by the Trustee.</p>

prejudicial to the interests of the Noteholders.

<b>Servicer Termination Events</b>	The occurrence of any of the following: <ul style="list-style-type: none"><li>(a) default by the Servicer in the performance of its covenants and obligations under the Receivables Servicing Agreement and the Trustee considers such default to be materially prejudicial to the interests of the Noteholders and which, in the case of a default that is remediable, continues unremedied for a period of 15 days after written notice by the Trustee requiring the same to be remedied;</li><li>(b) certain insolvency events of the Servicer; or</li><li>(c) an Enforcement Notice is given and the Trustee is of the opinion that the continuation of the appointment of the Servicer is materially prejudicial to the interests of the Noteholders.</li></ul>	Standby Servicer to be appointed, subject to approval by the Trustee.
<b>Standby Servicer Termination Events</b>	The occurrence of any of the following: <ul style="list-style-type: none"><li>(a) default by the Standby Servicer in the performance of its covenants and obligations under the Standby Receivables Servicing Agreement and the Trustee considers such default to be materially prejudicial to the interests of the Noteholders and which, in the case of a default that is remediable, continues unremedied for a period of 15 days after written notice by the Trustee requiring the same to be remedied;</li><li>(b) certain insolvency events of the Standby Servicer; or</li><li>(c) an Enforcement Notice is given and the Trustee is of the opinion that the continuation of the appointment of the Standby Servicer is materially prejudicial to the interests of the Noteholders.</li></ul>	Appointment of Standby Servicer to be terminated, subject to approval by the Trustee.
<b>Standby Servicer Replacement Event</b>	The occurrence of either: <ul style="list-style-type: none"><li>(a) an increase by the Seller or any of its Affiliates of its shareholding in the</li></ul>	Appointment of Standby Servicer to be terminated. Replacement Standby Servicer to be appointed pursuant to the terms of the Replacement Standby Servicer



- Standby Servicer; or
- (b) the Seller or any of its Affiliates agreeing to provide any debt facility to the Standby Servicer.

Facilitation Agreement under which the Replacement Standby Servicer Facilitator will, within 90 Business Days of a Standby Servicer Replacement Event, identify a suitable entity to act as the Replacement Standby Servicer and will direct the Issuer to appoint such entity. The Trustee shall, without the consent or sanction of any of, or liability to, Noteholders or Couponholders, enter into the Replacement Standby Receivables Servicing Agreement (whether or not its terms are materially prejudicial to the interests of the Noteholders or Couponholders) *provided that* the Trustee shall not be obliged to enter into the Replacement Standby Receivables Servicing Agreement if it is of the opinion that such Replacement Standby Receivables Servicing Agreement imposes additional obligations upon, or is prejudicial in any way to, the Trustee.

## Fees

The following table sets out the on-going fees to be paid by the Issuer to the Transaction Parties payable in accordance with the applicable Priority of Payments.

<u>Type of Fee</u>	<u>Amount of Fee</u>	<u>Priority in Cashflow</u>	<u>Frequency</u>
Servicer fees	0.10 per cent. per year (inclusive of VAT) of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period.	Ahead of all outstanding Notes.	Monthly in arrear on each Interest Payment Date.
Standby Servicer fees	Set-up fee of £10,000.	Ahead of all outstanding Notes.	Set-up fee payable on the Issue Date.
	<p>Prior to an Invocation Event, an amount equal to 0.0375 per cent. per year (exclusive of VAT) of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period; and</p> <p>Following an Invocation Event, an amount per year (exclusive of VAT) equal to, where the percentage by Principal Balance of Defaulted Receivables in the Portfolio:</p> <p>(a) is less than or equal to 4 per cent., 0.10 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period;</p> <p>(b) is greater than 4 per cent. and less than or equal to 5 per cent., 0.11 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period;</p>		<p>Monthly in advance on each Interest Payment Date, with the first fee payable on the Issue Date.</p> <p>Monthly in arrear on each Interest Payment Date.</p>

<u>Type of Fee</u>	<u>Amount of Fee</u>	<u>Priority in Cashflow</u>	<u>Frequency</u>
	<p>(c) is greater than 5 per cent. and less than or equal to 6 per cent., 0.12 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period;</p> <p>(d) is greater than 6 per cent. and less than or equal to 7 per cent., 0.13 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period; and</p> <p>(e) is greater than 7 per cent., then such fee will be the fee as agreed between the Issuer and the Standby Servicer (each acting reasonably) from time to time, subject to a cap of 0.15 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period.</p> <p>In addition to the above, the Standby Servicer is entitled to an annual verification fee of £5,000 (exclusive of VAT, if any) and £5,000 in respect of each interim verification request (if any).</p>		
Cash/Bond Administrator fees	0.01 per cent. per year (exclusive of VAT, if any) on the Principal Amount Outstanding of the Rated Notes.	Ahead of all outstanding Notes.	Monthly in arrear on each Interest Payment Date.
Replacement Standby Servicer Facilitator fees	£5,000 per year (exclusive of VAT, if any) prior to the appointment of a Replacement	Ahead of all outstanding Notes.	On the Issue Date and then annually in advance on the Interest Payment

<u>Type of Fee</u>	<u>Amount of Fee</u>	<u>Priority in Cashflow</u>	<u>Frequency</u>
	Standby Servicer.		Date falling closest to the anniversary of the Issue Date until a Replacement Standby Servicer has been appointed.
Other fees and expenses of the Issuer including Trustee, Agent and Standby Cash/Bond Administrator fees	Estimated at £110,000 per year (exclusive of VAT).	Ahead of all outstanding Notes.	Generally monthly in arrear on each Interest Payment Date, save for the Standby Cash/Bond Administrator fees.
Expenses related to the admission to trading of the Notes	£5,500 (exclusive of any applicable VAT).	Not Applicable	On or about the Issue Date.

## Retention Requirements and the Retained Interest

The Seller will retain a material net economic interest of not less than 5 per cent. in the securitisation in accordance with Article 122a of Directive 2006/48/EC (as amended by Directive 2009/111/EC) (as further amended or as superseded from time to time, including as superseded by Articles 404-410 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 21 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012) (which does not take into account any implementing rules of the Capital Requirements Directive in a relevant jurisdiction) (“**Article 122a**”) and the current guidelines to Article 122a of the Capital Requirements Directive published by the Committee of European Banking Supervisors on 31 December 2010 (the “**CEBS Guidelines**”). As at the Issue Date, such interest will be comprised of an interest in a vertical slice as required by Article 122a. The Seller will meet such Retention Requirement through a holding of at least 5 per cent. of the nominal value of each of the A Notes, B Notes, C Notes, D Notes and E Notes (the “**Retained Interest**”). Any change to the manner in which such interest is retained will be notified to Noteholders in the immediately following investor report.

Article 122a will be replaced by articles 405, 406, 408 and 409 of the CRR which set out the requirements for retention of a net economic interest and due diligence for securitisation transactions. The effective date of CRR is 1 January 2014. Under its mandate in CRR, on 22 May 2013 the European Banking Authority (“**EBA**”) published draft regulatory technical standards (“**Draft RTSs**” and, once adopted and in force, the “**RTSs**”) relating to the requirements set out in articles 405, 406, 408 and 409 of the CRR. In addition, it is expected that upon completion of the consultation period, the RTSs will be approved and will replace the CEBS Guidelines in their entirety. There are significant differences between the Draft RTSs and the current CEBS Guidelines, although it is noted that such drafts are in consultation only, and there remains uncertainty as to the content of the final regulatory and implementing RTSs and how these will affect transactions entered into prior to their adoption. Articles 404-410 of the CRR may result in changes to the requirements applying to affected investors and/or to the guidelines previously published by the EBA.

Each prospective investor is required independently to assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Article 122a and none of the Issuer, the Joint Lead Arrangers, the Joint Lead Managers, the Co-Manager or any Transaction Party makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. In addition, each prospective Noteholder should ensure that they comply with the implementing provisions in respect of Article 122a in their relevant jurisdiction. Investors, who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

In the Receivables Sale Agreement, the Seller will undertake:

- (a) to purchase on the Issue Date and to hold, on an ongoing basis, not less than 5 per cent. of the nominal value of each Class of Notes sold or transferred to investors;
- (b) to provide notice to the Issuer, the Trustee (on behalf of the Noteholders) and the Cash/Bond Administrator on or prior to the end of a Determination Period that it continues to hold the Retained Interest (and the Cash/Bond Administrator shall reflect the same in the Investor Report that follows the date of such notice); and
- (c) not to reduce its credit exposure to the Retained Interest either through hedging or the sale of all or part of the Retained Interest.

## **RISK FACTORS**

### **Risks relating to the Notes**

#### ***Limited liquidity and no active trading market for the Notes***

The Notes of each Class are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Notes to be admitted to listing on the official list and trading on the Irish Stock Exchange's regulated market, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

The market price of the capital in the Notes could be subject to fluctuation in response to, among other things, variations in the value of the Portfolio, the market for similar securities, prevailing interest rates, changes in regulation and general market and economic conditions.

In particular, as at the date of this Prospectus, the secondary market for asset backed securities such as the Notes is experiencing disruptions resulting from reduced investor demand for such securities. This has had a material adverse impact on the market value of asset backed securities and resulted in the secondary market for asset backed securities experiencing very limited liquidity.

It should also be noted that the market for the Notes is likely to be affected by any restructuring of sovereign debt by countries in the Eurozone. In particular, at the date of this Prospectus, certain governments remain in discussions with other countries in the Eurozone and the International Monetary Fund and are in the process of establishing and implementing austerity programmes. It is unclear what the outcome of these discussions will be. This uncertainty may have implications for the liquidity of the Notes in the secondary market.

Limited liquidity in the secondary market may continue to have an adverse effect on the market value of asset backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors.

Whilst central bank schemes such as the Bank of England's Discount Window Facility which was launched in October 2008 and the European Central Bank ("ECB") liquidity scheme provide an important source of liquidity in respect of eligible securities, recent restrictions in respect of the relevant eligibility criteria for eligible collateral which applies and will apply in the future under such facilities are likely to adversely impact secondary market liquidity for asset-backed securities in general, regardless of whether the Notes are eligible securities.

The Funding for Lending scheme was announced by the Bank of England on 13 July 2012. The scheme allows banks to swap qualifying collateral pre-positioned at the Bank of England for treasury bills for a period of four years, in exchange for a fee. Each participant bank is able to borrow an amount up to 5% of its end of June 2012 stock of existing loans to the UK non-financial sector, plus an amount equal to any expansion of its net lending during the reference period from that date until the end of 2013. Banks are able to borrow during the first drawdown period of 18 months from 1 August 2012 until 31 January 2014 and the extended drawdown period (announced on 24 April 2013) which will run from 3 February 2014 to 30 January 2015. During the extended drawdown period each participant bank is able to borrow an "Additional Allowance" as determined by its net lending during the period of 1 January 2014 to 31 December 2014. This scheme could significantly reduce the amount of UK asset backed security issuances to the primary market, which in turn could affect the level of liquidity in the secondary market and as such could affect the market value of asset backed securities including the Notes issued by the Issuer.

#### ***The Notes may not be a suitable investment for all investors***

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

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

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

### ***Market Disruption***

The Rate of Interest in respect of the Rated Notes for each Interest Period will be one-month sterling LIBOR (or, in the case of the first Interest Period, the linear interpolation of sterling LIBOR for one month and two month sterling deposits) plus the relevant margin, determined in accordance with Condition 4 (*Interest*). Condition 4 (*Interest*) contains provisions for the calculation of such underlying rates based on rates given by various market information sources and Condition 4 (*Interest*) contains an alternative method of calculating the underlying rate should any of those market information sources be unavailable. The market information sources might become unavailable for various reasons, including suspensions or limitations on trading, events which affect or impair the ability of market participants in general, or early closure of market institutions. These could be caused by physical threats to the publishers of the market information sources, market institutions or market participants in general, or unusual trading, or matters such as currency changes.

### ***Book-entry registration***

The Global Notes representing the A Notes will be registered in the name of a Common Safekeeper for both Euroclear and Clearstream, Luxembourg. The Global Notes representing the B Notes, C Notes, D Notes and E Notes will be registered in the name of a nominee for the Common Depository for both Euroclear and Clearstream, Luxembourg. The Global Notes will not be registered in the names of the beneficial owners or their nominees. As a result, unless and until Notes in definitive form are issued, beneficial owners will not be recognised by the Issuer or Trustee as Noteholders, as that term is used in the Trust Deed. Until such time, beneficial owners will only be able to exercise their rights in relation to the Notes indirectly, through Clearstream, Luxembourg or Euroclear (as the case may be) and their respective participating organisations, and will, subject to Condition 14 (*Notice to Noteholders*), receive notices and other information provided for under the Conditions only if and to the extent provided by Clearstream, Luxembourg or Euroclear (as the case may be) and their respective participating organisations.

### ***Market for Receivables***

The ability of the Issuer to redeem all the Notes of each Class in full, including after the occurrence of an Event of Default, whilst any of the Purchased Receivables remain outstanding, may depend on whether the Purchased Receivables can be sold, otherwise realised or refinanced by the Issuer or the Trustee so as to obtain a sufficient amount to enable it to redeem the Notes. There is not yet an active and liquid secondary market for equipment hire purchase receivables and lease receivables in the United Kingdom. It might be, therefore, that neither the Issuer nor

the Trustee is able to sell, otherwise realise or refinance the Purchased Receivables on appropriate terms should it be necessary for it to do so.

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

The amount and timing of the receipt of Revenue Collections and Principal Collections on the Purchased Receivables and the courses of action to be taken by the Servicer with respect to the management, administration, collection, operation and restructuring of and other recoveries on the Purchased Receivables and the Ancillary Rights, as well as other events outside the control of the Servicer and the Issuer, will affect the performance of the Portfolio and the weighted average life of the Notes.

In accordance with Condition 5(b) (*Mandatory Redemption of the Rated Notes*), on any Interest Payment Date on which there are sufficient Available Principal Amounts, the Issuer shall apply such funds towards redemption in whole or in part of the Rated Notes. Faster than expected rates of prepayments on the Purchased Receivables will cause the Issuer to make payments of principal on the Notes earlier than expected and will shorten the maturity of the Notes. Prepayments may occur as a result of many different factors including the following: prepayments by the Customer in whole or in part, liquidations and other recoveries due to default, receipt of insurance proceeds and inclusion in the Portfolio of ineligible receivables.

The stream of principal payments received by a Noteholder of each Class may not be uniform or consistent. No assurance can be given as to the yield to maturity which will be experienced by a purchaser of any Notes. The yield to maturity may be adversely affected by higher or lower rates of delinquency and default on the Purchased Receivables. Accordingly, there can be no assurance as to the rate at which the Notes will be redeemed.

A variety of economic, geographic, social and other factors (including, among other things, the availability of alternative financing and local, regional and national economic conditions) will influence the rate of prepayments on the Purchased Receivables and therefore no prediction can be made as to the actual prepayment rates that will be experienced by the Purchased Receivables.

In addition, Condition 5(d) (*Optional Redemption in Full*) and Condition 5(e) (*Optional Redemption for Taxation or Other Reasons*) provide that the Notes of each Class are redeemable at the Issuer's option in certain circumstances such as where the Issuer would be obliged, due to a change in tax law, to increase or decrease the amounts payable in respect of any Class of Notes.

Accordingly the Issuer may redeem the Notes of each Class at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes. Similarly, if principal payments on the Notes are made later than expected due to slower than expected prepayments or payments on the receivables, an investor in the Notes may lose reinvestment opportunities. All reinvestment risk resulting from receiving payments on the Notes earlier or later than expected is borne by the holder of the Notes.

For other factors and assumptions which may affect the expected maturity dates and weighted average lives of the Notes, see the section headed "Weighted Average Lives of the Notes".

### ***Risks relating to the Cash/Bond Administrator and incorrect payments***

The Conditions provide that if, for whatever reason, an incorrect payment is made to any party entitled thereto (including the Noteholders of any Class) pursuant to the Pre-Enforcement Priority of Payments, the Cash/Bond Administrator will, to the extent the same is possible, rectify the same by increasing or reducing payments to such party (including the Noteholders of any Class), as appropriate, on each subsequent Interest Payment Date or Interest Payment Dates to the extent required to correct the same. Accordingly, increased or reduced payments may be made to Noteholders.

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

The Issuer is a special purpose company with no business operations other than the issue of the Notes, the acquisition of its interest in the Purchased Receivables, the entry into the Balance Guaranteed Swap Agreement



and certain ancillary arrangements in accordance with the Transaction Documents. Therefore the ability of the Issuer to meet its obligations under the Notes and its operating, administrative and other expenses will be dependent on receipt of funds deriving from the Purchased Receivables, amounts received under the Balance Guaranteed Swap Agreement and certain other amounts received under the Transaction Documents. Prior to the service of an Enforcement Notice, other than those amounts, the Issuer will not have any other material funds available to it to meet its obligations in respect of the Notes and its obligations ranking in priority to or pari passu with the Notes. Following service of an Enforcement Notice, the Issuer's obligations under the Notes will be met by the application of any amounts received or recovered by the Issuer, the Trustee and/or any Receiver appointed by the Trustee in respect of the Security and the Charged Property together with any other amounts or assets of the Issuer derived therefrom which are not secured pursuant to the Security.

The Notes of each Class will be limited recourse obligations of the Issuer, payable solely from the Purchased Receivables and the other Charged Property which have been pledged to secure the Issuer's obligations in respect of the Notes. The Issuer is obliged to pay only such amount of such obligations as such secured assets may satisfy. In the event that the Purchased Receivables and the other Charged Property are insufficient to satisfy the Issuer's obligations in respect of the Notes in full, the additional portion of such obligations will be extinguished and holders will not have any recourse to the Issuer for the payment thereof. Following the service of an Enforcement Notice, the only remedy available to the Noteholders and the Secured Creditors is the exercise by the Trustee of the Issuer's rights under the Transaction Documents.

There is therefore no assurance that, over the life of the Notes of each Class or at the redemption date thereof (whether on the Final Maturity Date, upon redemption by acceleration of maturity following the service of an Enforcement Notice, or otherwise), there will be sufficient funds to enable the Issuer to pay interest on the Notes or to repay the Notes of each Class in full.

#### ***Ratings are not recommendations***

On issue, the A Notes are expected to be rated "AAA(sf)" by S&P, and "AAAsf" by Fitch. The B Notes are expected to be rated "AA(sf)" by S&P and "AAsf" by Fitch. The C Notes are expected to be rated "A(sf)" by S&P and "Asf" by Fitch. The D Notes are expected to be rated "BBB(sf)" by S&P and "BBBs sf" by Fitch. The E Notes will be unrated.

There is no obligation on the part of any of the Joint Lead Managers, the Co-Manager, the Joint Lead Arrangers or any Transaction Party to maintain any rating for itself or the Rated Notes. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. Each securities rating should be evaluated independently of any other securities rating. In the event that the rating initially assigned to the Rated Notes is subsequently lowered, withdrawn or qualified for any reason, no person will be obliged to provide any credit facilities or credit enhancement to the Issuer so that the original rating may be restored.

A Rating Agency may lower, withdraw or qualify its rating if, in the sole judgement of the Rating Agency, the credit quality of the Rated Notes has declined or is in question. A Rating Agency may also change its criteria and/or methodology at any time and the application of its revised criteria and/or methodology may lead it to lower, withdraw or qualify its rating of the Rated Notes. If any rating assigned to the Rated Notes is downgraded or withdrawn, the market value and/or liquidity of the Rated Notes may be reduced

Any Rating Agency may also lower or withdraw its rating with respect to the Swap Counterparty. Under the terms of the Balance Guaranteed Swap Agreement, if the relevant credit rating of the Swap Counterparty is withdrawn or reduced below certain thresholds, the Swap Counterparty shall be required to:

- (a) provide collateral in support of its obligations under the Balance Guaranteed Swap Agreement; and/or
- (b) procure an appropriately rated party to provide a guarantee in respect of its obligations under the Balance Guaranteed Swap Agreement; or

- (c) procure a transfer of the Balance Guaranteed Swap Agreement to an appropriately rated replacement Swap Counterparty; or
- (d) take such other action (which may include inaction) necessary so that the rating of the Rated Notes following such action will be rated no lower than the Rated Notes would be rated but for the downgrade.

There can be no assurance, however, that the Swap Counterparty would be able to take any of the above actions upon the occurrence of this event or that the ratings of the Rated Notes will not be lowered or withdrawn upon the occurrence of this event.

The Rating Agencies' ratings of the Rated Notes address the likelihood of full and timely receipt by Noteholders of interest and the likelihood of full receipt by Noteholders of principal, in each case, on their respective Classes of Notes. The rating takes into consideration the characteristics of the Receivables and the structural, legal and tax aspects associated with the Rated Notes. However, the ratings assigned to the Rated Notes do not represent any assessment of the likelihood or rate of principal prepayments. The ratings do not address the possibility that one or more Classes of Noteholders might suffer a lower than expected yield due to prepayments.

The Rating Agencies' ratings address only the credit risks associated with investing in the Rated Notes. Other non-credit risks have not been addressed but may have a significant effect on yield to investors.

The Issuer has not requested a rating of the Notes by any rating agency other than the Rating Agencies; there can be no assurance, however, as to whether any other rating agency will rate the Rated Notes or, if it does, what rating would be assigned by such other rating agency. The rating assigned by such other rating agency to the Rated Notes could be lower than the ratings assigned by the Rating Agencies. In addition, the mere possibility that a rating could be issued may affect price levels in any secondary market that may develop. In this Prospectus, all references to ratings are to ratings assigned by the relevant Rating Agencies.

Credit rating agencies other than the Rating Agencies could seek to rate the Notes and if such "unsolicited ratings" are lower than the comparable ratings assigned to the Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the market value of the Notes. For the avoidance of doubt and unless the context otherwise requires, any reference to "**ratings**" or "**rating**" in this Prospectus is to the ratings assigned by the specified Rating Agencies only. The Class E Notes will not be rated by the Rating Agencies.

### ***Rating Agencies' Confirmation***

Where it is necessary for the Trustee to determine, in its opinion, for the purposes of exercising any right, power, trust, authority, duty or discretion under or in relation to the Notes, the Conditions or any of the Transaction Documents, whether or not such exercise will be materially prejudicial to the interests of the Noteholders or any Class of Noteholders, the Trustee shall be entitled, in making such a determination, to take into account any other things it may, in its absolute discretion, consider necessary and/or appropriate, any confirmation by a Rating Agency (if available) that the then current ratings of the Rated Notes or, as the case may be, the Rated Notes of such Class will not be downgraded, withdrawn or qualified, and that, where any original rating of the Rated Notes or, as the case may be, the Rated Notes of such Class has been and continues to be downgraded, restoration of such original rating would not be prevented, as a result of such exercise. For the avoidance of doubt, such rating confirmation shall not be construed to mean that any such exercise by the Trustee of any right, power, trust, authority, duty or discretion under or in relation to the Rated Notes, the Conditions or any of the Transaction Documents is not materially prejudicial to the interests of the holders of the Rated Notes or, as the case may be, the Rated Notes of the relevant Class; and the non-receipt of such rating confirmation shall not be construed to mean that any such exercise by the Trustee as aforesaid is materially prejudicial to the interests of the holders of the Rated Notes or, as the case may be, the Rated Notes of the relevant Class.

No assurance can be given that the Rating Agencies will provide any such confirmation and certain Rating Agencies have indicated that, as a matter of policy, they will no longer provide written rating confirmations. Furthermore, depending on the timing of the delivery of the request and any information needed to be provided, it may be the case that the Rating Agencies cannot provide their confirmation in the time available and, in either case, the Rating Agencies will not be responsible for the consequences thereof. However, if a confirmation is

provided, it should be noted that a Rating Agency's decision to reconfirm a particular rating may be made on the basis of a variety of factors. In particular, the holders of Rated Notes should be aware that the Rating Agencies owe no duties whatsoever to any parties to the transaction (including the Noteholders) in providing any confirmation of ratings. In addition, it should be noted that any confirmation of ratings:

- (a) only addresses the effect of any relevant event, matter or circumstance on the current ratings assigned by the relevant Rating Agency to the Rated Notes;
- (b) does not address whether any relevant event, matter or circumstance is permitted by the Transaction Documents; and
- (c) does not address whether any relevant event, matter or circumstance is in the best interests of, or prejudicial to, some or all of the Noteholders or other secured creditors.

No assurance can be given that any such reconfirmation will not be given in circumstances where the relevant proposed matter would materially adversely affect the interests of Noteholders of a particular Class.

The Rating Agencies, in assigning credit ratings, do not comment upon the interests of the holders of securities (such as the Rated Notes).

The implementation of certain matters pursuant to the Transaction Documents is subject to the receipt by the Issuer and/or the Trustee of written confirmation (which may take the form of a bulletin, press release, email or other written communication) by each Rating Agency which has, as at the relevant date assigned ratings to any Class of Rated Notes that are outstanding (or, if applicable, the Rating Agency specified in respect of any such action or determination, provided that such Rating Agency has, as at the relevant date assigned ratings to any Class of Rated Notes) that such specified action, determination or appointment will not result in the reduction or withdrawal of any of the ratings currently assigned to the Rated Notes by such Rating Agency.

Notwithstanding anything to the contrary in any Transaction Document and the Conditions, no Rating Agency Confirmation shall be required from a Rating Agency in respect of any action or determination if such Rating Agency has declined a request from the Trustee or the Issuer to review the effect of such action, determination or appointment (provided that such Rating Agency has not declined the request on the basis of its fee not being paid for such confirmation) or if such Rating Agency announces or confirms to the Trustee or the Issuer that Rating Agency Confirmation from such Rating Agency is not required, or that its practice is to not give such confirmations for such type of action, determination or appointment.

***The Trustee may agree to modifications to the Transaction Documents and the Master Collection Account Declaration of Trust without the Noteholders' prior consent, which may adversely affect the Noteholders' interests***

Pursuant to the terms of the Trust Deed, the Deed of Charge and the Conditions, the Trustee may, in respect of (i) and (ii) below and shall in respect of (iii) below, agree without the consent or sanction of any of, or liability to, the Noteholders or Couponholders, at any time and from time to time, to (i) any modification of any of the provisions of the Trust Deed, the Conditions, any of the other Transaction Documents or the Master Collection Account Declaration of Trust which is, in its opinion, of a formal, minor or technical nature or which is made to correct a manifest error or to comply with mandatory provisions of law or regulation and (ii) any other modification to any of the provisions of the Trust Deed, the Conditions, any other Transaction Documents or the Master Collection Account Declaration of Trust which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders (other than any Noteholders who have confirmed their consent in writing to the relevant waiver, authorisation or determination) (provided that the Trustee will not do so in contravention of an express direction given by the holders of the Most Senior Class or a request made pursuant to Condition 9 (*Events of Default*)) provided that in the case of (ii), such modification does not relate to a Basic Terms Modification and (iii) any modification to the Balance Guaranteed Swap Agreement which is requested by the Swap Counterparty in order to enable the Issuer and/or the Swap Counterparty to comply with any requirements which apply to it under EMIR, including any New EMIR Requirements, in relation to the Balance Guaranteed Swap Agreement, subject to the Swap Counterparty providing the Trustee with written certification that the Swap Counterparty is only seeking to

implement changes it considers appropriate to meet the New EMIR Requirements, together with any modification to any other Transaction Documents that may be necessary as a consequence of such modification to the Balance Guaranteed Swap Agreement, provided that the Trustee shall not be obliged to agree to any such modification to any document to which it is party which it believes, acting in its personal capacity and in good faith and in a reasonable manner, imposes any more onerous obligations upon it or in any way prejudices the Trustee.

Any such modifications permitted shall be binding on the Noteholders and Couponholders and, unless the Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders and Couponholders as soon as practicable thereafter in accordance with Condition 14 (*Notice to Noteholders*).

### ***Risks relating to Noteholder Meetings***

A meeting of the Noteholders may be held on 21 clear days' notice. The requisite quorum in respect of Ordinary Resolutions is two or more persons holding Notes or representing Noteholders holding Notes not less than 50 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes. The requisite quorum in respect of Extraordinary Resolutions is two or more persons holding or representing a majority of the Principal Amount Outstanding of the relevant Class(es) of Notes except in relation to a Basic Terms Modification. The quorum for a Basic Terms Modification requires two or more persons holding Notes or representing Noteholders holding Notes of in aggregate not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes. An adjourned meeting of the Noteholders may be held on not less than 14 nor more than 42 clear days' notice. The quorum for an Ordinary Resolution and an Extraordinary Resolution (including an Extraordinary Resolution in relation to a Basic Terms Modification) at an adjourned meeting requires one or more persons holding Notes or representing Noteholders holding Notes of not less than 25 per cent. of the Principal Amount Outstanding of the relevant Class of Notes (and in the case of a Basic Terms Modification, not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes of each Class). As a result of these requirements, it is possible that a valid Noteholder meeting may be held without the attendance of Noteholders who may have wished to attend and/or vote.

### ***Risks relating to negative consent of Noteholders***

An Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification) or Ordinary Resolution may be passed by the negative consent of the relevant Noteholders. An Extraordinary Resolution or an Ordinary Resolution, as applicable, will be passed by a Class of Notes unless, within 40 days of the requisite notice being given by the Principal Paying Agent on behalf of the Issuer, the Trustee or the Cash/Bond Administrator, to such Class of Noteholders in accordance with the provisions of Condition 14 (*Notice to Noteholders*), (a) in the case of an Extraordinary Resolution, the holders of 10 per cent. or more in aggregate of the Principal Amount Outstanding of the Notes of such Class or (b) in the case of an Ordinary Resolution, the holders of 15 per cent. or more in aggregate of the Principal Amount Outstanding of the Notes of such Class, have informed the Principal Paying Agent in the prescribed manner of their objection to such Extraordinary Resolution or Ordinary Resolution, as applicable. Therefore, it is possible that an Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification) could be passed without the vote of any Noteholders or even if holders of up to 9.99 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class of Notes objected to it and it is possible that an Ordinary Resolution could be deemed to be passed without the vote of any Noteholders or even if holders of up to 14.99 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class of Notes objected to it.

### ***General legal investment considerations***

The investment activities of certain investors are subject to legal investment laws and regulations, or to 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 advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### ***Subordination***

In respect of the obligation of the Issuer to repay principal of and to pay interest on the Notes, the Conditions provide that, both prior to and following the delivery of an Enforcement Notice:

- (a) the A Notes rank pari passu and rateably without any preference or priority among themselves for all purposes and in priority to the B Notes, the C Notes, the D Notes and the E Notes;
- (b) the B Notes rank pari passu and rateably without any preference or priority among themselves for all purposes, subordinated to the A Notes and in priority to the C Notes, the D Notes and the E Notes;
- (c) the C Notes rank pari passu and rateably without any preference or priority among themselves for all purposes, subordinated to the A Notes and the B Notes and in priority to the D Notes and the E Notes;
- (d) the D Notes rank pari passu and rateably without any preference or priority among themselves for all purposes, subordinated to the A Notes, the B Notes and the C Notes and in priority to the E Notes; and
- (e) the E Notes rank pari passu and rateably without any preference or priority among themselves for all purposes, subordinated to the A Notes, the B Notes, C Notes and the D Notes.

### ***Deferral of Interest Payments on the Notes***

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) due and payable in respect of any Class of Notes, (other than the A Notes), 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 6(g) (*Subordination of the payment of interest*) to defer payment of that amount (to the extent of the shortfall) until the following Interest Payment Date and it shall not constitute an Event of Default. To the extent that there are insufficient funds on the following Interest Payment Date, the deferral of interest in accordance with Condition 6(g) (*Subordination of the payment of interest*) shall continue until the Final Maturity Date or such other date on which the Notes are redeemed in full.

### ***Conflicts of Interest – Rights of Noteholders and Secured Creditors***

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

If, in the Trustee's opinion, there is a conflict between the interests of:

- (a) (i) the A Noteholders and (ii) the B Noteholders and/or the C Noteholders and/or the D Noteholders and/or E Noteholders, the Trustee shall give priority to the interests of the A Noteholders whose interests shall prevail;
- (b) (i) the B Noteholders and (ii) the C Noteholders and/or the D Noteholders and/or the E Noteholders, the Trustee shall give priority to the interests of the B Noteholders whose interests shall prevail;
- (c) (i) the C Noteholders and (ii) the D Noteholders and/or the E Noteholders, the Trustee shall give priority to the interests of the C Noteholders whose interests shall prevail; and
- (d) (i) the D Noteholders and (ii) the E Noteholders, the Trustee shall give priority to the interests of the D Noteholders whose interests shall prevail.

So long as any of the Notes are outstanding, the Trustee will have regard solely to the interest of the Noteholders and shall not have regard to the interests of the other Secured Creditors, subject to the provisions of the Trust Deed.

### ***Limited Enforcement Rights***

Condition 10(c) (*Non-Petition*) limits the ability of the Noteholders to take individual action against the Issuer or any of the Charged Property in any circumstances.

In addition, pursuant to Condition 9 (*Events of Default*), the Trustee cannot be required to enforce the Security except pursuant to a request in writing of the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class or an Extraordinary Resolution of the holders of the Most Senior Class.

### ***Liquidity and credit risk***

The ability of the Issuer to meet its obligations in respect of the Notes of each Class will be dependent on (i) the receipt by the Issuer of collections and recoveries made on its behalf by the Servicer (or its replacement) from the Purchased Receivables, (ii) any payments made by the Swap Counterparty under the Balance Guaranteed Swap Agreement, and (iii) any other amounts received by the Issuer under the other Transaction Documents.

The amounts due to the Issuer pursuant to the Underlying Agreements (a) are determined by reference to fixed rates of interest whereas amounts payable under the Notes are determined by reference to floating rates of interest calculated by reference to LIBOR and (b) may not necessarily be received in good time, or at all, in the event of non-payment by a Customer. This could create a liquidity risk for the Issuer. This risk is addressed in part through the support provided to the Issuer by the Swap Counterparty under the Balance Guaranteed Swap Agreement and in part by the ability of the Issuer to draw from the Reserve Fund in respect of a Revenue Shortfall and the Liquidity Reserve Fund in respect of a Senior Fees Shortfall and/or an Interest Shortfall on the A Notes and the B Notes (subject, in the case of the B Notes if the B Notes are not the Most Senior Class, to the B PDL Trigger not being met). It should be noted that following the redemption in full of the A Notes and the B Notes, the Liquidity Reserve Fund will not be available for any purpose and, in particular, will not be used to cover any Senior Fees Shortfall.

The Issuer is also subject to the risk of failure to realise or to recover sufficient funds in respect of any defaulted Underlying Agreements in order to discharge all amounts due from such Customer under the Underlying Agreements.

Although the Issuer believes that the Portfolio has characteristics that demonstrate the capacity to produce funds to service any payments due and payable on the Notes, there can, however, be no assurance that the level of collections and recoveries received from the Purchased Receivables will be adequate to ensure timely and full receipt of amounts due under the Notes.

### ***Risks in relation to the co-mingling of funds by the Collection Account Bank***

Pursuant to the terms of the Receivables Servicing Agreement, the Servicer agrees to transfer the amounts in respect of the Issuer Trust Share on each Business Day to the Transaction Account (but only to the extent that such amount is greater than the Daily Transfer Minimum Amount). Prior to remittance of funds to the Transaction Account, the Collection Account Bank may co-mingle collections received on the Purchased Receivables with the funds of the Seller and other securitisations that the Seller may undertake from time to time. If the Collection Account Bank does not pay these amounts to the Transaction Account as instructed by the Servicer for the purposes of such daily transfer (which could occur if the Collection Account Bank becomes subject to insolvency proceedings), payments on the Notes could be reduced or delayed.

### ***Risks relating to investments made by Issuer***

The Issuer has appointed the Cash/Bond Administrator to make certain interim investments of money standing to the credit of the Transaction Account by investing them in Authorised Investments. These investments must meet certain specified criteria including, having appropriate ratings depending on the term of the investment and the term of the investment instrument. However, it may be that, irrespective of any such rating, such investments will be irrecoverable due to bankruptcy or insolvency of the debtor under the investment or of a financial institution involved or due to the loss of an investment amount during the transfer thereof. Additionally, the return on an investment may not be sufficient to cover fully interest payment obligations due from the investing entity on the funding used to purchase such investment. In this case, the Issuer may not be able to meet all of its payment obligations. None of the Issuer, the Cash/Bond Administrator, the Servicer, the Trustee or any other person will be responsible for any such loss or shortfall.

### ***Conflicts of interest relating to Investec Asset Finance plc***

The Seller is acting in a number of capacities in connection with the transaction, including as the Seller and Servicer. In connection with the transaction, the Seller will have only the duties and responsibilities expressly agreed to by it in its relevant capacity and will not, by virtue of acting in any other capacity, be deemed to have any other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided with respect to each such capacity under the relevant Transaction Documents or the Master Collection Account Declaration of Trust. In its various capacities in connection with the transaction, the Seller may enter into business dealings from which it may derive revenues and profits without any duty to account therefor in connection with the transaction. The Seller may hold and/or service receivables other than the Purchased Receivables (including receivables owed by a Customer which are not Purchased Receivables). The Seller and its Affiliates may engage in commercial relationships (in particular, be lender and/or provide other financial services to the Customer and other parties). In such relationships, neither the Seller nor any of its Affiliates is obliged to take into account the interests of the Noteholders. As a consequence of these relationships, potential conflicts of interest may arise in relation to the transaction.

### ***Eligibility of the Notes for Bank of England's Discount Window Facility***

Certain investors in the Notes may wish to consider the use of the Notes as eligible securities for the purposes of the Bank of England's Discount Window Facility ("DWF"). Recognition of the Notes as eligible securities for the purposes of the DWF will depend upon satisfaction of the eligibility criteria as specified by the Bank of England. If the Notes do not satisfy the criteria specified by the Bank of England, there is a risk that the Notes will not be eligible DWF collateral. None of the Issuer, the Joint Lead Arrangers, the Co-Manager nor the Joint Lead Managers gives any representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements for the DWF eligibility and be recognised as eligible DWF collateral. Any potential investor in the Notes should make its own determinations and seek its own advice with respect to whether or not the Notes constitute eligible DWF collateral.

### ***ECB Eligibility***

As at the date of this Prospectus, certain asset backed securities denominated in sterling are eligible as collateral in repo operations with the ECB, provided that: (i) they are issued and held in the Eurozone; (ii) the issuer is established in the EEA; and (iii) they fulfil all other eligibility criteria set out in section 6.2.1 of the ECB's General Documentation (Annex I of Guideline 2012/14 as amended).

The A Notes are intended to be held in a manner which would allow Eurosystem eligibility. This means that the A Notes are intended upon issue to be deposited with the common safekeeper for Euroclear or Clearstream, Luxembourg and does not necessarily mean that A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem ("**Eurosystem Eligible Collateral**") either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. It is expected that the B Notes, the C Notes, the D Notes and the E Notes will not satisfy the Eurosystem eligibility criteria. The Issuer gives no representation, warranty, confirmation or guarantee to any investor in the A Notes that the A Notes will, either upon issue or at any time prior to redemption in full, satisfy all or any of the requirements for Eurosystem eligibility and be recognised as Eurosystem Eligible Collateral. Any potential investor in the A Notes should make its own conclusions and seek its own advice with respect to whether or not the A Notes constitute Eurosystem Eligible Collateral.

## **General Legal Considerations**

### ***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 are based on the relevant law, tax, accounting, regulatory and administrative requirements and practice in effect as at the date of this Prospectus and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to the relevant

law, tax, regulatory, accounting (and any change in regulation which may occur without a change in primary legislation) or administrative 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.

No assurance can be given that the Office of Fair Trading, the Financial Conduct Authority, the Prudential Regulation Authority or any other regulatory authority in any other jurisdiction will not in the future take action or that future adverse regulatory developments will not arise with regard to the consumer finance, consumer credit or financial services market in the United Kingdom generally. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Servicer and the Issuer and their respective businesses and operations. This may, ultimately, adversely affect the ability of the Issuer to make payment in full on the Notes when due.

### ***Transaction Documents governed by laws of England and Wales***

The Transaction Documents (other than each Scottish Transfer and each Scottish Supplemental Security which are governed by Scots law) are governed by the laws of England and Wales. In these jurisdictions, a judgment for a fixed amount of money obtained in the courts of another member state of the European Union will be recognised and such judgment will be executed and/or enforced in accordance with the EU Council Regulation (EC) No. 44/2001 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters if certain requirements are met. For example, a foreign judgment would only be recognised by a court of a member state of the European Union if such recognition would not evidently contravene public policy in such member state.

### ***Receivership***

At any time after the Deed of Charge has become enforceable, the Trustee may, or in certain circumstances can be required to, pursue certain action (provided that it is indemnified and/or secured and/or prefunded to its satisfaction). One such action is the appointment of a receiver over all or part of the Charged Property.

The provisions of the Enterprise Act 2002 (the “**Enterprise Act**”) amending the corporate insolvency provisions of the Insolvency Act 1986 (the “**Insolvency Act**”) came into force on 15 September 2003, and are discussed in further detail in the investment consideration entitled “Enterprise Act” below.

As a result of the amendments made to the Insolvency Act by the Enterprise Act pursuant to section 72A of the Insolvency Act, the holder of a qualifying floating charge created on or after 15 September 2003, will be prohibited from appointing an administrative receiver, unless the floating charge falls within one of the exceptions set out in sections 72B to 72GA of the Insolvency Act (the “**Exceptions**”). Previously, the holder of a floating charge or such charge which, together with other charges, are over the whole or substantially the whole assets of a company had the ability to block the appointment of an administrator by appointing an administrative receiver, who would act primarily in the interests of the floating charge holder. As the floating charges created by the Deed of Charge will have been entered into after 15 September 2003, the Trustee will not be entitled to appoint an administrative receiver over the assets of the Issuer under those charges, unless they fall within at least one of the Exceptions.

One Exception to the prohibition on floating charge holders from appointing administrative receivers under section 72A of the Insolvency Act is in section 72B (the “**Capital Market Exception**”) and is in respect of, in certain circumstances, the appointment of an administrative receiver pursuant to an agreement which is or forms part of a Capital Market Arrangement (which is broadly defined in the Insolvency Act). This Exception will apply if a party incurs or, when the agreement in question was entered into was expected to incur, a debt of at least £50 million under the arrangement and if the arrangement involves the issue of a Capital Market Investment (also defined in the Insolvency Act but, generally, a rated, traded or listed debt instrument). Although there is no case law on how this Capital Market Exception will be interpreted, the Issuer considers that the exception will apply to the floating charges described in this document. However, the Secretary of State may, by secondary legislation, modify the exceptions to the prohibition on appointing an administrative receiver and/or provide that the exception shall cease



to have effect. No assurance can be made that any such modification or provisions in respect of the Capital Market Exception will not be detrimental to the interests of the Noteholders.

A receiver would generally be in this case the agent of the relevant company until the company's liquidation, and thus, whilst acting within his powers, will enter into agreements and take actions in the name of, and on behalf of, the company. The receiver will be personally liable on any contract entered into by him in carrying out his functions (except in so far as the contract provides otherwise) but will have an indemnity out of the assets of the company. If, however, the receiver's appointor unduly directed or interfered with or influenced the receiver's actions, a court may decide that the receiver was the agent of his appointor and that his appointor should be responsible for the receiver's acts and omissions.

The Trustee is entitled to receive remuneration and reimbursement for its expenses and an indemnity out of the assets of the Issuer for its potential liabilities. Such payments to the Trustee will rank ahead of payments by the Issuer under the Notes of all Classes. Accordingly, should the Trustee become liable for acts of such a receiver, the amount that would otherwise be available for payment to the Noteholders may be reduced.

If the company to which the receiver is appointed goes into liquidation, then as noted above the receiver will cease to be that company's agent. At such time he will then act either as agent of his appointor or as principal according to the facts existing at that time. If he acts as agent of his appointor, then for the reasons set out in the foregoing paragraph, the amount that would otherwise be available for payment to Noteholders may be reduced. If the receiver acts as principal and incurs a personal liability, he will have a right of indemnity out of the assets in his hands in respect of that liability and the amount that would otherwise have been available for payment to the Noteholders (subject to any claims of the Trustee to such amount in accordance with the Post-Enforcement Priority of Payments) would be reduced accordingly.

### ***Small Companies Moratorium***

Certain "small companies", for the purposes of putting together proposals for a company voluntary arrangement, may seek court protection from their creditors by way of a "moratorium" for a period of up to 28 days, with the option for creditors in some circumstances to extend this protection for up to a further two months (although the Secretary of State for Trade and Industry may, by order, extend or reduce the duration of either period).

A "small company" is defined for these purposes by reference to whether the company meets two of three tests relating to a company's balance sheet, total turnover and average number of employees in a particular period (although the Secretary of State for Trade and Industry may, by order, modify the moratorium eligibility qualifications and the definition of "small company") as set out in section 383 of the Companies Act 2006.

During the period for which a moratorium is in force in relation to a company, amongst other things, no winding up may be commenced or administration application made or administrative receiver appointed to that company, no security created by that company over its property may be enforced (except with the leave of the court), no other proceedings or legal process may be commenced or continued in relation to that company (except with the leave of the court) and the company's ability to make payments in respect of debts and liabilities existing at the date of the filing for the moratorium is curtailed. 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 security which as created was 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 security. Where the security in question is 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.

For as long as the aggregate net turnover of the Issuer is greater than £6.5 million and its aggregate net balance sheet total is greater than £3.26 million, the Issuer will not be regarded as a "small company" under the law as it currently stands. However, the Secretary of State for Trade and Industry may by regulation in the future modify

the eligibility requirements for the applicability of the Insolvency Act 2000 and the definition of a “small company”.

Whether or not the Issuer is a “small company” within the provisions of the Insolvency Act 2000 will be an accounting matter determined on a financial year by financial year basis for the Issuer.

Pursuant to regulations made by the Secretary of State which came into force on 1 January 2003, companies which are party to an agreement which is or forms part of a capital market arrangement, under which a party incurs or when the agreement was entered into was expected to incur a debt of at least £10 million and which involves the issue of a capital market investment, are excluded from being eligible for the moratorium. The definitions of “capital market arrangement” and “capital market investment” are broad, such that, in general terms, any company which is a party to an arrangement which involves at least £10 million of debt, the granting of security to a trustee, and the issue of a rated, listed or traded debt instrument, may be ineligible to seek the benefit of the small companies moratorium.

In addition, there is an exclusion from the moratorium provisions for any company which has incurred a liability (including a present, future or contingent liability) of at least £10 million. While the Issuer should fall within this exception, there is no guidance as to how the legislation will be interpreted and the Secretary of State for Trade and Industry may by regulation modify the exceptions. No assurance may be given that any modification of the eligibility requirements for “small companies” and/or the exceptions will not be detrimental to the interests of the Noteholders.

The moratorium provisions may serve to limit the Trustee’s ability to enforce the security granted by the Issuer if, first, the Issuer falls within the eligibility criteria for a moratorium at the relevant time; 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 an exception: in those circumstances, the enforcement of the security by the Trustee may, for a period, be prohibited by the imposition of the moratorium.

Even if a moratorium could delay enforcement proceedings against the Issuer, this would be for a maximum period of only three months as described above (subject to the Secretary of State increasing, by order, the period for which a moratorium may be obtained). In addition, even if a protection period were granted in relation to the Issuer, it could obtain approval to continue to make payments in accordance with the Trust Deed and the Conditions.

### ***Enterprise Act***

As explained above, the provisions of the Enterprise Act amending the corporate insolvency provisions of the Insolvency Act came in to force on 15 September 2003. In addition to the introduction of a prohibition on the appointment of an administrative receiver, section 176A of the Insolvency Act provides that any receiver, liquidator or administrator of a company is required to make a “prescribed part” of the company’s “net property” available for the satisfaction of unsecured debts in priority to the claims of the floating charge holder (“**Ring Fencing**”). This requirement applies to all floating charges created on or after 15 September 2003, including those that fall within the Exception to the appointment of administrative receivers such as that contained in the Deed of Charge.

The company’s “net property” is defined as the chargor’s property which would be available for satisfaction of debts due to the holder(s) of any debentures secured by a charge that, as created, was a floating charge and so refers to any floating charge realisations less any amounts payable to the preferential creditors or in respect of those expenses of the receivership, liquidation or administration (as the case may be) which are permitted by law to be paid out of floating charge realisations. The “prescribed part” is defined in the Insolvency Act 1986 (Prescribed Part) Order 2003 (SI 2003/2097) to be an amount equal to 50 per cent. of the first £10,000 of floating charge realisations plus 20 per cent. of the floating charge realisations thereafter, provided that such amount may not exceed £600,000.

The obligation does not apply if the net property is less than a prescribed minimum (currently £10,000) and the relevant officeholder is of the view that the cost of making a distribution to unsecured creditors would be disproportionate to the benefits. The relevant officeholder (i.e. the receiver, the liquidator or administrator) may

also apply to court for an order that the provisions of section 176A should not apply on the basis that the cost of making a distribution would be disproportionate to the benefits even if the net property exceeds the prescribed minimum.

Accordingly, in relation to the floating charges created by the Deed of Charge, floating charge realisations upon the enforcement of those charges may be reduced by the operation of the Ring Fencing provisions.

Finally, the Enterprise Act brought further changes: (a) categories of preferential debt payable to the Crown, including debts due to the Inland Revenue in respect of PAYE, debts due to H.M. Revenue & Customs in respect of VAT and social security contributions, were abolished. This amendment affects all floating charges whenever created; and (b) the Enterprise Act replaced the administration regime that existed prior to the Enterprise Act in its entirety with new, streamlined administration procedures.

### ***Financial Collateral Arrangements (No. 2) Regulations***

The Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226) (the “**FCA Regulations**”) (which implement the Financial Collateral Directive (“**Directive 2002/47/EC**”)) sets out certain rules governing the provision of financial instruments and cash as collateral. The FCA Regulations apply to financial collateral provided by way of an outright transfer and to security interests. The effect of the FCA Regulations on the security interests to be created in connection with the transactions contemplated in this Prospectus may be to disapply key pieces of insolvency law such as the restrictions on the enforcement of security, which are contained in the Insolvency Act and which would otherwise apply to security taken over financial collateral.

The FCA Regulations are uncertain for a number of reasons, including whether the FCA Regulations have interpreted Directive 2002/47/EC too widely and, in the absence of any relevant case law or further guidance being given on its interpretation, the exact scope and effect of the FCA Regulations is unclear.

### ***Insolvency proceedings and subordination provisions - the “Anti-Deprivation” Principle***

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a hedging counterparty’s payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty. Such provisions are similar in effect to the terms which will be included in the Transaction Documents.

The Supreme Court of the United Kingdom in *Belmont Park Investments PTY Limited (Respondent) v BNY Corporate Trustee Services Limited and Lehman Brothers Special Financing Inc* [2011] UKSC 38 unanimously upheld the decision of the Court of Appeal in upholding the validity of similar priorities of payment, stating that, provided that such provisions form part of a commercial transaction entered into in good faith which does not have, as its predominant purpose or one of its main purposes, the deprivation of the property of one of the parties on bankruptcy, the anti-deprivation principle was not breached by such provisions.

In parallel proceedings in New York, the U.S. Bankruptcy Court for the Southern District of New York granted Lehman Brothers Special Finance Inc.’s motion for summary judgement on the basis that the effect was that the provisions do infringe the anti-deprivation principle in a U.S. insolvency. The U.S. Bankruptcy Court for the Southern District of New York acknowledged that this resulted in the U.S. courts coming to a decision “directly at odds with the judgement of the English Courts”. In New York, whilst leave to appeal was granted, the case was settled before an appeal was heard. Therefore concerns still remain that the U.S. courts will diverge in their approach which, in the case of an unfavourable decision in New York, may adversely affect the Issuer’s ability to make payments on the Notes.

If a creditor of the Issuer (such as the Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the US), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in

respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents (such as a provision of the Priority of Payments which refers to the ranking of the Swap Counterparty's payment rights (see Condition 2(d) (*Post-Enforcement Priority of Payments*) below)). In particular, based on the decision of the US Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under US bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as the Swap Counterparty, including US established entities and certain non-US established entities with assets or operations in the US (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a US state). In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions 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.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of the payments due to the Swap Counterparty in certain circumstances post-enforcement, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may result in negative rating pressure in respect of the Notes. If any rating assigned to the Notes is lowered, the market value of the Notes may reduce.

### ***Liquidation Expenses***

On 6 April 2008, a provision in the Insolvency Act came into force which effectively reversed by statute the House of Lords' decision in the case of *Leyland Daf* in 2004. Accordingly, it is now the case that, in general the costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency Rules 1986.

On this basis and as a result of the changes described above, in a winding up of the Issuer, floating charge realisations which would otherwise be available to satisfy the claims of Secured Creditors under the Deed of Charge may be reduced by at least a significant proportion of any liquidation expenses. There can be no assurance that the holders of the Notes will not be adversely affected by such a reduction in floating charge realisations.

### ***Recharacterisation of Fixed Security Interests***

There is a possibility that a court could find that the fixed security interests expressed to be created by the Deed of Charge governed by English law could take effect as floating charges as the description given to them as fixed charges is not determinative. It should be noted that there is no equivalent concept of recharacterisation of fixed security as floating charges under Scots law.

Where the Issuer is free to deal with the secured assets, or any proceeds received on realisation of the secured assets, without the consent of the chargee, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

Whether the fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, amongst other things, on whether the Trustee has the requisite degree of control over the Issuer's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the Trustee in practice.

If the fixed security interests are recharacterised as floating security interests, the claims of (i) the unsecured creditors (if any) of the Issuer in respect of that part of the net property of the Issuer which is ring fenced as a result of the Enterprise Act (see section headed "Enterprise Act" above) and (ii) certain statutorily defined preferential creditors of the Issuer may have priority over the rights of the Trustee to the proceeds of enforcement of such security. In addition, the expenses of an administration would also rank ahead of the claims of the Trustee as floating charge holder.

A receiver appointed by the Trustee would be obliged to pay preferential creditors out of floating charge realisations in priority to payments to the Secured Creditors (including the Noteholders). Following the coming into force of the insolvency provisions of the Enterprise Act on 15 September 2003, the only remaining categories of preferential debts are certain amounts payable in respect of occupational pension schemes, employee remuneration and levies on coal and steel production.

If the Trustee were prohibited from appointing an administrative receiver by virtue of the amendments made to the Insolvency Act by the Enterprise Act, or failed to exercise its rights to appoint an administrative receiver within the relevant notice period and the Issuer were to go into administration, the expenses of the administration would also rank ahead of the claims of the Trustee as floating charge holder.

Furthermore, in such circumstances, the administrator would be free to dispose of floating charge (and fixed charge) assets without the leave of the court, although the Trustee would have the same priority in respect of the property of the company representing the proceeds of disposal of such floating charge assets, as it would have had in respect of such floating charge assets.

### ***Equitable assignment***

The assignment by the Seller to the Issuer of the benefit of the Purchased Receivables deriving from Underlying Agreements governed by the laws of England and Wales will take effect in equity only as no notice of the assignment will be given to the Customer. The Issuer will charge to the Trustee by way of security, among other things, the Issuer's beneficial interest in the Purchased Receivables and their Ancillary Rights (other than those Purchased Receivables and/or Ancillary Rights which are governed by or otherwise subject to Scots law).

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

- (a) notice to the Customer would "perfect" the assignment so that the Issuer would take priority over any interest of a later encumbrancer or assignee of the Seller's rights who has no notice of the assignment to the Issuer;
- (b) notice to the Customer would mean that the Customer should no longer make payment to the Seller as creditor under the Underlying Agreement but should make payment instead to the Issuer. If the Customer were to ignore a notice of assignment and pay the Seller for its own account, the Customer might still be liable to the Issuer for the amount of such payment. However, for so long as Seller remains the Servicer under the Receivables Servicing Agreement it is also the agent of the Issuer for the purposes of the collection of the Purchased Receivables and will, accordingly, be accountable to the Issuer for any amount paid to it in respect of the Purchased Receivables; and
- (c) until notice is given to the Customer, equitable set-offs may accrue in favour of the Customer in respect of its obligation to make payments under the relevant Underlying Agreement. These may, therefore, result in the Issuer receiving less monies than anticipated from the Purchased Receivables. The assignment of any Purchased Receivables to the Issuer will be subject both to any prior equities which have arisen in favour of the Customer and to any equities which may arise in the Customer's favour after the assignment until such time (if ever) as he receives actual notice of the assignment. The majority of Underlying Agreements contain (or will contain in respect of those relating to Replacement Receivables) clauses requiring Customers to pay all sums due thereunder without deduction, set-off or counterclaim. Those Underlying Agreements that do not contain such wording have (or will have in respect to Replacement Receivables) no performance obligations on the Seller (save for allowing the Customer quiet enjoyment of the Equipment) and therefore the Customer would have little or no equitable right to deduct, set-off or counterclaim any amounts that it owes under the terms of the Underlying Agreement. Accordingly, it is expected that the absence of such wording would not (and will not in respect of Replacement Receivables) in and of itself affect the Issuer's ability to make timely payments on the Notes.

The lack of notice to the Customer means that the Issuer will have to join the Seller as a party to any legal action which the Issuer may want to take against any Customer. The Seller will, however, undertake in the Receivables Sale Agreement for the benefit of the Issuer and the Trustee that it will lend its name to, and take such other steps

as may be required by the Issuer or the Trustee in relation to, any action in respect of the Purchased Receivables and Ancillary Rights (including joining the Issuer in any proceedings).

The benefit of those Purchased Receivables and/or Ancillary Rights which are governed by or otherwise subject to Scots law will be held on trust by the Seller absolutely for the Issuer under each Scottish Transfer. Although differing in technical detail, a trust constituted by each Scottish Transfer has a broadly similar effect in relation to those Purchased Receivables and/or Ancillary Rights governed by or otherwise subject to Scots law to that of the corresponding English equitable interests in relation to Purchased Receivables and/or Ancillary Rights governed by the laws of England.

Notice to a Customer will again have a broadly similar effect on relations to those Purchased Receivables and/or Ancillary Rights governed by or otherwise subject to Scots law to that described above in relation to Purchased Receivables governed by the laws of England.

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

### ***European Monetary Union***

It is possible that, prior to the maturity of the Notes, the United Kingdom will become a Participating Member State in the EMU and that therefore the Euro will become the lawful currency of the United Kingdom. If so, (a) all amounts payable in respect of the Notes may become payable in Euro, (b) the introduction of the Euro as the lawful currency of the United Kingdom may result in the disappearance of 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 and (c) applicable provisions of law may allow the Issuer to redenominate the Notes into Euro.

If the Euro becomes the lawful currency of the United Kingdom and the Notes are outstanding at the time, the Issuer intends to make payments on the Notes in accordance with the then market practice for payments on such debts. It cannot be said with certainty what effect, if any, the adoption of the Euro by the United Kingdom would have on investors in the Notes. The introduction of the Euro could also be accompanied by a volatile interest rate environment which could adversely affect the Customers' ability to make payments under the Underlying Agreements, although the Issuer is required to maintain certain hedging cover in place for its payment obligations under the Notes.

### ***EMIR***

On 16 August 2012 the European Market Infrastructure Regulation (EU No. 648/2012) came into force ("**EMIR**"). Under EMIR over-the-counter ("**OTC**") derivatives that are entered into by financial counterparties, such as investment firms, credit institutions, insurance companies, amongst others, and non-financial counterparties which have positions in OTC derivative contracts exceeding specified "clearing thresholds" ("**NFC+**") have to be cleared (the "**Clearing Obligation**") via an authorised central counterparty (a "**CCP**"). In addition, EMIR requires the reporting of derivative contracts to a trade repository (the "**Reporting Obligation**") and introduces certain risk mitigation requirements in relation to OTC derivative contracts that are not cleared by a CCP.

Even though the Issuer will enter into the Balance Guaranteed Swap Transaction, or any replacement therefor, as a non-financial counterparty and solely to reduce risks directly relating to its commercial activity or treasury financing activity, the relevant clearing threshold could be exceeded on a consolidated basis pursuant to Article 10(3) EMIR to the extent the Issuer forms part of the Investec Group and consequently becomes an NFC+. Thus, as of the date hereof, it cannot be excluded that the Issuer will be subject to the Clearing Obligation in the future in respect of any swap replacing the Balance Guaranteed Swap Transaction.

If the Clearing Obligation applies to the Issuer the Swap Counterparty may terminate the Balance Guaranteed Swap Transaction or require amendments to the Balance Guaranteed Swap Agreement and to the Balance Guaranteed Swap Transaction to allow the Issuer to post collateral, amongst other consequences. The Issuer may have to apply certain risk mitigation techniques in relation to timely confirmation, portfolio reconciliation and

compression, and dispute resolution that are applicable to OTC derivatives contracts that are not cleared by a CCP. Further, the Issuer will be required to deliver certain information about the Balance Guaranteed Swap Transaction to a registered or recognised trade repository. On or after the Issue Date, the Issuer or Cash/Bond Administrator on behalf of the Issuer will appoint an agent to deliver such information on behalf of the Issuer.

The European Securities and Markets Authority (“ESMA”) has developed certain regulatory and implementing technical regulation standards in connection with EMIR that have been adopted by the European Commission. According to these standards the starting date for the Reporting Obligation depends on the point in time when the responsible trade repositories in the various jurisdictions become registered. If there is no registered trade repository by 1 July 2015, the reporting obligation will commence on this date and contracts will have to be reported to ESMA. Therefore, to date, it is not entirely clear when any Reporting Obligation for the Issuer under EMIR, if applicable, would start to apply. However, currently and pursuant to the latest timetable for implementation published by ESMA the Reporting Obligation for all OTC derivatives trades is not currently expected to start before February 2014. According to the regulatory technical standards adopted as Commission Delegated Regulation (EU) No 149/2013 of 19 December 2012 that entered into force on 15 March 2013, the obligations in relation to certain risk mitigation techniques (portfolio reconciliation, portfolio compression and dispute resolution) will apply as of 15 September 2013. EMIR also imposes a record-keeping requirement, already applicable from 16 August 2012, pursuant to which counterparties must keep records of any derivative contract they have concluded and any modification for at least five years following the termination of the contract.

Prospective investors should be aware that the regulatory changes arising from EMIR may in due course significantly raise the costs of entering into derivative contracts and may adversely affect the Issuer's ability to enter into a replacement swap. In addition, as some of the provisions of EMIR and the technical standards under EMIR are not yet finalised and actual date of application of these provisions is still uncertain, prospective investors should be aware that the Balance Guaranteed Swap Agreement and other relevant Transaction Documents could be amended during the course of the transaction, without the consent of any Noteholder, to ensure that the terms thereof, and the parties' obligations thereunder, are in compliance with the EMIR and/or the then subsisting technical standards under EMIR. Furthermore, in the event amendments to the Balance Guaranteed Swap Agreement were not made to the satisfaction of the Swap Counterparty, it would have the right to call an early termination of the Balance Guaranteed Swap Transaction and there is no guarantee that the Issuer would be able to enter into a replacement therefor on equivalent terms, or at all.

#### ***Compliance with European risk retention requirements***

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. In particular, please see the section above entitled “Retention Requirements and the Retained Interest”. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Joint Lead Managers, the Co-Manager, the Joint Lead Arrangers, the Seller, or any party to a Transaction Document makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Issue Date or at any time in the future.

In the event that a regulator determines that the transaction did not comply or is no longer in compliance with the Article 122a (as such term is defined in “Retention Requirements and the Retained Interest” above), then you may be required by your regulator to set aside additional capital against your investment in the Notes or take other corrective action. In addition, Affected Investors may be less likely to purchase any of the Notes, which may have a negative impact on the ability of investors in the Notes to resell their Notes in the secondary market or on the price realised for such Notes. Article 122a (as such term is defined in “Retention Requirements and the Retained Interest” 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.

## ***CRAIII***

On 31 May 2013, the finalised text of Regulation (EU) No 462/2013 (“**CRAIII Regulation**”) of the European Parliament and of the European Council amending Regulation (EC) No 1060/2009 (“**CRA Regulation**”) on credit rating agencies was published in the Official Journal of the European Union. The majority of the CRAIII Regulation became effective on 20 June 2013 (the “**CRAIII Regulation Effective Date**”) although certain provisions will not apply until later. The CRAIII Regulation provides for certain additional disclosure requirements which are applicable in relation to structured finance instruments. Such disclosures will need to be made via a website to be set up by the ESMA. The precise scope and manner of such disclosure will be subject to regulatory technical standards (the “**CRAIII Regulation RTS**”) prepared by ESMA. Although the obligation to publish such information is effective from the CRAIII Regulation Effective Date, the CRA III Regulation RTS has not yet been published by ESMA and no such website is currently publicly available. It is however anticipated that the CRAIII Regulation RTS will be published in draft form by 21 June 2014, being the final date that ESMA can submit the draft CRAIII Regulation RTS to the European Commission. Subsequently, the CRAIII Regulation RTS will be subject to a consultation period. It is not possible for the Issuer or any other party to comply with the disclosure requirements until such time as both the website and the final CRAIII Regulation RTS are made publicly available.

The consequences for issuers, originators, sponsors or investors in transactions of structured finance instruments where the issuer, originator and sponsor are unable to comply with such disclosure requirements are not specified. Accordingly, prospective investors in this transaction should consult their legal advisors as to the applicability of the CRAIII Regulation in respect of their investment in the Notes.

In addition to the foregoing, the CRA III Regulation also introduces into the CRA Regulation a civil liability regime (the “**CRA CL Regime**”) for issuers and investors to claim damages from a Rating Agency where such Rating Agency has committed, intentionally or with gross negligence, any of the infringements listed in Annex III to the CRA Regulation which has an impact on a credit rating. Pursuant to Article 35(a)(3) of the CRA Regulation, the civil liability of Rating Agency can be limited in advance where the limitation is (a) reasonable and proportionate and (b) allowed by the applicable national law.

On 4 July 2013, the Credit Rating Agencies (Civil Liability) Regulations 2013 (the “**CL Regulations**”) were laid before the UK Parliament and came into force on 25 July 2013. Investors should be aware that the CL Regulations provide that for the purposes of Article 35a(3) of the CRA Regulation, a limitation of liability in respect of a Rating Agency is allowed by the law of United Kingdom. Accordingly, any claims brought by investors (a “**CRA Claimant**”) in the United Kingdom in connection with the CRA CL Regime will be subject to the CL Regulations. This includes (among others) a limitation period in which a claim may be brought of one year, beginning with the date on which the CRA Claimant discovered the infringement (or could with reasonable diligence have discovered it), and a duty on the CRA Claimant to mitigate its loss in respect of any claim.

## ***Changes to the Basel Capital Accord (Basel II)***

The original Basel Accord was agreed in 1988 by the Basel Committee on Banking Supervision (the “**Committee**”). The 1988 Accord, now referred to as Basel I, helped to strengthen the soundness and stability of the international banking system as a result of the higher capital ratios that it required. The Committee published the text of the new capital accord under the title: “Basel II; International Convergence on Capital Measurement and Capital Standards: a revised framework” (the “**Framework**”) in June 2004. The Framework was put into effect for credit institutions in Europe via the recasting of a number of prior directives, referred to as the Capital Requirements Directive or CRD. Member States were required to transpose, and the financial services industry had to apply, the Capital Requirements Directive by 1 January 2007, subject to various transitional measures. The more sophisticated measurement approaches for operational risk were required to be implemented from January 2008. The Framework, as implemented, will affect risk weighting of the Notes for investors.

In April 2008, the Committee announced its intention to take steps to strengthen certain aspects of the Framework and in July 2009, the Committee published measures to enhance the three pillars of the Framework. The measures focused on strengthening the risk treatment for certain securitisations and requiring banks to conduct more rigorous credit analyses of externally rated securitisation exposures, raising standards for risk management practices and



firm-wide governance to address the weaknesses revealed by the financial crisis and strengthening disclosure and trading activities. In addition, the Committee introduced provisions to strengthen the rules governing trading book capital. Further measures were introduced by the Committee in December 2009 which focused on strengthening banks' capital bases and liquidity standards. The Committee announced in September 2010 that it had reached final agreement on the full package of amendments to the Framework with the new capital and liquidity standards to be phased in over a period of several years starting from 2013.

In September 2009, amendments to the CRD were adopted by the European Parliament and the Council. The amendments include a number of items which may be relevant to certain investors including the so-called "skin in the game" provision that (broadly) requires originators/sponsors of a securitisation to retain a 5 per cent. net economic interest in the securitisation and established a set of investment due diligence requirements (including penalties involving higher capital charges in the case of non-compliance with the latter). The Directive amending the CRD applies to all securitisations issued on or after 1 January 2011. The application of the CRD (as amended) to the issue of the Notes is described in the section headed "Compliance with European risk retention requirements" and "Retention Requirements and the Retained Interest". In July 2009, the European Commission published a further Directive which amends various technical risk management provisions in the CRD, some of which may be relevant to investors, including the criteria concerning the organisation and treatment of risks arising from securitisations. These provisions were required to be implemented by national regulators with effect from 31 December 2010.

It should also be noted that the Committee has approved significant changes to the Framework (such changes being commonly referred to as "**Basel III**"), including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions. In particular, the changes refer to, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the "liquidity coverage ratio" and the "net stable funding ratio"). Member countries are required to implement the new capital standards from January 2013 although as at the date of this Prospectus, they have not yet been implemented in the UK. In addition, member countries will be required to implement the new liquidity coverage ratio from January 2015 and the net stable funding ratio from January 2018. The European authorities have indicated that they support the work of the Committee on the approved changes in general, and the European Commission's corresponding CRD4 proposals to implement the changes were published on 20 July 2011. The texts of CRD4 were adopted by the European Parliament on 16 April 2013 and published in the Official Journal on 27 June 2013.

The CRR (part of the CRD4 measures) will come into effect on 1 January 2014, with full implementation by 1 January 2019. The changes approved by the Committee may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

There can be no guarantee that the regulatory capital treatment of the Notes for investors will not be affected by any future changes to the Framework, the CRD or CRD4. None of the Issuer, the Joint Lead Arrangers, the Joint Lead Managers, the Co-Manager or any Transaction Party is responsible for informing Noteholders of the effects of the changes which will result for investors from revisions to the Framework, the CRD or CRD4. In general, prospective investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences of and effect on them of any changes to the Framework (including the Basel III 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.

### ***Risks relating to the Banking Act 2009***

The Banking Act 2009 (the "**Banking Act**"), which came into effect on 21 February 2009, includes (amongst 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 Swap Counterparty, the Account Bank and the Collection Account Bank).

In particular, in respect of UK banks, such tools 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 UK authorities (i.e. bank insolvency and bank administration). 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 system of the United Kingdom. The Banking Act includes provisions related to compensation in respect of transfer instruments and orders made under it. The UK authorities are also empowered by order to amend the law for the purpose of enabling the powers under the special resolution regime to be used effectively. An order may make provision which has retrospective effect. In general, there is 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, such instrument or order may (amongst other things) affect the ability of such entity to satisfy its obligations under the Transaction Documents and/or result in modifications to any Transaction Documents or the Master Collection Account Declaration of Trust. In particular, modifications may be made pursuant to powers permitting certain trust arrangements to be removed or modified and/or via powers which permit provision to be included in an instrument or order such that the relevant instrument or order (and certain related events) is required to be disregarded in determining whether certain widely defined “default events” have occurred (which events would include certain trigger events included in the Transaction Documents in respect of the relevant entity, including termination events). As a result, the making of an instrument or order in respect of a relevant entity may affect the ability of the Issuer to meet its obligations in respect of the Notes. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred.

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 they 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. In June 2012, the European Commission published its proposal for a directive establishing an EU framework for the recovery and resolution of credit institutions and investment firms. The proposed framework, which is scheduled to be implemented in 2015, includes tools for relevant national authorities within the EU which supplement those currently available to the UK authorities under the Banking Act. If the directive is implemented as currently proposed, changes may therefore be required to be made to the Banking Act and it could affect the ability of the various parties to satisfy their obligations under the Transaction Documents.

### ***LIBOR Reform***

Concerns have been raised by a number of regulators that some of the member banks surveyed by the British Bankers’ Association (the “**BBA**”) in connection with the calculation of LIBOR across a range of maturities and currencies may have been manipulating the inter-bank lending rate. There have also been allegations that member banks may have manipulated EURIBOR and other inter-bank lending rates. If manipulation of LIBOR or another inter-bank lending rate occurred, it may have resulted in that rate being artificially lower (or higher) than it would otherwise have been.

A review of LIBOR was conducted at the request of the UK Government, following which a number of recommendations for changes with respect to LIBOR including the introduction of statutory regulation of LIBOR, replacing the BBA as administrator of LIBOR with an independent administrator, changes to the method of compilation of lending rates and new regulatory oversight and enforcement mechanisms for rate-setting and reduction in the number of currencies and tenors for which LIBOR is published. It is not possible to predict the effect of any changes in the methods pursuant to which the LIBOR rates are determined and any other reforms to

LIBOR that will be enacted in the UK and elsewhere. Any such changes or reforms to LIBOR may result in a sudden or prolonged increase or decrease in reported LIBOR rates, which could have an adverse impact on the value of the Notes and any payments linked to LIBOR thereunder.

Any new administrator of LIBOR may make methodological changes that could change the level of LIBOR, which may in turn adversely affect the value of the floating rate of interest payable on the Rated Notes. Any new administrator of LIBOR may also alter, discontinue or suspend calculation or dissemination of LIBOR. The administrator actions in respect of LIBOR without regard to the interests of any investor in the Notes, and any of these actions could have an adverse effect on the value of the Notes.

The proposals to reform LIBOR in the UK also include compelling more banks to provide LIBOR submissions, and basing these submissions on actual transaction data. This may cause LIBOR to be more volatile than it has been in the past, which may adversely affect the floating rate of interest payable on the Notes. It is uncertain if such changes will be made to LIBOR.

As the Rated Notes pay interest based upon LIBOR, an inaccurate LIBOR setting could have an adverse effect on the Issuer and/or the holders of the Notes. For example, holders of the Notes would receive lower sterling amounts as interest payments if LIBOR was artificially lower than a properly functioning market would otherwise set LIBOR. Furthermore, questions surrounding the integrity in the process for determining LIBOR may have other unforeseen consequences, including potential litigation against banks and/or obligors on loans, which could result in a material and adverse effect on the Issuer or the holders of the Notes. Investors should consider these recent developments when making their investment decision with respect to the Notes.

## **Consumer Protection**

### ***Consumer Credit Act 1974***

In the UK, the Consumer Credit Act 1974 is the principal legislation regulating lending and credit related activities in the UK and certain hire agreements. In 2006 the UK Government made substantial changes to the Consumer Credit Act 1974 and its related regulations by the enactment of the Consumer Credit Act 2006, with some changes coming into effect in 2007 and others in 2008. On 1 February 2011, the European Consumer Credit Directive (2008/48/EC) (the “CCD”) was adopted in the UK, which had the aim of further harmonising the regulation of consumer credit across Europe and increasing consumer protection. The CCD introduced significant changes to the way consumer credit agreements are regulated, but as it has no application to consumer hire agreements, it has no impact on any of the Regulated Receivables Agreements, which are all consumer hire agreements.

All references to the “CCA” in this section “Consumer Protection” refer to the Consumer Credit Act 1974 as amended by the Consumer Credit Act 2006, and (if applicable) subsequently as amended by the implementing regulations pursuant to the CCD. The CCA imposes regulation on certain types of contract relating to credit, hire and ancillary credit business.

A consumer credit agreement is defined by section 8 of the CCA as an agreement between a debtor which is an “individual” (as defined in section 189 of the CCA, such term including sole traders and partnerships of 2 or 3 partners) and a creditor, where the creditor provides the debtor with credit of any amount. A consumer credit agreement will be regulated by the CCA where it is not an exempt agreement under the CCA.

None of the Regulated Receivables Agreements are regulated credit agreements, however approximately 1.7% by aggregate Principal Balance of the Underlying Agreements are Hire Purchase Agreements which would have been regulated by the CCA, but for the fact that they qualify for the business purposes exemption, which applies where the agreement is entered into by the debtor wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the debtor, and the amount of credit provided under the credit agreement exceeds £25,000.

A “consumer hire agreement” is defined by section 15 of the CCA as an agreement between a hirer which is an “individual” (which, as stated above, includes sole traders and partnerships of 2 or 3 partners) and an owner for the hiring of goods to the hirer, which is not a hire purchase agreement and is capable of subsisting for more than three

months. The consumer hire agreement will be regulated by the CCA where it is not an exempt agreement under the CCA. A consumer hire agreement will be an exempt agreement and will not be regulated by the CCA where the business purposes exemption applies, that is, the agreement is entered into by the hirer wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the hirer, and the total rentals (including VAT) which the hirer is required to pay under the hire agreement exceed £25,000.

All of the Regulated Receivables Agreements are Lease Agreements. All of the Regulated Receivables Agreements are made with Customers which are businesses, therefore none of the statutory consumer protections (such as the Unfair Terms in Consumer Contracts Regulations 1999 and the Consumer Protection from Unfair Trading Regulations 2008) will apply to any of the Regulated Receivables Agreements.

In this section “Consumer Protection”, the terms: (a) “**customer**” shall be used to mean either a hirer under a hire agreement, or a debtor under a credit agreement, as appropriate; and (b) “**funder**” shall be used to mean either the owner under a hire agreement, or the creditor under a credit agreement, as appropriate.

Approximately 4.0% by aggregate Principal Balance of the Receivables comprised in the Provisional Completion Portfolio are derived from Underlying Agreements that are agreements made with “individuals” for the hire or hire purchase of certain Equipment whereby the total rentals or the amount of credit, as applicable, exceeds £25,000. The Seller has determined commercially to treat any such agreements as being entered into by the individual predominantly for the purposes of a business where 66% or more of the usage is anticipated to be for business purposes and such agreements are therefore exempt from regulation under the CCA (save for Section 140A CCA in respect of Hire Purchase Agreements). There is no legal definition of “predominantly” in the CCA, and the 66% threshold is determined by reference to accounting standards rather than as a result of legislation under the CCA. However, this interpretation is shared among many other funders in the asset finance market. If a court were to rule that such an agreement was not, in fact, exempt from regulation by virtue of the business purposes exemption, the Seller may be unable to enforce the agreement against the Customer. If such interpretation were challenged by a significant number of Customers, and a court were to rule in favour of the Customers, then this could lead to some disruption and shortfall in the income of the Issuer.

The main consequences of a Lease Agreement being regulated by the CCA are described in paragraphs (i) to (vii) below.

- (i) The funder has to comply with licensing requirements and the regulated hire agreement has to comply with origination requirements and must be in a form that complies with the CCA. If it does not comply with those requirements, then it is unenforceable against the customer: (a) without an order of the Office of Fair Trading (the “**OFT**”), if the funder or any broker did not hold the required licence at the relevant time (sections 40 and 149 CCA); or (b) without a court order, if other origination requirements as to pre-contract disclosure, documentation and procedures are not complied with and, in exercising its discretion whether to make the order, the court has regard to any prejudice suffered by the customer and any culpability by the funder and the court’s power to address the defect by other means under the CCA, such as reducing or discharging a sum payable to compensate for the prejudice suffered (sections 65 and 127 CCA). Certain of the Lease Agreements are not in a form that is fully compliant with the CCA. However, the Issuer has been advised that this is not unusual in the leasing industry and the defects are such that it is unlikely that a court would refuse consent to enforce such Lease Agreements as such defects are minor. Furthermore to mitigate this risk, the Seller will sell no more than 12% by Principal Balance of Receivables in the Portfolio to the Issuer that are regulated by the CCA and will provide certain representations and warranties with regard to those Purchased Receivables as described in more detail in the section entitled “Sale of the Portfolio” and, in particular, a representation and warranty that, so far as the Seller is aware, the Seller has complied with all relevant provisions of the CCA in respect of each Underlying Agreement which is regulated by the CCA, save that to the extent that the Seller has inadvertently breached a provision of the CCA such a breach would not have a material adverse effect on the recoverability of any relevant Receivable (or once purchased in accordance with the

Receivables Sale Agreement, Purchased Receivable). It should be noted that approximately 9.6% by aggregate Principal Balance of the Underlying Agreements as at the Cut-Off Date contain CCA regulated Lease Agreements and only a limited number contain these minor defects.

- (ii) The funder has to comply with servicing requirements under the CCA, principally the supply of information to the customer when requested. For example: (a) the funder is not entitled to enforce the agreement against the customer for any period when the funder fails to comply with requirements as to arrear notices or default notices (although any such unenforceability may be cured prospectively by the funder complying with the requirements as to arrears notices or default notices); (b) the customer is not liable to pay interest or default fees for any period when the funder fails to comply with requirements as to arrears notices; and (c) interest on default fees is restricted to nil until the 29th day after the day on which a notice of default fees is given and then to simple interest (sections 86B, 86D, 86E(4), 86F and 187A CCA).
- (iii) The court has power to give relief to the customer. For example, the court may (a) make a time order giving the customer time to pay arrears or to remedy any other breach (section 129 CCA); (b) impose conditions on, or suspend, any order made by the court in relation to the regulated Lease Agreement (sections 135 CCA) and (c) amend the regulated Lease Agreement in consequence of a term of an order made by the court under the CCA (section 136 CCA).
- (iv) Under section 140A CCA, a court may make an order under section 140B CCA in connection with a credit agreement (including a credit agreement that is exempt from regulation under the CCA) (but not a Lease Agreement) if it determines that the relationship between the creditor and the customer arising out of the credit agreement (whether alone or with any related agreement) is unfair to the customer by reason of one or more of the following: (a) any of the terms of the agreement or of any related agreement; (b) the way in which the creditor has exercised or enforced any of his rights under the agreement or any related agreement; or (c) any other thing done (or not done) by, or on behalf of, the creditor (either before or after the making of the agreement or any related agreement). In deciding whether a credit agreement is unfair, a court will have regard to all matters it thinks relevant (including matters relating to the creditor and matters relating to the customer). If the court makes the determination, then it may make an order, among other things, requiring the Seller, or any assignee such as the Issuer, to repay any sum paid by the customer. In deciding whether to make the determination, the court is required to have regard to all matters it considers relevant, including the creditor's conduct before and after making the credit agreement, and may make the determination even after the relationship has ended. Once the customer alleges that an unfair relationship exists, then the burden of proof is on the creditor to prove the contrary. There is no definition of the word "fair". Guidance from the courts has been slow in coming but case law indicates that the unfair relationship provisions are a relatively tough test for a customer to satisfy. Therefore, given the lack of definition and guidance and the breadth of the test, it makes it difficult to predict whether or not a court would find the relationship between the creditor and the customer to be unfair. It is possible that the relationship between the creditor and the customer arising out of any of the Underlying Agreements which are exempt credit agreements could be found to be unfair and a court could make an order to put things right. No assurance can be given that any regulatory action or guidance in respect of the unfair relationship test will not have a material adverse effect on the Underlying Agreements which are exempt credit agreements and accordingly on the Issuer's ability to make payments in full when due on the Notes.
- (v) The OFT issues licences and guidance under the CCA, and has power to impose requirements on such licensees in connection with the conduct by the licensee or its current or former "associate" as defined in the CCA (sections 33A to 33C CCA), and has power to impose civil penalties for breach of such requirements (sections 39A & 39B CCA). Investec Asset Finance plc as the

Seller and the Servicer holds a licence under the CCA including categories for licensable activity relating to originating and servicing.

- (vi) The Financial Ombudsman Service (the “FOS”) is an out-of-court dispute resolution scheme with jurisdiction to determine complaints against licensees under the CCA relating to conduct in the course of licensable activity under the CCA. The FOS is required to determine each case individually, with reference to its particular facts. Each case is first adjudicated by an adjudicator. Either party may appeal to a final decision by the FOS. The FOS is required to determine complaints by reference to what is, in its opinion, fair and reasonable in all the circumstances of the case, taking into account, among other things, law and guidance, and may order a money award to the customer, which may adversely affect the value which the Receivables could realise and accordingly the ability of the Issuer to make payments to the Noteholders. This may have an adverse effect on the Seller and the Issuer and their respective businesses and operations. It is not possible to predict how any future decision of the FOS would affect the Issuer’s ability to make payments in full when due on the Notes.
- (vii) The Seller has interpreted certain technical rules under the CCA in a way common with many other funders in the asset finance market. If such interpretation were held to be incorrect by a court or other dispute resolution authority, then the Regulated Receivables Agreements may be unenforceable, as described above. If such interpretation were challenged by a significant number of Customers, 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 funders, but such decisions are very few in number and are generally county court decisions which are not binding on higher courts.

### ***Supply of Goods (Implied Terms) Act 1973 and Supply of Goods and Services Act 1982***

The Supply of Goods (Implied Terms) Act 1973 (the “SGITA”) provides that a Hire Purchase Agreement contains implied terms as to title, description and quality or fitness of the goods. The Supply of Goods and Services Act 1982 (the “SGSA”) provides that a Lease Agreement contains the same implied terms. In each case, the Unfair Contract Terms Act 1977 provides that (a) the implied term as to title cannot be excluded by any contract term; and (b) the implied terms as to description and quality or fitness cannot be excluded in a business-to-consumer contract, but can be excluded in a business-to-business contract to the extent it is reasonable to do so.

All of the Underlying Agreements are business-to-business contracts, and they all therefore attempt to exclude liability in relation to the implied terms as to description, quality and fitness of the goods.

If any goods subject to a Lease Agreement or Hire Purchase Agreement governed by English law are in breach of any term implied by the SGITA or SGSA (which has not been validly excluded), then the Customer is entitled to rescind the contract and return the goods, and to treat the contract as repudiated by the funder and accept such repudiation by notice. In that event, the Customer is not liable to make any further payments, and may claim repayment of the amounts paid by the Customer under the contract and damages such as the cost of hiring an alternative asset. Alternatively, the Customer may elect to affirm the contract and keep the goods and claim damages, which then include the difference in value of the goods had they complied with the implied term and their true value. The Customer will not lose his right to rescind the contract and return the goods for any breach of which he is unaware, such as latent defects, or defects which a consumer has had no reasonable opportunity to discover.

If there is a material breach of any term (express or implied) of a Lease Agreement or Hire Purchase Agreement governed by Scots law, then the Customer is entitled to reject the goods and to treat the contract as repudiated by the funder and also to claim damages. Where the breach is not material, the Customer is not entitled to reject the goods but may claim damages. These provisions will not affect any other rights the Customer may have under the Underlying Agreement.

Any damages claimed by a Customer for any defect in the asset may be set-off against amounts due to the Issuer. Any such set-off (or exercise of analogous rights in Scotland) could have an adverse effect on the Issuer's ability to make payments on the Notes.

### ***New Regulatory Body***

Currently, the Government is in the midst of an overhaul of the UK financial services regime. The Government has proposed that the OFT be abolished, with its current functions being allocated to other (existing) bodies. The proposal is that consumer credit regulation be transferred from the OFT to the Financial Conduct Authority ("FCA"). It is thought that the FCA is not likely to favour the interpretations of some of the OFT's guidance and the primary legislation currently employed by the industry. No assurance can be given that any regulatory change in respect of a new consumer credit regulatory body will not have a material adverse effect on the Underlying Agreements and accordingly to the Issuer's ability to make due payments in full when due under the Notes.

### ***General***

No assurance can be given that changes will not be made to the regulatory regime to the asset finance market in the United Kingdom generally, either with respect to the Seller's particular sector in the market or specifically in relation to the Seller. Any such change including with respect to the cost of compliance, may have a material adverse effect on the Seller, the Issuer and/or the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make due payments in full on the Notes.

### **General Risk Factors**

#### ***Performance risk of Third Parties and Counterparties***

The ability of the Issuer to make payments in respect of the Notes will depend to a significant extent upon the due performance by the Transaction Parties of their respective services, duties, obligations and undertakings under the Transaction Documents and the Master Collection Account Declaration of Trust. The performance of such parties of their respective services, duties, obligations and undertakings is dependent on the solvency of each relevant party.

***No assurance is given that the creditworthiness of the counterparties to the Issuer under the Transaction Documents will not deteriorate in the future.***

Pursuant to the Balance Guaranteed Swap Agreement, the Swap Counterparty has agreed to provide the Issuer with certain hedges against the possible variance between the fixed rate of interest received by the Issuer with respect to the Purchased Receivables and the floating rate of interest payable by the Issuer on the Notes. In the event that the Swap Counterparty was to fail to perform its obligations under the Balance Guaranteed Swap Agreement, investors may be adversely affected. In addition, in the event that the rating by any of the Rating Agencies of the Collection Account Bank, the Account Bank or the Custodian is downgraded, it is possible that such Collection Account Bank, Account Bank or Custodian (as the case may be) may no longer meet the rating requirements as set out in the sections entitled "Transaction Overview – Triggers Tables – Rating Triggers Table – Account Bank and Custodian". There can be no assurance that the Issuer, the Cash/Bond Administrator, the Account Bank and/or Servicer (as applicable) will be able to replace the Collection Account Bank, the Account Bank or the Custodian (as the case may be) within 30 days of the downgrade of the relevant entity and there is therefore a risk that the Rated Notes will be downgraded in such circumstances.

A failure to make timely payment of amounts due to the Swap Counterparty (after any applicable grace periods) would constitute a default under the Balance Guaranteed Swap Agreement. Accordingly, the Issuer will allocate amounts for the purpose of making payments due under the Balance Guaranteed Swap Agreement before allocating any amounts for the purpose of making repayments of principal and payments of interest under the Notes. If the Swap Counterparty is not obliged to make payments of any amounts, or if it defaults on its obligation to make payments to the Issuer in accordance with the terms of the Balance Guaranteed Swap Agreement, the Issuer may have insufficient funds to make payments due on the Notes.

### ***Interest rate risk and risk of Swap Counterparty insolvency***

The Issuer expects to meet its floating rate payment obligations under the Notes primarily from payments received from collections and recoveries made in respect of the Purchased Receivables and Ancillary Rights. However, the interest rates on the Receivables in the Portfolio are set at fixed rates and such payments therefore have no correlation to LIBOR from time to time applicable in respect of the Notes of each Class.

In order to address this risk and reduce the impact of any mismatch between such fixed rate payments and the floating rate payment obligations of the Issuer under the Notes, the Issuer enters into the Balance Guaranteed Swap Agreement. There can be no assurance that the Balance Guaranteed Swap Agreement will adequately address all hedging risks.

The Balance Guaranteed Swap Agreement will contain specific downgrade provisions aimed at maintaining the credit ratings of the Rated Notes, pursuant to which the Swap Counterparty will be required, within a specified timeframe, in the event that it is downgraded either to post collateral or provide a suitable guarantor or transfer its rights and obligations under the Balance Guaranteed Swap Agreement to another suitably rated entity or take any other action (which may include no action) which will result in the rating of the Rated Notes then outstanding being rated by the relevant Rating Agency, following the taking of such action, no lower than they would be rated but for the occurrence of such downgrade. However, in the event that a Swap Counterparty is downgraded, there can be no assurance that a guarantor or replacement Swap Counterparty will be found or that the amount of any collateral posted to the Issuer will be sufficient to meet the Swap Counterparty's obligations.

In the event of early termination of the Balance Guaranteed Swap Agreement, including any termination upon failure by the Swap Counterparty to perform its obligations, there is no assurance that the Issuer will be able to meet its obligations under the Notes in full or even in part.

In the event of termination of the Balance Guaranteed Swap Transaction due to a default by the Swap Counterparty or its failure to take remedial action following a downgrade event in respect of the Swap Counterparty, the Swap Counterparty will be deferred in order of priority in the Priority of Payments, including on the insolvency of the Swap Counterparty. Whilst such deferral has been upheld as a matter of English law the effectiveness of such provisions are the subject of judicial focus and there is no assurance that the English courts or foreign courts would necessarily continue to follow this approach. We would refer you to the sections headed "Balance Guaranteed Swap Transaction termination payments" below and "Insolvency proceedings and subordination provisions - the "Anti-Deprivation" Principle" above.

If the Swap Counterparty or the Issuer terminates the Balance Guaranteed Swap Agreement no assurance can be given that replacement hedging arrangements will continue to provide the Issuer with the same level of protection as the original Balance Guaranteed Swap Agreement. For a description of the terms of the Balance Guaranteed Swap Agreement, see the section headed "Credit Structure and Cash Flow - Terms of the Balance Guaranteed Swap Agreement".

### ***Balance Guaranteed Swap Transaction termination payments***

If the Balance Guaranteed Swap Agreement terminates, the Issuer may be obliged to pay a termination payment to the Swap Counterparty. There can be no assurance that the Issuer will have sufficient funds available to make any termination payment under the Balance Guaranteed Swap Agreement or that the Issuer, following termination of the Balance Guaranteed Swap Agreement, will have sufficient funds to make subsequent payments to the Noteholders in respect of the relevant Class of Notes.

Except where the Balance Guaranteed Swap Agreement is terminated as a result of the Swap Counterparty's default or its failure to take remedial action following a downgrade event in respect of the Swap Counterparty, any termination payment which is payable by the Issuer in respect of the Balance Guaranteed Swap Agreement will rank in priority to payments of interest due on the Notes.

If the Balance Guaranteed Swap Agreement terminates, there can be no assurance that the Issuer will be able to enter into a replacement swap, or if one is entered into, there can be no assurance that the credit rating of the



replacement Swap Counterparty will be sufficiently high to prevent a downgrading of the then current ratings of one or more Classes of the Rated Notes by the Rating Agencies.

### ***Minimum denominations***

The Notes have a minimum denomination of £100,000. The Conditions provide that, for so long as the Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg (or other relevant clearing system) so permit, the Notes will be tradable in nominal amounts (a) equal to, or integral multiples of, the minimum denomination, and (b) the minimum denomination plus integral multiples of £1,000 in excess thereof.

Definitive certificates will only be issued in respect of the Notes under certain circumstances. If definitive certificates are issued, they will be issued in respect of all holdings of Notes equal to or greater than the minimum denomination. However, Noteholders should be aware that definitive that have a denomination that is not an integral multiple of the minimum denomination may be illiquid and difficult to trade. Definitive certificates will in no circumstances be issued to any Noteholder in an amount lower than the minimum denomination and such Notes will be cancelled and Noteholders will have no rights against the Issuer (including rights to receive principal or interest or to vote) in respect of such Notes.

### ***Clearing Systems***

The Notes of each Class will initially be represented by a Global Note except in certain limited circumstances described in such Global Note.

Definitive certificates evidencing holdings of Notes will only be available in certain limited circumstances. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in each Global Note. While a Class of Notes is represented by a Global Note, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to the Principal Paying Agent. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

See further “Summary of Provisions Relating to the Notes while in Global Form”.

### ***Projections, forecast and estimates***

Estimates of the expected average lives of the Notes included herein, together with any projections, forecasts and estimates set out in this Prospectus are forward-looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only estimates. Actual results may vary from projections and the variation may be material. There can be no assurance as to the future performance of the Purchased Receivables.

### ***United Kingdom Taxation Position of the Issuer***

The Taxation of Securitisation Companies Regulations (the “**Regulations**”) were made under section 84 of the Finance Act 2005 (now section 624 of the Corporation Tax Act 2010) on 11 December 2006 to deal with the corporation tax position of securitisation companies such as the Issuer with effect for their periods of account beginning on or after 1 January 2007. If the Regulations apply to a company, then, broadly, it will be subject to corporation tax on the cash profit retained by it for each accounting period in accordance with the transaction documents. The Issuer has been advised that it will be taxed under the special taxation regime for which provision is made by the Regulations. Investors should note, however, that the Regulations are in short form and it is

expected that advisors will rely significantly upon guidance from the United Kingdom tax authorities when advising on the scope and operation of the Regulations including whether any particular company falls within the regime provided for in the Regulations. Investors should note that if the Issuer did not fall to be taxed under this regime then its profits or losses for tax purposes might be different from its cash position and there might be a risk of the Issuer incurring unfunded tax liabilities. In addition, the deduction of interest paid on the Notes could well be disallowed for United Kingdom corporation tax purposes which could cause a significant divergence between the cash profits and the taxable profits of the Issuer. Any unforeseen taxable profits in the Issuer could have an adverse effect on its ability to make payments to Noteholders.

### ***EU Savings Directive***

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**Directive**”), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise or certain other persons in that other Member State; however, for a transitional period, Austria and Luxembourg will instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. The Luxembourg government has recently announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

### ***Withholding or deduction under the Notes and Coupons***

In the event that a withholding or deduction for or on account of any taxes is imposed by applicable law in respect of amounts payable under the Notes or Coupons, neither the Issuer nor any Paying Agent nor other person is obliged to gross up or otherwise compensate holders of Notes or Coupons for the lesser amounts which they will receive as a result of the imposition of such withholding or deduction. Following the imposition of such withholding or deduction, the Issuer may redeem the Notes subject to the requirements of and in accordance with Condition 5(e) of the Notes (*Optional Redemption for Taxation or Other Reasons*) if the Issuer has sufficient funds available, thereby shortening the average lives of the Notes.

### ***U.S. Foreign Account Tax Compliance***

Pursuant to the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 (“**FATCA**”), withholding of 30% US tax may be required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation made on or after (i) 1 July 2014 in respect of certain US source payments, (ii) 1 January 2017, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce US source interest or dividends and (iii) 1 January 2017 (at the earliest) in respect of “foreign passthru payments”. Whilst the Notes are in global form and held within the Clearing Systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the Clearing Systems (see the section entitled “Taxation”). 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. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the Principal Paying Agent and the Principal Paying Agent has paid the Clearing Systems, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the Clearing Systems and custodians or intermediaries.

## **Risks Relating to the Portfolio and its Management**

### ***No assurance as to Insurance***

Each Customer in respect of a Purchased Receivable is required to take out and maintain comprehensive insurance in respect of its obligations under the relevant Underlying Agreement. The majority of Underlying Agreements from which the Purchased Receivables derive, require the Seller to be named as loss payee or have the Seller's interest noted on the relevant insurance policy. For those Underlying Agreements that do not require the Seller to be so named or noted, the Customer is required to hold insurance proceeds on trust for the Seller's benefit and the Customer authorises the Seller to receive any insurance proceeds from the relevant insurer.

If the Equipment is stolen or is otherwise a total loss then if the Seller is named as loss payee or noted on the policy, the relevant insurer should pay amounts due under the relevant insurance policy to the Seller. If the Seller is not so named or noted, the relevant insurer should pay amounts due under the relevant insurance policy to the Customer. In all cases, irrespective of whether insurance proceeds are available and whether such amounts are paid by the relevant insurer to the Seller or the Customer, the Customer remains responsible to pay a full termination sum to the Seller under the terms of the Underlying Agreement.

It should be noted that the Seller makes no assurance that (a) such insurance has in fact been taken out or maintained (b) the Customer has named the Seller as loss payee or noted the Seller's interest on the relevant insurance policy and (c) proceeds from such insurance will be available to the Seller, the Issuer or the Trustee.

### ***No rights in respect of Equipment***

As set out in the Receivables Sale Agreement, the Seller will retain legal and equitable title to relevant Equipment. Therefore, the Issuer does not have any rights in, over or to any Equipment except that in the case of a Defaulted Receivable (other than a Scottish Receivable), the sale proceeds from enforcement and/or recovery actions taken by the Servicer (in accordance with the Receivables Servicing Agreement) have been assigned to the Issuer by the Seller pursuant to the Receivables Sale Agreement.

As the Issuer does not have any rights in, over or to the Equipment but only to the sale proceeds thereof, in the event of any insolvency of the Seller, the Issuer is reliant on any administrator or liquidator of the Seller taking appropriate steps to sell any such Equipment that has been returned or repossessed.

### ***Outstanding Staged Payment Leases***

In respect of Outstanding Staged Payment Leases, should the Seller fail to make the remaining scheduled payment(s) to the relevant supplier, that supplier may not deliver the Equipment to the Customer or may attempt to repossess the relevant Equipment from the Customer. This may give the Customer grounds to attempt to challenge the obligation to pay under the Underlying Agreement, notwithstanding that Customer assumes all relevant risks. If such a situation were to occur, the Issuer or Cash/Bond Administrator on its behalf may apply amounts standing to the credit of the Staged Payment Contingency Reserve Ledger up to £822,651.61 to make payments to the relevant suppliers on behalf of the Seller.

### ***Servicing of the Portfolio***

#### ***Generally***

The Portfolio will be serviced by the Servicer, either directly or through a sub-delegate. Consequently, the net cash flows from the Portfolio may be affected by decisions made, actions taken and the collection procedures adopted by, the Servicer. To address this risk, the terms of the Receivables Servicing Agreement provide that the Servicer will devote to the performance of its obligations at least the same skill, care and diligence as would a Prudent Receivables Servicer performing such obligations. However, the Servicer will also continue to perform administration and management services for its own account and therefore will not be exclusively dedicated to the performance of the Servicer's activities under the Receivables Servicing Agreement.

The appointment of Investec Asset Finance plc as Servicer may be terminated by the Issuer (with the consent of the Trustee) or by the Trustee on the happening of certain termination events. Such termination events as set out in the Receivables Servicing Agreement, include (without limitation) non-performance by the Servicer of its obligations under the Receivables Servicing Agreement, insolvency or similar events occur in relation to the Servicer or if, following the delivery of an Enforcement Notice, the Trustee is of the opinion that the continuation of the Servicer's appointment is materially prejudicial to the interests of the Noteholders.

Following any such termination, Virtual Lease Services Limited as the Standby Servicer will assume the functions of Investec Asset Finance plc as the Servicer.

In addition to the Issuer and/or Trustee's ability to terminate the Servicer's appointment as described above, the Servicer may, provided it has given not less than six months' written notice of its intention to retire, terminate its appointment as Servicer provided that the conditions set out in the Receivables Servicing Agreement are satisfied. Such conditions include (without limitation) that the Standby Servicer (or another appropriate successor servicer) has been appointed on terms substantially the same as the Receivables Servicing Agreement and that a Rating Agency Confirmation is received.

#### ***Risk of late forwarding of payments***

No assurance can be given that the Servicer will promptly forward all amounts collected from Customers pursuant to the relevant Underlying Agreements to the Issuer in respect of a particular Determination Period in accordance with the Receivables Servicing Agreement. To mitigate the risk of a shortfall in the payment of interest on the Notes, the Issuer has established a number of reserves, including the Reserve Fund to be used in connection with a Revenue Shortfall and the Liquidity Reserve Fund to be used in connection with a Senior Fees Shortfall and/or Interest Shortfall on the A Notes or the B Notes (subject, in the case of the B Notes if the B Notes are not the Most Senior Class, to the B PDL Trigger not being met). Furthermore, pursuant to the Receivables Servicing Agreement, the Servicer has undertaken to transfer all amounts of cleared funds received by the Collection Account Bank and credited to the Collection Account in respect of the Purchased Receivables on each day, at the close of business on such day to the Transaction Account (subject to the Daily Transfer Minimum Amount).

#### ***Delays in collecting payments and higher fees could occur if IAF ceases to be the Servicer***

If IAF resigns or its appointment is terminated as Servicer, the processing of payments on the Purchased Receivables and the transmission of information relating to collections and the recoveries thereunder could be delayed. This could cause delays in payments being made on the Notes. The Servicer may be removed as Servicer if default is made by the Servicer in the performance or observance of any of its covenants or obligations which, in the sole opinion of the Trustee, is materially prejudicial to the interests of the Noteholders and which, in the case of a default that is remediable, continues unremedied for a period of 15 days after written notice by the Trustee requiring the same to be remedied, or where the Servicer is subject to insolvency proceedings. There is a risk that there may be a delay in the appointment of a substitute servicer or in the assumption by the Standby Servicer of the performance of the Servicer's obligations in accordance with the terms of the Standby Receivables Servicing Agreement.

Following the occurrence of an Invocation Event, the fees payable by the Issuer in respect of the services of the Standby Servicer may be higher than would otherwise be payable if the Invocation Event had not occurred. Please see further the sections headed "Fees" and "Servicing and Cash Management of the Portfolio - Standby Receivables Servicing Agreement".

### ***Termination of the appointment of the Standby Servicer***

If the appointment of the Standby Servicer under the Standby Receivables Servicing Agreement is terminated, there can be no assurance that a replacement Standby Servicer would be found who would be willing and able to service the Purchased Receivables. The ability of any entity acting as replacement Standby Servicer to fully perform the required services would depend, among other things, on the information, software and records available to them at the time of the appointment. Any delay or inability to appoint a replacement Standby Servicer may affect payments being made on the Notes.

The failure of the Standby Servicer to assume performance of the Services following the termination of the appointment of the Servicer in accordance with the terms of the Receivables Servicing Agreement and the Standby Receivables Servicing Agreement could result in the failure of or delay in the processing of payments on the Purchased Receivables and ultimately could adversely affect payments of interest and principal on the Notes.

Notwithstanding the foregoing, the appointment of the Standby Servicer may also be terminated in the event that (i) the Seller or any of its Affiliates increases its shareholding in the Standby Servicer; or (ii) the Seller or any of its Affiliates agrees to provide a debt facility to the Standby Servicer. If the appointment is terminated as a result of any one of (i) or (ii), pursuant to the Replacement Standby Servicer Facilitation Agreement, Investec Bank plc in its capacity as Replacement Standby Servicer Facilitator is required to use commercially reasonable endeavours to identify a replacement standby servicer, and to negotiate and document the commercial terms of the proposed appointment at the cost of the Issuer. However, there is no assurance that a replacement standby servicer will be identified or appointed. To the extent that a replacement standby servicer is not identified or appointed, the continuation of the Standby Servicer's appointment may result in one or more of the Rating Agencies lowering or withdrawing the ratings assigned to the Rated Notes. To the extent that a replacement is appointed, the terms of such appointment may be materially different to the terms of the Standby Receivables Servicing Agreement in its current form and any fees payable in respect of the appointment may be higher than currently agreed with the Standby Servicer. Accordingly, the Issuer's ability to make payments on the Notes may be adversely affected by reduced obligations on the part of the standby replacement servicer or by higher costs incurred. In each case, if any rating assigned to the Rated Notes is downgraded or withdrawn as a consequence, the market value and/or liquidity of the Rated Notes may be reduced.

Noteholders should note that the Trustee shall, without the consent or sanction of any of, or liability to, Noteholders or Couponholders, enter into the Replacement Standby Receivables Servicing Agreement (whether or not its terms are materially prejudicial to the interests of the Noteholders or Couponholders).

### ***Rights in relation to the Purchased Receivables***

The Issuer will rely on the Servicer to enforce any rights in respect of the Purchased Receivables and the related Underlying Agreements and to carry out the obligations described under "Servicing and Cash Management of the Portfolio - Receivables Servicing Agreement" below.

Investec Asset Finance plc will undertake for the benefit of the Issuer that it will not take any steps in relation to the Underlying Agreements, otherwise than in order to perform its duties under the Receivables Servicing Agreement and that it will lend its name to, and take such other steps as may be required by the Issuer in relation to, any action (whether through the courts or otherwise) in respect of the Underlying Agreements.

### ***Unsecured rights against Investec Asset Finance plc***

The Issuer's claims against Investec Asset Finance plc in respect of certain Ancillary Rights, including Enforcement Recoveries, the proceeds of sale of Equipment following repossession thereof by the Seller and the proceeds of any and all insurance claims received by the Seller in respect of Equipment are unsecured contractual claims against Investec Asset Finance plc. The Issuer is therefore dependent upon Investec Asset Finance plc actually recovering such sums and remitting to the Issuer any proceeds of such realisation. To the extent Investec Asset Finance plc does not adequately carry out its recovery procedures as against a Customer or with respect to Equipment or otherwise account for any proceeds of such action to the Issuer, the Issuer's ability to make payments on the Notes may be adversely affected.

### ***Economic Downturn***

The UK has experienced a severe economic downturn which, if such economic conditions continue, may adversely affect the performance of the Purchased Receivables. Rising unemployment and continued lack of availability of credit may lead to increased delinquency and default rates by Customers, as well as decreased consumer demand for fixed term leases, minimum term leases and hire purchase, which could increase the amount of a loss if Purchased Receivables default. If the economic downturn worsens, or continues for a prolonged period of time, delinquencies and losses on the Purchased Receivables could increase, which could result in losses on the Notes.

### ***Limited data and due diligence relating to the Portfolio***

None of the Joint Lead Managers, the Co-Manager, the Joint Lead Arrangers, any Transaction Party, their respective Affiliates or any other Person has undertaken or will undertake any investigations, searches or other actions to verify the information concerning the Purchased Receivables or to establish the creditworthiness of any Customer. Each party to the Receivables Sale Agreement will rely solely on representations and warranties given by the Seller in respect of, among other things, the Receivables, the Customers and the Underlying Agreements. Security over the Issuer's rights under the Purchased Receivables will be granted by the Issuer in favour of the Trustee under the Deed of Charge.

In the event of a breach by the Seller of a Lease Receivables Warranty, the Servicer shall notify the Seller of the breach and request the Seller remedy the breach (if the breach is capable of remedy) within 21 days of notification. If the Seller fails to remedy the breach (or the breach is incapable of remedy), then the Servicer shall deliver a Receivables Repurchase Notice to the Seller and the Seller shall repurchase the relevant Purchased Receivable and its Ancillary Rights on the date specified in such Receivables Repurchase Notice.

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

There can be no assurance that the Seller will have the financial resources to honour its repurchase obligations under the Receivables Sale Agreement. This may affect the quality of Purchased Receivables and their Ancillary Rights in the Portfolio and, accordingly, the ability of the Issuer to make payments on the Notes. The yield to maturity of the Notes may be affected by the repurchase of Purchased Receivables.

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

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes are expected to amount to approximately £270,250,000 and will:

- (a) be applied in the purchase by the Issuer from the Seller of the Portfolio on the Issue Date;
- (b) be used to meet the Issuer Costs including fees payable to the Joint Lead Managers and the Co-Manager;
- (c) be used to fund the Reserve Fund up to its initial amount on the Issue Date (but only from the net proceeds of the E Notes);
- (d) be used to fund the Contingency Reserve (but only from the net proceeds of the E Notes);
- (e) be used to fund the Staged Payment Contingency Reserve (but only from the net proceeds of the E Notes);  
and
- (f) be used to fund the Yield Reduction Contingency Reserve (but only from the net proceeds of the E Notes).

## THE ISSUER

### Issuer

The Issuer was incorporated and registered under the laws of England and Wales under the Companies Act 2006 with limited liability as a public limited company on 15 July 2013 with registered number 8610289. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each of which 49,999 shares are paid up to the amount of 25 pence per share and 1 share is fully paid up, and, in each case, are held by Temese Funding Holdings Limited (the “Parent”). The entire issued share capital of the Parent is held on trust by SFM Corporate Services Limited. The Issuer has no subsidiaries.

### Directors

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

Name	Address	Principal Activities/Position
SFM Directors Limited	35 Great St. Helen’s, London, EC3A 6AP, United Kingdom	Director of SPVs
SFM Directors (No.2) Limited	35 Great St. Helen’s, London, EC3A 6AP, United Kingdom	Director of SPVs
Claudia Wallace	35 Great St. Helen’s, London, EC3A 6AP, United Kingdom	Director

The Secretary of the Issuer is: SFM Corporate Services Limited.

The registered office of the Secretary of the Issuer is at: 35 Great St. Helen’s, London, EC3A 6AP, United Kingdom.

The registered office of the Issuer is at: 35 Great St. Helen’s, London, EC3A 6AP, United Kingdom.

The telephone number of the Issuer is: +44 (0) 207 398 6300.

### Activities

The Issuer has been established as a special purpose vehicle to acquire a portfolio of leases and hire purchase agreements entered into by Customers in England, Wales and Scotland to finance business purpose Equipment and issue the Notes. Its activities will be restricted by the terms and conditions of the Transaction Documents and will be limited to the issue of the Notes, the ownership of the Purchased Receivables and Ancillary Rights and other assets referred to herein, the exercise of related rights and powers, and other activities referred to herein or reasonably incidental thereto. These activities will include (a) the collection of all payments due from Customers in respect of Purchased Receivables; (b) the operation of arrears procedures and (c) the enforcement of Purchased Receivables against Customers in default. Substantially all of the above activities will be carried on by the Servicer on an agency basis under the Receivables Servicing Agreement or the Standby Servicer under the Standby Receivables Servicing Agreement, as the case may be. In respect of certain specified items, such as the discretionary (as opposed to the procedural) aspects of the enforcement of Purchased Receivables and Ancillary Rights against Customers in default and other discretionary matters, the Issuer has delegated certain decision making powers to the Servicer pursuant to the Receivables Servicing Agreement.

Additionally, the Cash/Bond Administrator or the Standby Cash/Bond Administrator will provide cash management and bond reporting services to the Issuer pursuant to the Cash/Bond Administration Agreement or the amended and restated Cash/Bond Administration Agreement (entered into pursuant to the Standby Cash/Bond Administration Agreement), as the case may be. The Issuer (with the consent of the Trustee) or the Trustee may revoke the agency (and, simultaneously, the rights) of the Servicer, the Standby Servicer, the Cash/Bond



Administrator and/or the Standby Cash/Bond Administrator upon the occurrence of certain events of default or insolvency or similar events in relation to the Servicer, the Standby Servicer, the Cash/Bond Administrator or the Standby Cash/Bond Administrator or, in certain circumstances, following an Event of Default in relation to the Notes. Following such an event as aforesaid, the Issuer (with the consent of the Trustee) or the Trustee may, subject to certain conditions, appoint substitute administrators.

The principal objects of the Issuer are set out in its Articles of Association, and are, inter alia, to carry on business as a general commercial company.

Since its incorporation, the Issuer has not produced any accounts and has not engaged in any material activities other than those incidental to its registration as a public company, the authorisation of the issue of the Notes, the matters contemplated in this Prospectus, the authorisation of the Transaction Documents referred to in this Prospectus in connection with the issue of the Notes and other matters which are incidental or ancillary to those activities. The Issuer has no employees.

### **Issuer profit**

Pursuant to the Pre-Enforcement Revenue Priority of Payments, Available Revenue Amounts are to be applied on each Interest Payment Date in an amount of up to £3,750 for the first accounting year of the Issuer and £416.67 (up to a total of £5,000 per annum) on each Interest Payment Date for each subsequent accounting year for retention by the Issuer and to be recognised in the accounts of the Issuer as profit for the relevant accounting year. Any such amount so applied shall be credited to the Issuer Turn Ledger and applied in satisfaction of the Issuer's obligations in respect of United Kingdom corporation tax and in payment of dividends.

### **Payment Agreement**

Under a payment agreement dated 1 August 2013 between the Parent and the Seller, the Seller has paid a fee of £12,500.75 (exclusive of VAT) to Parent in return for Parent agreeing to use its reasonable endeavours to ensure that the Issuer enters into the transactions that are contemplated for the Issuer in this Prospectus. Parent agreed under the same agreement to use that fee to acquire shares in the share capital of the Issuer and has, as at the date hereof, used such fee to acquire those shares.

### **Auditors**

The independent auditor of the Issuer is Ernst & Young LLP whose office is located at 1 More London Place, London SE1 2AF England.

## CAPITALISATION STATEMENT

The following table shows the unaudited capitalisation of the Issuer as at 13 November 2013.

### Share Capital

	<u>£</u>
<i>Authorised</i>	
50,000 Ordinary Shares of £1 each.....	50,000
<i>Issued</i>	
49,999 Ordinary Shares of £1 each, each of which is one quarter paid up .....	12,499.75
1 Ordinary Share of £1, which is fully paid up .....	1.00
	<u>12,500.75</u>
<i>Borrowings<sup>(1)</sup></i>	
<b>Total Capitalisation</b> .....	<u><u>12,500.75</u></u>

Note:

- (1) As at 13 November 2013, the Issuer has no loan capital outstanding or created but unissued debt save for the Notes to be issued on or around 14 November 2013, no term loans outstanding and no other borrowings or indebtedness in the nature of borrowing nor any contingent liabilities or guarantees.

## THE SELLER AND SERVICER

### Investec Asset Finance plc

Investec Asset Finance plc (“**IAF**”) (registered number 02179313) is the Seller and Servicer. IAF is a wholly owned subsidiary of Investec Bank plc. IAF’s registered office is at Reading International Business Park, Reading, RG2 6AA, United Kingdom. IAF is part of the Investec Asset Finance Group (“**Investec AFG**”) which has achieved growth through a combination of organic growth and strategic acquisitions of asset portfolios and businesses. Investec AFG’s current portfolio consists of approximately £600,000,000 of lease assets, of which IAF’s current portfolio consists of approximately £473,000,000 of assets (the majority of which was originated post 2009). IAF currently has 110 employees. IAF provides asset and loan finance across a broad spectrum of asset classes and market sectors to UK businesses including SMEs, corporate and professional practices, offering a wide product range for small and middle ticket deals up to a value of £5 million.

### Origination Channels

IAF originates sterling denominated receivables exclusively within the United Kingdom. All of IAF’s business is introduced by pre-approved intermediaries, known as brokers. Currently, IAF works with a network of over 200 brokers. IAF continues to increase the number of pre-approved brokers consistent with its strategic growth objectives.

All brokers are pre-approved by IAF and must hold all necessary authorisations and licences (including without limitation, a current and appropriate consumer credit licence). Prior to commencing business with an approved broker, IAF enters into a trading agreement with the relevant broker, pursuant to which IAF has recourse to the broker in the event of regulatory or other breaches by the broker. IAF also enters into sale and purchase arrangements with certain of its brokers pursuant to which IAF agrees from time to time to purchase leases and the related Equipment from the relevant broker. These sale and purchase arrangements are governed by the terms of the relevant trading agreement between IAF and the broker. If IAF agrees to purchase lease from a pre-approved broker pursuant to these sale and purchase arrangements, IAF pre-approves the Customer’s application (prior to the broker entering into the relevant lease with the relevant Customer) pursuant to IAF’s underwriting process as described below. Immediately following acquisition, IAF provides written notice to the relevant Customer to perfect the legal assignment of the lease purchased by IAF. All standard form documentation used by brokers (including any proposed variations) is pre-approved by IAF. Brokers receive commission (the quantum of which is determined by the size and quality of the relevant lease) from IAF in respect of each completed lease application. Leases introduced by each broker are monitored on a monthly basis to assess performance deterioration. Pursuant to the terms of the relevant trading agreements, IAF has the ability to claw back commissions payable to brokers in the event of underperformance of leases introduced by the relevant broker within 12 months of origination of the lease.

### Customer Application Process

IAF’s application process requires the relevant broker to complete an application form in respect of each prospective customer (the “**lease proposal**”) and submit the lease proposal to IAF for approval.

If a lease proposal is approved by IAF in accordance with its underwriting processes (as described below), formal written confirmation of the outcome is issued to the relevant broker and a copy retained on the lease file. For each successful application, the relevant broker will liaise with both the applicant and the supplier. Following delivery of the Equipment to the Customer by the relevant supplier, the broker will forward IAF the lease or hire purchase documentation (including an executed certificate of acceptance if the relevant lease or hire purchase agreement does not contemplate deemed acceptance) signed by the Customer. IAF then executes the transaction and pays the supplier. The exception to this general rule arises in respect of certain staged payment leases whereby IAF pays the supplier (in full or pursuant to a schedule of payments) prior to the delivery to, or installation of, the Equipment with the Customer.

## **Underwriting Process**

### ***General***

IAF's origination and credit guidelines as set out in the Investec Asset Finance Group Risk Appetite and Policy Statement and Investec Asset Finance plc Credit Guidelines as each may from time to time, be amended by the IAF ("**Credit Guidelines**") contain the internal guidelines in respect of IAF's acceptance of customers, brokers and suppliers. The IAF's underwriting guidelines were established and are reviewed by local and Investec Group credit committees.

In 2009 a wholesale re-appraisal of the credit policy guidelines was undertaken. Key changes included:

- 1) more emphasis on financing assets consistent with the business purpose;
- 2) restrictions and stricter guidelines on lending to certain high risk business sectors;
- 3) stricter requirements around the age of financial information provided;
- 4) more emphasis on the financial stability of a counterparty, including: cash flow, liquidity and activity of directors; and
- 5) stricter criteria around the lessees level of personal gearing, including: credit card headroom/balances/movements, equity on private property, missed payments on mortgages or personal loans.

All underwriting is conducted on a centralised basis through the IAF credit department. Brokers have no involvement in IAF's underwriting process. All lease proposals received from brokers are directed through an automated decision engine. As described below in "Automated underwriting", low value transactions that satisfy the underwriting criteria are approved by the automated decision engine. All other lease proposals are redirected for review by an IAF underwriter. Lease agreements acquired by IAF from certain brokers (as described above in "Origination Channels") are pre-approved by IAF through its underwriting process prior to the relevant broker entering into the lease agreements and prior to IAF purchasing such lease agreements from the relevant broker.

### ***Manual underwriting***

All lease proposal redirected by the automated decision engine are reviewed by IAF underwriters. All underwriters are experienced asset finance professionals. Each underwriter will appraise and undertake a risk evaluation of the relevant lease proposal. The risk evaluation will generally include the prudential assessment of individual cases such as commercial sense of transaction, financial position and ability to service the debt. Equipment is not financed over a term greater than its useful life, and there are certain black listed sectors and Equipment that will not be financed. In addition there are exposure limits across asset types, counterparties and sectors, which are monitored monthly by Investec AFG's executive committee. Exposure limits include:

- (i) Counterparties: exposures to external counterparties are restricted to no more than 5% or £50m of the total Investec AFG book (unless otherwise approved by the Investec Group credit committee);
- (ii) Individual SIC code: exposure to individual SIC codes are limited to 2.5% of the total Investec AFG book (with the exception of certain approved sectors (such as solicitors and accountants));
- (iii) Asset SIC code: exposures to individual asset classes are limited to 5% of the total Investec AFG book (except for certain approved assets such as cars, vehicles and photocopiers, each of which are also capped).

Central to IAF's lending approach is customer affordability. When appraising a lease proposal the underwriter will assess the following (if applicable to the relevant lease proposal):

- (i) Current debt position analysis, serviceability both in terms of principal and interest, debt to equity ratios, liquidity and cash flow. In addition, performance with existing creditors will be taken into account, including any missed payments or shifts in payment terms;
- (ii) Gross obligations under guarantee or indemnity/net worth multiple;
- (iii) No funding to pay back shareholders' loans before a firm's business model is proven and the business has acceptable scale and relevance;
- (iv) Corporate enterprises business model, financial profile, balance sheet, cash flow, management skills and track record of the board; and
- (v) A combination of quantitative and qualitative analysis for corporate entities.

In certain cases additional security (including without limitation, high deposits or cross company or director guarantees) may be required.

Depending on the outcome of the evaluation, the application will be approved or declined by the relevant underwriter acting in accordance within the individual underwriter's delegated lending authority. Lease proposals may also be referred by the underwriter back to the relevant broker for further information. When the broker reverts with responses to the further information request, the lease proposal is then re-submitted for processing. Each underwriter's lender authority is not delegable. Applications for corporates of exposures of less than £500,000 and for local authorities and government risk of exposures of less than £750,000 are evaluated and approved within IAF's credit department. Applications exceeding these limits are referred to Investec Group credit committee for further sanction. As part of its audit and risk framework, IAF and Investec Group credit performs regular reviews of underwriting decisions.

#### ***Third party data***

As part of the underwriting process, IAF will obtain a reference from Equifax. This allows certain customer details to be verified (including a customer's name and address and gives a credit history, including, where available, details of a customer's other indebtedness and any other available financial information).

#### ***Fraud prevention***

IAF is a member of an industry approved Fraud Alert Service which was established by the Finance & Leasing Association in conjunction with Dun & Bradstreet. As a member of this service, IAF receives alerts if a prospective applicant from another industry member has exhibited suspicious characteristics.

#### ***Automated underwriting***

As described above, upon receipt all lease proposals received from brokers are directed through an automated decision engine. Approximately 10-15% of IAF's total business volumes each year are approved or declined by this automated decision engine. This automated system in principle acts as a filter for approving strong and declining weak lease proposals for low value transactions. The automated decision engine methodology is consistent with that of IAF's manual underwriting process described above. Lease proposals below the following financial limits are currently eligible for approval through the automated decision engine:

- local authority and government risk – lease proposals for £30,000 or less;
- corporates – lease proposals for £20,000 or less;
- partnerships – lease proposals for £15,000 or less;
- sole traders – lease proposals for £12,500 or less.

## **IAF's Collection Process**

### ***General***

IAF's collection activity is controlled centrally within the IAF collections department and defined and supported by IAF's workflow platform. The platform is an automated collections cycle that is designed to manage collections activity and related workflow. IAF's collection department currently consists of two teams with approximately 18 employees in total. As described below, early arrears collections (0-60 days) are managed by the early arrears collections team and later collections (greater than 60 days) are managed by the late arrears collections team. The IAF collections management team meets on (at least) a weekly basis to discuss and resolve issues which may arise within the IAF portfolio. In addition, the IAF collections management team attends a monthly impairment meeting to review problem accounts and to identify any emerging trends within the portfolio. Monthly management information is forwarded to Investec Group credit committee and reviewed on a quarterly basis.

The collections strategy is generally determined by the arrears status and the usual payment method of the lessee. All direct debit customers receive an annual invoice from IAF. Non direct debit customers receive a periodic invoice 45 days in advance of each relevant payment date. Customers receive appropriate written notifications in respect of their account from time to time as required by legislation.

### ***Early arrears collections (0-60 days)***

Arrears accounts receive tailored correspondence (depending on the regulatory status of the relevant lease or hire purchase agreement) dispatched automatically through the workflow platform. In addition, for so long as a customer remains in arrears, the IAF collections team makes follow up calls to address customer queries and to identify the reason for non-payment and to resolve the relevant payment default.

Where appropriate, the IAF collections team (or appropriately authorised agents acting on IAF's behalf) may meet with the customer to resolve any specific issues arising from the relevant payment default.

### ***Late collections (60+ days)***

Where early collection procedures are unsuccessful, a termination letter (together with a statement of the relevant termination balance) is issued informing the customer that they are in default and that all amounts under the relevant lease agreement or hire purchase agreement are immediately due and payable.

After 60 days, the IAF collections team determines a recovery strategy based on the reason for non-payment. Recovery strategies may involve appointment of an appropriately authorised third party debt collection agency, enforcement proceedings (by way of court order), repossession of the Equipment (if appropriate), novation of a Customer's obligations to a third party or in the case of insolvency, registering a claim in the relevant insolvency estate.

Any proposal that IAF accept a reduced settlement amount is approved internally within the IAF collections team in accordance with the guidelines as set out in the Investec Asset Finance plc Collections Guidelines (used by IAF from time to time and as may be amended by IAF from time to time in its discretion) (the "**Collections Guidelines**").

### ***Customer insolvency***

If IAF receives written (and verifiable) notice that a customer has entered insolvency proceedings, default termination procedures are implemented immediately.

### ***Equipment repossession***

For the majority of Equipment financed, IAF may determine that it is not economical to repossess and sell the relevant Equipment. If Equipment is repossessed, such assets are generally sold at auction or where bespoke

equipment has been financed, through a designated supplier. The Customer remains liable for the subsequent value of any shortfall debt and is subject to late collection processes for the settlement of the shortfall debt.

## **THE CASH/BOND ADMINISTRATOR AND REPLACEMENT STANDBY SERVICER FACILITATOR**

### **Investec Bank plc**

Investec Bank plc is part of an international specialist bank and asset management group that provides a diverse range of financial products and services to a niche client base in the United Kingdom, South Africa and Australia.

Investec Bank plc is registered under company number 00489604 and has its registered office at 2 Gresham Street, London EC2V 7QP.

Investec Bank plc has extensive experience in originating, acquiring, trading and securitising asset portfolios. Investec Bank plc will delegate on the Issue Date certain of its functions as Cash/Bond Administrator under the Cash/Bond Administration Agreement to Wells Fargo Bank International.

Investec Bank plc is regulated by the Financial Conduct Authority and the Prudential Regulation Authority.



## **THE STANDBY SERVICER**

### **Virtual Lease Services Limited**

Virtual Lease Services Limited is a leading UK servicer in asset-backed lending and related areas. The company was founded in 1999 by a number of asset finance professionals, some of whom are still with the business today. Virtual Lease Services Limited operates in three main sectors: business process outsourcing and management of process-driven instalment credit portfolios; provision of standby servicing to the securitisation markets; and management of rental programmes for equipment manufacturers and associated resellers.

After operating successfully and profitably for a number of years, the company was acquired by the German servicer, GfKL, in 2007, under whose ownership Virtual Lease Services Limited continued to prosper. When GfKL decided to change direction in 2011, Virtual Lease Services Limited was sold to Netsol Technologies Inc, a Nasdaq-quoted asset finance software company, who acquired 51%, and Investec Asset Finance plc, who acquired the remaining 49%.

Virtual Lease Services Limited manages a portfolio in excess of £200m which comprises of approximately 35,000 agreements, from offices in London and Chester and employs 15 staff. Under its current ownership, the business has refocused its goals and activities to support large scale business process outsourcing contracts.

Fitch has awarded Virtual Lease Services Limited a 3 minus ABPS servicer rating, and this makes Virtual Lease Services Limited the first and currently the only UK holder of an ABS servicer rating from Fitch.

The registered office of Virtual Lease Services Limited is Planet House, North Heath Lane Industrial Estate, Horsham, West Sussex, RH12 5QE, United Kingdom. The principal place of business of Virtual Lease Services Limited is, as of 17 October 2013, Dee House, St Davids Park, Ewloe, Flintshire CH5 3XF, United Kingdom.

## **THE STANDBY CASH/BOND ADMINISTRATOR**

### **Wells Fargo Bank International**

Wells Fargo Bank International is an indirect wholly-owned subsidiary of Wells Fargo & Co. Based in the International Financial Services Centre in Dublin, Ireland, Wells Fargo Bank International is incorporated under Irish law and is authorised and regulated by the Central Bank of Ireland.

Wells Fargo & Co. is a diversified financial services company providing banking, insurance, investments, mortgage, and consumer and commercial finance through more than 9,000 stores and more than 12,000 ATMs and the Internet across North America and internationally. As of 31 December 2012, Wells Fargo & Co. had U.S.\$1.4 trillion in assets and more than 275,000 team members across more than 80 businesses. The headquarters of Wells Fargo & Co. are located at 420 Montgomery Street, San Francisco, California 94163, U.S.A.

As at the date of this Prospectus, Wells Fargo & Co. has a long-term issuer default rating of AA- by Fitch, a long-term debt rating of A2 by Moody's and a long-term debt rating of A+ by S&P. The short-term debt is rated P-1 by Moody's, A-1 by S&P and the short-term issuer default rating is F1+ by Fitch. As of 30th June 2013, Wells Fargo & Co. ranked fourth in assets and first in market value of its stock among its U.S. peers, and among all financial services companies Wells Fargo & Co. ranked first in market value in the U.S. and second by market value in the world.

## **THE TRUSTEE**

### **HSBC Corporate Trustee Company (UK) Limited**

HSBC Corporate Trustee Company (UK) Limited (registered number 06447555) will be appointed pursuant to the Trust Deed as Trustee and will agree to hold the benefit of the covenants of the Issuer under the Trust Deed on trust for the Noteholder.

HSBC Corporate Trustee Company (UK) Limited's registered office is at 8 Canada Square, London E14 5HQ.

The Trustee may retire at any time on giving not less than three months' prior notice to the Issuer without assigning any reason and without being responsible for any costs occasioned by such retirement. The retirement or removal of the Trustee shall not become effective until a successor trustee being a trust corporation is appointed in accordance with the Trust Deed.

## **THE COLLECTION ACCOUNT BANK, THE ACCOUNT BANK AND THE CUSTODIAN**

### **HSBC Bank plc**

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

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently incorporated as a limited company in 1880. In 1923, the company adopted the name Midland Bank Limited which it held until 1982 when it re-registered and changed its name to Midland Bank plc. During the year ended 31 December 1992, Midland Bank plc became a wholly owned subsidiary undertaking of HSBC Holdings plc, whose Group Head Office is at 8 Canada Square, London E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in the year ended 31 December 1999.

The HSBC Group is one of the world's largest banking and financial services organisations, with around 6,600 offices in 80 countries and territories in six geographical regions: Europe, Hong Kong, Rest of Asia-Pacific, Middle East and North Africa, North America and Latin America. Its total assets at 30 June 2013 were U.S.\$2,645 billion. HSBC Bank plc is the HSBC Group's principal operating subsidiary undertaking in Europe.

The short term senior unsecured and unguaranteed obligations of HSBC Bank plc are, as at the date of this Prospectus, rated P-1 by Moody's, A-1+ by Standard & Poor's and F1+ by Fitch and the long term senior unsecured and unguaranteed obligations of HSBC Bank plc are rated Aa3 by Moody's, AA- by Standard & Poor's and AA- by Fitch.

HSBC Bank plc is regulated pursuant to the Financial Services and Markets Act 2000 and is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority. HSBC Bank plc's principal place of business in the United Kingdom is 8 Canada Square, London E14 5HQ.

## THE SWAP COUNTERPARTY

### **Lloyds Bank plc**

Lloyds Bank plc (“**Lloyds Bank**”), formerly Lloyds TSB Bank plc, was incorporated under the laws of England and Wales on 20 April 1865 (registration number 2065). Lloyds Bank’s registered office is at 25 Gresham Street, London EC2V 7HN, United Kingdom. Lloyds Bank is authorised by the Prudential Regulation Authority (“**PRA**”) and regulated by the Financial Conduct Authority and the PRA. Lloyds Bank is a wholly owned subsidiary of Lloyds Banking Group plc and together with its subsidiary undertakings from time to time, “**Lloyds Banking Group**”).

Lloyds Banking Group is a leading UK based financial services group providing a wide range of banking and financial services, primarily in the UK, to personal and corporate customers. The businesses of Lloyds Banking Group are in or owned by Lloyds Bank. Lloyds Banking Group owns Lloyds Bank directly which in turn owns HBOS plc directly.

Additional information, including copies of the most recent publicly available financial results of Lloyds Bank plc and Lloyds Banking Group, is available from Investor Relations, Lloyds Banking Group, 25 Gresham Street, London EC2V 7HN or from the following internet website address: <http://www.lloydsbankinggroup.com>. The information on this website does not form part of this Prospectus.

## **THE CORPORATE SERVICES PROVIDER**

### **Structured Finance Management Limited**

Structured Finance Management Limited (registered number 3853947), having a place of business at 35 Great St Helen's, London EC3A 6AP will be appointed on or prior to the Issue Date to provide corporate services to the Issuer and its Parent pursuant to the Corporate Services Agreement.

The Corporate Services Provider performs various management functions in England on behalf of the Issuer, including the provision of certain clerical, reporting, accounting, administrative and other services. The office of the Corporate Services Provider in England serves as the registered office of the Issuer. In consideration of the foregoing, the Corporate Services Provider receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The terms of the Corporate Services Agreement provide that the Issuer or the Corporate Services Provider may terminate the Corporate Services Agreement upon the occurrence of certain stated events.

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

## **GENERAL CHARACTERISTICS OF THE PROVISIONAL COMPLETION PORTFOLIO**

### **The Portfolio - General**

The Portfolio contains Purchased Receivables that are receivables from equipment leasing and hire purchase contracts originated and/or acquired by the Seller through a network of intermediaries, referred to throughout this Prospectus as “**brokers**”. The Purchased Receivables have been entered into or acquired by the Seller in the name of Investec Asset Finance plc.

### **Title**

Legal title to the Purchased Receivables following assignment pursuant to the Receivables Sale Agreement will remain with the Seller until the occurrence of a Perfection Event (see “Triggers Tables - Non-Rating Triggers Table - Perfection Events”).

Legal title to the Equipment remains with the Seller at all times.

### **Acquired Receivables**

Approximately 36.43% of the Provisional Completion Portfolio by aggregate Principal Balance consists of Receivables arising from lease agreements acquired from certain pre-approved brokers. These Receivables were originated by the relevant broker in its name. In respect of such Receivables, the Seller entered into a trading agreement with each pre-approved broker, pursuant to which (and from time to time), the Seller purchased (with full title guarantee and free from encumbrance) the relevant Receivables and title to the Equipment together with all rights, obligations and interest in and to the relevant Underlying Agreements from the relevant broker pursuant to the sale and purchase agreements included in the terms of the trading agreement in place between the Seller and relevant broker. Immediately, following the purchase of the relevant Receivable, the Seller provided written notice to each relevant Customer to perfect the legal assignment of the Receivable and the Seller became lessor of record of such Receivables. All Receivables acquired pursuant to such arrangements are (a) originated by the relevant broker on Standard Form Agreements pre-approved by the Seller and (b) are underwritten by the Seller in accordance with its Credit Guidelines (such that the Seller pre-approves the Customer’s lease proposal through its underwriting process prior to the relevant broker entering into the relevant Receivable with the Customer and then subsequently selling by way of legal assignment the Receivable to the Seller as described above).

Please refer to the section entitled “The Seller and Servicer - Origination Channels” for further details.

### **Receivables originated by IAF**

Approximately 63.57% of the Provisional Completion Portfolio by aggregate Principal Balance consists of Receivables originated in the name of the Seller on either the Seller’s Standard Form Agreements or pre-approved broker Standard Form Agreements.

### **Underlying Agreement types**

The Portfolio consists of Receivables originated pursuant to the following types of Standard Form Agreements:

- (1) Full payout finance lease minimum term (CCA regulated);
- (2) Full payout finance lease minimum term (unregulated);
- (3) Full payout finance lease fixed term (CCA regulated);
- (4) Full payout finance lease fixed term (unregulated);
- (5) Hire purchase (unregulated);

Each of the above forms of Standard Form Agreements contain standard rental terms, including payment of an initial payment or deposit with the balance payable in amortising instalments or, for a small number of Receivables, by way of balloon payment.

In the case of Lease Agreements (in respect of (i) minimum term leases (unless extended by the Customer by way of Secondary Rental Payments) and (ii) fixed term leases, at the end of the term of the Underlying Agreement), the relevant Equipment is generally sold back to the broker for a nominal sum.

In the case of Hire Purchase Agreements, the Customer has the option to purchase the relevant Equipment at the end of the term of the Underlying Agreement for a nominal sum.

### **Secondary Rental Payments**

Secondary Rental Payments arise in respect of minimum term finance leases, when at the end of the specified minimum term the Customer requires the Equipment and continues to pay instalments under the Underlying Agreement (the “**Secondary Rental Period**”). The Secondary Rental Period continues until such time as the relevant Customer provides prior written notice of its intention to terminate the Secondary Rental Period or ceases making payments, in which case IAF will terminate the Secondary Rental Period and pursue any relevant arrears. Amounts received by the Seller in respect of Secondary Rental Payments will be excluded from the sale by the Seller of its rights, title, interest and benefit in and to the Purchased Receivables and the Ancillary Rights to the Issuer pursuant to the Receivables Sale Agreement.

### **Outstanding Staged Payment Leases**

Approximately 0.56% of the Provisional Completion Portfolio by Principal Balance will consist of Outstanding Staged Payment Leases. In respect of such Outstanding Staged Payment Leases (which generally relate to custom made Equipment), the Customer has entered into (a) a pre-lease agreement with the Seller whereby the Seller has agreed to make scheduled payments to the relevant supplier prior to the delivery and or installation of the relevant Equipment and certain scheduled payments required to be made to the relevant supplier have not yet fallen due or otherwise been required to be made and (b) an Underlying Agreement with the Seller, pursuant to which the Customer has commenced making scheduled payments. As of the Cut-Off Date approximately £822,651.61 remains to be paid by the Seller to the relevant suppliers in respect of the Outstanding Staged Payment Leases. Pursuant to the terms of the relevant pre-lease agreement, generally the Customer bears all risks in respect of the Equipment (including without limitation, risk of loss or damage to the Equipment and or risk of the Equipment not being delivered on time or at all or of the Equipment being unsatisfactory). In respect of such Outstanding Staged Payment Leases, title to the Equipment will remain with the relevant supplier until the Seller makes the final scheduled payment due to the supplier. Please refer to “Credit Structure and Cash Flow - Staged Payment Contingency Reserve” in respect of structural features to mitigate the risk to the Issuer if the Seller were to fail to make the remaining scheduled payments to the relevant suppliers in respect of the Outstanding Staged Payment Leases.

### **Exception Pre-Lease Agreements**

Certain Underlying Agreements have been entered into by the Seller which are the subject of pre-lease agreements which follow a different form to the standard Pre-Lease Agreement used (in such form, “**Exception Pre-Lease Agreements**”). Pursuant to an Exception Pre-Lease Agreement the Seller agrees to pay various suppliers’ invoices for various items of equipment before they are installed. This is necessary because certain suppliers will not deliver equipment to customers without full prior payment. Exception Pre-Lease Agreements are not used for staged payments in respect of an item of equipment. Exception Pre-Lease Agreements differ from the standard Pre-Lease Agreements in two main respects: Firstly, Exception Pre-Lease Agreements provide the relevant Customer with the right to withdraw from the relevant Underlying Agreement provided that it returns the original cheque or cheques the Seller sent to the relevant supplier or suppliers. This effectively permits a Customer to ‘walk-away’ from an Underlying Agreement before the relevant supplier clears the cheque or cheques provided by the Seller. However, in the event that such cheques were cashed and cleared, this option would no longer be available to a Customer. Secondly, Exception Pre-Lease Agreements do not involve staged payments for equipment by the Seller. Instead, it merely permits the Seller to pay certain invoices before the equipment is actually delivered to a Customer. The Seller will have paid for all of the equipment on or about the date that it executed the Underlying Agreements using the Exception Pre-Lease Agreement form and has title to all of the equipment subject to such Underlying Agreements.



## Eligibility Criteria

The following eligibility criteria in respect of each Receivable apply as at the Cut-Off Date:

- (a) other than in respect of the Equipment the subject of the Outstanding Staged Payment Leases set out in Schedule 6 to the Receivables Sale Agreement, the purchase price (including any part thereof which represents VAT) for the Equipment has been paid in full to the relevant supplier;
- (b) in respect of the Equipment the subject of the Outstanding Staged Payment Leases set out in Schedule 6 to the Receivables Sale Agreement, each instalment of the purchase price (including any part thereof which represents VAT) for such Equipment which has fallen due has been paid in full to the relevant supplier;
- (c) no Underlying Agreement regulated by the CCA has a right of cancellation;
- (d) at least one instalment has been paid in respect of the Receivable;
- (e) the Receivables are free and clear of any Security Interest;
- (f) the relevant Customer is not part of the Investec Group;
- (g) the relevant Customer is not an employee of the Investec Group;
- (h) the Receivable is not a Defaulted Receivable;
- (i) the remaining maturity of each Underlying Agreement is not shorter than 1 months;
- (j) the remaining maturity of each Underlying Agreement is not greater than 75 months;
- (k) the maturity of each Underlying Agreement is not longer than 82 months;
- (l) the Receivables are denominated in sterling;
- (m) the Underlying Agreement gives rise to monthly, quarterly, semi-annual or annual instalments;
- (n) the Underlying Agreement relates to Equipment financed for the Customer's business-use activities;
- (o) the Receivable does not have a final instalment date falling after 1 November 2019;
- (p) at origination of the Underlying Agreement, the relevant Customer, in the case of a sole trader is resident or, in the case of a public body, company, partnership or other legal entity, incorporated in England and Wales or Scotland;
- (q) the relevant Customer is a public body, company, sole trader, partnership or other legal entity with full legal capacity;
- (r) the Underlying Agreement does not need to be filed, recorded or enrolled with any court and no stamp duty, registration or similar tax is required to be paid;
- (s) the Underlying Agreement does not permit the relevant Customer to terminate the Underlying Agreement in the event of insolvency of the Seller or the Issuer;
- (t) there is no restriction on disclosure to the Trustee, Issuer or Servicer or delivery to such entities of a copy of the Underlying Agreement (or, if there is such a restriction, relevant consent has been obtained);
- (u) the aggregate percentage by Principal Balance of the Receivables regulated by the CCA and to be sold to the Issuer pursuant to Receivables Sale Agreement is no greater than 12 per cent. of the aggregate Principal Balance of all Receivables to be sold to the Issuer on the Issue Date;
- (v) the Receivable is not in Arrears; and
- (w) the Receivable was not originated prior to January 2009.

## THE PROVISIONAL COMPLETION PORTFOLIO

The statistical information contained in this Prospectus has largely been compiled by reference to a pool of Receivables as at 15 October 2013 (the “**Cut-Off Date**”) (the “**Provisional Completion Portfolio**”). The Provisional Completion Portfolio has the aggregate characteristics indicated in Tables 1 to 15 below.

The Receivables to be purchased by the Issuer on the Issue Date will be selected from the Provisional Completion Portfolio. A Receivable will be removed from the Portfolio if, in the period from (and including) the Cut-Off Date up to (but excluding) the date on which the Portfolio is confirmed, such Receivable does not comply with the Lease Receivables Warranties given in respect of the Receivables. Accordingly, the information set out below in the relation to the Provisional Completion Portfolio may not necessarily correspond to the final pool of Receivables sold to the Issuer on the Issue Date.

The information contained in these tables has been extracted from information provided by the Seller. The Issuer confirms that the information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from the information published by the Seller, no facts have been omitted which would render the reproduced information inaccurate or misleading (columns of percentages may not add up to 100 per cent. due to rounding).

Further information in respect of anonymised individual lease level data may be obtained on the following website: [www.ctslink.com](http://www.ctslink.com). For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

### Portfolio Stratification

#### Key Portfolio Characteristics

Description	Value
Aggregate Principal Balance (£)	265,934,881
Number of Leases	35,875
Average Principal Balance (£)	7,413
Average Original Principal Balance (£)	10,706
WA Current Coupon (%)	13.51
WA Original Term (Years)	4.21
WA Remaining Term (Years)	3.15
WA Seasoning (Mths)	12.74
Fixed Rate Leases	100.0%
Arrears in % of Principal Balance	0.0%
Top 10 Lessees in % of Principal Balance	2.52%
Number of Lessees	30,573

**Table 1. Breakdown by Sector**

<b>Sector</b>	<b>Number of Lease Agreements</b>	<b>Principal Balance (£)</b>	<b>Percentage of Underlying Agreements</b>	<b>Percentage of Principal Balance</b>
Agriculture	386	3,506,955	1.1%	1.3%
Construction	2,341	19,193,693	6.5%	7.2%
Manufacturing	5,494	54,930,605	15.3%	20.7%
Other production	578	5,521,750	1.6%	2.1%
Public sector	1,255	8,916,440	3.5%	3.4%
Services	25,821	173,865,438	72.0%	65.4%
<b>Total</b>	<b>35,875</b>	<b>265,934,881</b>	<b>100%</b>	<b>100%</b>

**Table 2: Breakdown by Lease Type**

<b>Lease Type</b>	<b>Number of Underlying Agreements</b>	<b>Principal Balance (£)</b>	<b>Percentage of Underlying Agreements</b>	<b>Percentage of Principal Balance</b>
Fixed Term	17,640	95,622,218	49.2%	36.0%
Hire Purchase	2,721	68,630,919	7.6%	25.8%
Minimum Term	15,514	101,681,744	43.2%	38.2%
<b>Total</b>	<b>35,875</b>	<b>265,934,881</b>	<b>100%</b>	<b>100%</b>

**Table 3: Breakdown by Lessee Type**

<b>Lessee Type</b>	<b>Number of Underlying Agreements</b>	<b>Principal Balance (£)</b>	<b>Percentage of Underlying Agreements</b>	<b>Percentage of Principal Balance</b>
Limited Company / LLP	25,987	218,219,686	72.4%	82.1%
Local Authority	487	3,566,012	1.4%	1.3%
Others	1,013	6,272,940	2.8%	2.4%
Partnership	3,567	18,296,542	9.9%	6.9%
Sole Trader	4,821	19,579,703	13.4%	7.4%
<b>Total</b>	<b>35,875</b>	<b>265,934,881</b>	<b>100%</b>	<b>100%</b>

**Table 4: Breakdown by Region**

<b>Region</b>	<b>Number of Underlying Agreements</b>	<b>Principal Balance (£)</b>	<b>Percentage of Underlying Agreements</b>	<b>Percentage of Principal Balance</b>
East Anglia	1,576	13,299,054	4.4%	5.0%
East Midlands	2,367	17,663,956	6.6%	6.6%
Greater London (Inner)	2,999	26,512,878	8.4%	10.0%
Greater London (Outer)	2,430	19,479,808	6.8%	7.3%
North	1,613	10,270,505	4.5%	3.9%
North West	4,206	28,835,418	11.7%	10.8%
Scotland	2,322	16,906,831	6.5%	6.4%
South East	6,789	51,427,108	18.9%	19.3%
South West	3,314	22,364,536	9.2%	8.4%
Wales	2,043	13,619,514	5.7%	5.1%
West Midlands	3,251	23,005,758	9.1%	8.7%
Yorkshire & Humberside	2,965	22,549,515	8.3%	8.5%
<b>Total</b>	<b>35,875</b>	<b>265,934,881</b>	<b>100%</b>	<b>100%</b>

**Table 5: Breakdown by Equipment Type**

<b>Equipment Type</b>	<b>Number of Underlying Agreements</b>	<b>Principal Balance (£)</b>	<b>Percentage of Underlying Agreements</b>	<b>Percentage of Principal Balance</b>
Business Equipment	23,391	130,787,740	65.2%	49.2%
Commercial Vehicles	1,207	29,693,215	3.4%	11.2%
IT	3,458	32,478,263	9.6%	12.2%
Other	96	1,610,526	0.3%	0.6%
Plant and Machinery	7,459	66,726,644	20.8%	25.1%
Used Cars	264	4,638,494	0.7%	1.7%
<b>Total</b>	<b>35,875</b>	<b>265,934,881</b>	<b>100%</b>	<b>100%</b>

**Table 6: Breakdown by Instalment Frequency**

<b>Instalment Frequency</b>	<b>Number of Underlying Agreements</b>	<b>Principal Balance (£)</b>	<b>Percentage of Underlying Agreements</b>	<b>Percentage of Principal Balance</b>
Annual	125	538,078	0.3%	0.2%
Monthly	22,864	201,525,120	63.7%	75.8%
Quarterly	12,886	63,871,684	35.9%	24.0%
<b>Total</b>	<b>35,875</b>	<b>265,934,881</b>	<b>100%</b>	<b>100%</b>

**Table 7: Breakdown by Method of Payment**

<b>Method of Payment</b>	<b>Number of Underlying Agreements</b>	<b>Principal Balance (£)</b>	<b>Percentage of Underlying Agreements</b>	<b>Percentage of Principal Balance</b>
Cheque	167	1,494,593	0.5%	0.6%
Credit Card	1	6,789	0.0%	0.0%
Direct Debit	35,707	264,433,500	99.5%	99.4%
<b>Total</b>	<b>35,875</b>	<b>265,934,881</b>	<b>100%</b>	<b>100%</b>

**Table 8: Breakdown by Principal Balance (£)**

<b>Balance</b>	<b>Number of Underlying Agreements</b>	<b>Principal Balance (£)</b>	<b>Percentage of Underlying Agreements</b>	<b>Percentage of Principal Balance</b>
<= 20,000	33,282	144,907,974	92.8%	54.5%
>20,000<=30,000	1,188	28,749,283	3.3%	10.8%
>30,000<=40,000	459	15,807,229	1.3%	5.9%
>40,000<=50,000	285	12,752,712	0.8%	4.8%
>50,000<=60,000	170	9,238,081	0.5%	3.5%
>60,000<=70,000	114	7,280,264	0.3%	2.7%
>70,000<=80,000	76	5,665,723	0.2%	2.1%
>80,000<=90,000	55	4,637,144	0.2%	1.7%
>90,000<=100,000	52	4,938,164	0.1%	1.9%
>100,000<=150,000	126	14,999,308	0.4%	5.6%
>150,000<=200,000	34	5,750,133	0.1%	2.2%
>200,000<=500,000	32	9,434,465	0.1%	3.5%
>500,000<=1,000,000	2	1,774,401	0.0%	0.7%
<b>Total</b>	<b>35,875</b>	<b>265,934,881</b>	<b>100%</b>	<b>100%</b>

**Table 9: Breakdown by Interest Rate**

Interest Rate Range (%)	Number of Underlying Agreements	Principal Balance (£)	Percentage of Underlying Agreements	Percentage of Principal Balance
>=0.0<=5.0	2	6,359	0.0%	0.0%
>5.0<=7.5	46	6,936,296	0.1%	2.6%
>7.5<=10.0	1,024	43,097,077	2.9%	16.2%
>10.0<=12.5	4,538	62,995,308	12.6%	23.7%
>12.5<=15.0	12,513	77,829,969	34.9%	29.3%
>15.0<=17.5	8,424	39,767,847	23.5%	15.0%
>17.5<=20.0	4,582	18,728,871	12.8%	7.0%
>=20.0	4,746	16,573,155	13.2%	6.2%
<b>Total</b>	<b>35,875</b>	<b>265,934,881</b>	<b>100%</b>	<b>100%</b>

**Table 10: Breakdown by Remaining Term (Months)**

Remaining Term (Months)	Number of Underlying Agreements	Principal Balance (£)	Percentage of Underlying Agreements	Percentage of Principal Balance
<=1	68	33,994	0.2%	0.0%
>1<=12	4,852	10,096,420	13.5%	3.8%
>12<=24	8,602	40,455,256	24.0%	15.2%
>24<=36	10,739	87,502,855	29.9%	32.9%
>36<=48	5,165	51,012,458	14.4%	19.2%
>48<=60	5,290	69,098,424	14.7%	26.0%
>60<=72	1,110	7,458,538	3.1%	2.8%
>72<=84	49	276,936	0.1%	0.1%
<b>Total</b>	<b>35,875</b>	<b>265,934,881</b>	<b>100%</b>	<b>100%</b>

**Table 11: Breakdown by Original Principal Balance (£)**

<b>Balance</b>	<b>Number of Underlying Agreements</b>	<b>of Principal Balance (£)</b>	<b>Percentage of Underlying Agreements</b>	<b>Percentage of Principal Balance</b>
<= 20,000	31,774	125,169,691	88.6%	47.1%
>20,000<=30,000	1,801	30,728,090	5.0%	11.6%
>30,000<=40,000	796	19,098,966	2.2%	7.2%
>40,000<=50,000	464	14,347,476	1.3%	5.4%
>50,000<=60,000	272	10,263,790	0.8%	3.9%
>60,000<=70,000	187	9,011,790	0.5%	3.4%
>70,000<=80,000	108	5,735,339	0.3%	2.2%
>80,000<=90,000	92	5,693,892	0.3%	2.1%
>90,000<=100,000	82	5,904,568	0.2%	2.2%
>100,000<=150,000	183	17,506,500	0.5%	6.6%
>150,000<=200,000	60	7,967,084	0.2%	3.0%
>200,000<=500,000	50	11,307,021	0.1%	4.3%
>500,000<=1,000,000	5	2,253,469	0.0%	0.8%
>1,000,000	1	947,207	0.0%	0.4%
<b>Total</b>	<b>35,875</b>	<b>265,934,881</b>	<b>100%</b>	<b>100%</b>

**Table 12: Breakdown by Seasoning (Months)**

<b>Seasoning Range (Months)</b>	<b>Number of Underlying Agreements</b>	<b>of Principal Balance (£)</b>	<b>Percentage of Underlying Agreements</b>	<b>Percentage of Principal Balance</b>
<=1	1,876	21,964,826	5.2%	8.3%
>1<=12	12,819	141,777,842	35.7%	53.3%
>12<=24	9,934	62,680,089	27.7%	23.6%
>24<=36	7,444	28,946,988	20.7%	10.9%



>36<=48	2,971	9,495,142	8.3%	3.6%
>48<=60	831	1,069,995	2.3%	0.4%
<b>Total</b>	<b>35,875</b>	<b>265,934,881</b>	<b>100%</b>	<b>100%</b>

**Table 13: Breakdown by Internal Quality Code**

<b>Quality Code</b>	<b>Number of Underlying Agreements</b>	<b>of Principal Balance (£)</b>	<b>Percentage of Underlying Agreements</b>	<b>Percentage of Principal Balance</b>
QA	3,072	51,588,360	8.6%	19.4%
QAA	677	8,786,504	1.9%	3.3%
QB	3,106	41,436,387	8.7%	15.6%
QC	19,479	119,373,035	54.3%	44.9%
QD	6,056	28,301,224	16.9%	10.6%
QE	2,262	10,859,791	6.3%	4.1%
QG	338	717,815	0.9%	0.3%
QNS	885	4,871,766	2.5%	1.8%
<b>Total</b>	<b>35,875</b>	<b>265,934,881</b>	<b>100%</b>	<b>100%</b>

**Table 14: Breakdown by Origination Year**

<b>Origination Year</b>	<b>Number of Underlying Agreements</b>	<b>of Principal Balance (£)</b>	<b>Percentage of Underlying Agreements</b>	<b>Percentage of Principal Balance</b>
2009	1,408	2,367,964	3.9%	0.9%
2010	3,597	12,616,933	10.0%	4.7%
2011	8,662	37,483,221	24.1%	14.1%
2012	10,748	80,546,456	30.0%	30.3%
2013	11,460	132,920,307	31.9%	50.0%
<b>Total</b>	<b>35,875</b>	<b>265,934,881</b>	<b>100%</b>	<b>100%</b>

**Table 15: Breakdown by CCA (Consumer Credit Act) Regulated**

<b>Regulated</b>	<b>Number of Underlying Agreements</b>	<b>Principal Balance (£)</b>	<b>Percentage of Underlying Agreements</b>	<b>Percentage of Principal Balance</b>
CCA Regulated	8,225	25,542,603	22.9%	9.6%
Non CCA Regulated	27,650	240,392,278	77.1%	90.4%
<b>Total</b>	<b>35,875</b>	<b>265,934,881</b>	<b>100%</b>	<b>100%</b>

**Quality Codes**

For the purposes of Table 13 above, the following matrix sets out a description of the quality codes that are applied:

<b>Quality Code</b>	<b>Counterparty Type</b>	<b>Time Established</b>	<b>Tangible Net Worth</b>	<b>Profitability</b>
<b>QAA</b>	Local Authorities, NHS, UK Government entities	N/A	N/A	N/A
	Top 100 UK Law Firms & Top 60 Accountancy Firms	N/A	N/A	N/A
	Corporate	10 Yrs +	£7.5m for last 3 years	3 yrs escalating profits – minimum £5m
<b>QA</b>	Corporate	10 Yrs +	£750k	3 Years profitable performance
	Non Corporate	10 Yrs +	£750k with 3 yrs clear home searches	3 Years profitable performance
	Professional	10 Yrs +, 20 + Equity partners	N/A	N/A
<b>QB</b>	Corporate	5 Yrs +	£250k	3 Years profitable

				performance
	Non Corporate	5 Yrs +	£250k with 3 yrs clear searches	3 Years profitable home performance
	Professional	5 Yrs +, 5 + Equity partners	N/A	N/A
<b>QC</b>	Corporate	3 Yrs +	£30k	2 Years profitable performance
	Non Corporate	3 Yrs +	N/A. 3 clear searches	3 Years home N/A
	Professional	3 Yrs +, 1 + Partner	N/A	N/A
<b>QD</b>	Corporate	3 Yrs +	Solvent	Profitable
	Non Corporate	Do Not Use	Do Not Use	Do Not Use
	Professional	1 Partner	N/A	N/A
<b>QE</b>	Corporate	1-3 Yrs	N/A	N/A
	Non Corporate	1-3 Yrs	N/A	N/A
	Professional	1-3 Years (1 Partner)	N/A	N/A
<b>QNS</b>	Corporate	New start < 1 year	N/A	N/A
	Non Corporate	New start < 1 year	N/A	N/A
	Professional	New start < 1 year	N/A	N/A
<b>QG</b>	New Start with Director Guarantee.			

**Notes:**

If Director Guarantee taken deal where the business has traded for > 3 yrs, QC code is to be applied.

If a cross company guarantee is taken, the analysis code of guarantor is to be used.

For QA & QB where the time trading and net worth fits the quality code but fails on the profitability criteria and if the losses are small (circa < 10% n/w), an underwriter allocates a code which is one level below the original code they were considering. This does not apply to businesses trading < 3 yrs.

## SERVICING AND CASH MANAGEMENT OF THE PORTFOLIO

### Receivables Servicing Agreement

Pursuant to the Receivables Servicing Agreement, the Servicer will be instructed to perform certain management, collection and recovery activities in respect of the Portfolio. The Servicer will perform such activities in accordance with the Collections Guidelines and will make decisions and take such actions as are necessary for the servicing of the Portfolio at all times acting in a manner consistent with that of a Prudent Receivables Servicer.

#### *Servicer Duties*

The duties of the Servicer include, inter alia:

- (a) administering the Purchased Receivables and Ancillary Rights and in particular collecting all amounts payable thereunder;
- (b) presenting to the relevant bank the appropriate direct debit instructions at least two Business Days before the relevant Receivables Payment Date and, in the case of Customers who make payments by means other than direct debit, dispatching the relevant invoice to the Customer promptly before the Receivables Payment Date;
- (c) administering early repayments (if any) and final repayments;
- (d) administering any deemed exercise of the option to purchase contained in an Underlying Agreement by the Customer at the expiry of the original term of the relevant Underlying Agreement;
- (e) dealing with any Defaulted Receivables, including, without limitation, taking all actions to repossess and return the relevant Equipment (i) in respect of any Defaulted Receivables or (ii) where the relevant Customer is obliged to and has failed to return the relevant Equipment to the Seller in accordance with the terms of the relevant Underlying Agreement;
- (f) dealing with enquires and requests from Customers including, without limitation, Customer requests in respect of amendments, waivers and/or consents to the Underlying Agreements and any request for a transfer of an existing Underlying Agreement to a new Customer;
- (g) being responsible for the provision to all Customers of all information to which such Customers are entitled under and in accordance with the provisions of the CCA (to the extent applicable) or the provisions of the DPA or under the terms of the relevant Underlying Agreement;
- (h) being responsible for compliance with all relevant provisions of the CCA, FSMA and other applicable legal and/or regulatory requirements in the performance of its obligations under the Receivables Sale Agreement in relation to those Underlying Agreements which are regulated by the CCA;
- (i) maintaining an account in respect of each Customer and making appropriate debit and credit entries in connection with the Underlying Agreements and the Purchased Receivables;
- (j) without prejudice to (f) and (g) above, sending each Customer a statement of account to the extent required by, and in accordance with, the terms of the relevant Underlying Agreement and applicable law; and
- (k) performing other tasks incidental to the above,  
(collectively, the “**Services**”).

#### *Rate reductions and term extensions*

The Servicer may be requested by a Customer to extend the term of an Underlying Agreement and/or reduce the interest rate payable thereunder. Pursuant to the terms of the Receivables Servicing Agreement, the Servicer is permitted to make such changes to the relevant Underlying Agreement, provided that in the case of a term extension, such extension is no longer than 5 months from the original final Receivables Payment Date in respect

of the relevant Receivable in both cases, if following such extension and/or interest rate reduction, in any Determination Period, as a consequence thereof, the total future usage of the Yield Reduction Contingency Reserve would not exceed the credit balance of the Yield Reduction Contingency Reserve at the beginning of such period. Any reduction in yield as consequence of the foregoing will be mitigated by application of amounts standing to the credit of the Yield Reduction Contingency Reserve Ledger (see further “Credit Structure and Cash Flow - Yield Reduction Contingency Reserve”).

### ***Customer transfers***

Following receipt of notice from a Customer requesting its rights and obligations under an Underlying Agreement to be transferred to a third party, the Servicer (on behalf of the Seller) shall review and consider such request and shall treat the third party as a prospective new customer and, to the extent that such Customer has performed all of its obligations under the Underlying Agreement up to the date of such request and, by applying the Credit Guidelines then in place, the Servicer shall either decline or accept such request. To the extent that such request is accepted, the new Customer and the Servicer will enter into a replacement Underlying Agreement (on such terms that would otherwise be identical as the exiting Underlying Agreement other than the Customer as hirer or debtor) and the existing Underlying Agreement with the existing Customer will be terminated thereafter (a “**Replacement Event**”). The Seller has agreed to assign the relevant Replacement Receivables deriving from a replacement Underlying Agreement, together with the Ancillary Rights, to the Issuer pursuant to the Receivables Sale Agreement and therefore upon the coming into existence of any Replacement Receivable deriving from a replacement Underlying Agreement (and, in the case of any Replacement Receivables governed by or otherwise subject to Scots law, a new Scottish Transfer relating thereto), the Issuer will automatically be the beneficial owner of the relevant Replacement Receivables and the Ancillary Rights and be entitled to all such rights and claims in respect thereof.

### ***Sub-contractors and Delegates***

The Servicer is permitted with 5 Business Days prior notification to the Issuer and the Trustee to sub-contract or delegate its obligations under the Receivables Servicing Agreement subject to the conditions to sub-contracting and delegating set out in the Receivables Servicing Agreement, which include the following:

- (a) the Issuer (or Servicer on behalf of the Issuer) has obtained a Rating Agency Confirmation, where possible, or none of the Rating Agencies, having been notified of the proposed arrangement, has indicated within 10 Business Days of such notification that the then current rating of any of the Most Senior Class will be suspended, withdrawn, or downgraded, or otherwise adversely affected as a result of such arrangements;
- (b) none of the Issuer or the Trustee shall have any liability for any costs, charges, losses, damages or expenses payable to or incurred by the sub-contractor or delegate or arising from the entering into, the continuance or the termination of any such arrangement;
- (c) the proposed arrangement must require the sub-contractor or delegate to perform the servicing functions on behalf of the Servicer so as to ensure that the Servicer complies with its obligations under the CCA and FSMA and that the sub-contractor or delegate shall have and shall maintain all consents, authorisations, approvals, licences and orders, including without limitation all authorisations under the CCA and FSMA to fulfil its obligations under or in connection with such arrangement;
- (d) where the arrangements involve or may involve the receipt by the sub-contractor or delegate of money belonging to the Trustee or the Issuer and/or which, in accordance with the terms of the Receivables Sale Agreement, are to be paid into the Collection Account, the sub-contractor or delegate has executed a legally binding declaration that any such moneys held by it or to its order are held on trust for the Issuer and the Trustee and/or will be paid forthwith into the Collection Account; and
- (e) it shall be a term of any such arrangement that the sub-contractor or delegate agrees to waive to the extent permitted by law any Security Interest that may arise in connection with its performance of the delegated Services (to the extent that such Security Interest relates to the Underlying Agreements, Charged Property or any amount referred to in (d) above and all relevant lease files and records).

The above restrictions on sub-contracting and delegation will not apply to the engagement by the Servicer on behalf of the Issuer of any solicitor, receiver, accountant, insolvency practitioner, auctioneer, bailiff, sheriff officer, debt counsellor, repossession agent, asset recovery agent, debt collection agency or other professional adviser in respect of services normally provided by such service providers on behalf of the Servicer for the purposes of recovery and/or enforcement in respect of the Portfolio.

Notwithstanding any sub-contracting or delegating of the performance of any of the obligations of the Servicer under the Receivables Servicing Agreement, the Servicer is not released or discharged from any liability thereunder and shall remain responsible for the performance of its obligations under the Receivables Servicing Agreement.

Pursuant to the Receivables Servicing Agreement the Servicer will procure that all payments or other sums received in respect of the Purchased Receivables and Ancillary Rights and which are not otherwise collected by way of direct debit are credited to the Collection Account as soon as practicable and in any event with 2 Business Days of receipt. Pursuant to the Receivables Servicing Agreement, the Servicer must, on each Business Day, transfer amounts equal to the Issuer Trust Share on such Business Day (subject to that amount being greater than the Daily Transfer Minimum Amount) to the Transaction Account.

### ***Servicer Reporting***

Pursuant to the Receivables Servicing Agreement, the Servicer has agreed to provide the Issuer, the Trustee (if it so requests), the Standby Servicer and the Cash/Bond Administrator a monthly data file in respect of the Portfolio.

### ***Servicer Remuneration***

The Servicer is entitled to charge a fee for the provisions of its services under the Receivables Servicing Agreement, payable on each Interest Payment Date (subject to the proviso below and to the relevant Priority of Payments) of an amount, inclusive of value added tax, equal to the product of 0.10 per cent. and the average aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period divided by twelve. In addition, the Issuer shall reimburse the Servicer for all reasonable costs, expenses and charges (including any properly incurred costs of sub-contractors or delegates for which the Servicer is liable) properly paid by the Servicer in the performance of its duties.

### ***Servicer Termination***

The appointment of Investec Asset Finance plc as Servicer may be terminated by the Issuer (with the consent of the Trustee) or the Trustee on the happening of certain termination events. Such termination events set out in the Receivables Servicing Agreement, include (without limitation) non-performance by the Servicer of its obligations under the Receivables Servicing Agreement, insolvency or similar events occur in relation to the Servicer or if, following the delivery of an Enforcement Notice, the Trustee is of the opinion that the continuation of the Servicer's appointment is materially prejudicial to the interests of the Noteholders.

Following any such termination and upon receipt of written notice of the Servicer's termination, the Standby Servicer, Virtual Lease Services Limited, will assume the functions of Investec Asset Finance plc as the Servicer. Please refer to the sections entitled "Standby Receivables Servicing Agreement" and "Replacement Standby Servicer Facilitation Agreement" below for further details.

In addition to the Issuer and/or Trustee's ability to terminate the Servicer's appointment as described above, the Servicer may, provided it has given not less than six months' written notice of its intention to terminate its appointment as Servicer provided that the conditions set out in the Receivables Servicing Agreement are satisfied. Such conditions include (without limitation) that the Standby Servicer (or another appropriate successor servicer) has been appointed on terms substantially the same as the Receivables Servicing Agreement and that a Rating Agency Confirmation is received.

## Standby Receivables Servicing Agreement

Pursuant to the Standby Receivables Servicing Agreement, following the occurrence of a Servicer Termination Event and provided that a Standby Servicer Replacement Event has not occurred and upon receipt of written notice to this effect, the Standby Servicer (acting as replacement servicer) will assume the responsibilities of the Servicer under the Receivables Servicing Agreement.

Prior to assuming the role as replacement Servicer, the Standby Servicer shall in accordance with the Standby Receivables Servicing Agreement, work with the Servicer to perform certain services in order to ensure that the Standby Servicer is capable of meeting its obligations as replacement servicer without undue delay if required to do so. The Standby Servicer will on an annual basis verify the monthly data file in respect of the Portfolio most recently received from the Servicer.

The Standby Servicer is entitled to charge the following fees for the provisions of its services under the Standby Receivables Servicing Agreement:

- (a) prior to an Invocation Event, an amount equal to 0.0375 per cent. (exclusive of VAT) of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period divided by 12 and payable in advance; and
- (b) following an Invocation Event, an amount equal to, where the percentage by Principal Balance of Defaulted Receivables in the Portfolio:
  - (i) is less than or equal to 4 per cent., 0.10 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period;
  - (ii) is greater than 4 per cent. and less than or equal to 5 per cent., 0.11 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period;
  - (iii) is greater than 5 per cent. and less than or equal to 6 per cent., 0.12 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period;
  - (iv) is greater than 6 per cent. and less than or equal to 7 per cent., 0.13 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period; and
  - (v) is greater than 7 per cent., then such fee will be the fee as agreed between the Issuer and the Standby Servicer (each acting reasonably) from time to time, subject to a cap of 0.15 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period,

in each case, divided by 12, and payable in arrear.

In addition to the above, the Standby Servicer is entitled to a set-up fee of £10,000 (exclusive of VAT) payable on the Issue Date and an annual verification fee of £5,000 (exclusive of VAT) and £5,000 in respect of each interim verification request (if any).

The appointment of Virtual Lease Services Limited as Standby Servicer may be terminated by the Issuer (with the consent of the Trustee) or the Trustee on the happening of certain termination events. Such termination events set out in the Standby Receivables Servicing Agreement, include (without limitation) non-performance by the Standby Servicer of its obligations under the Receivables Servicing Agreement, insolvency or similar events occur in relation to the Standby Servicer or if, following the delivery of an Enforcement Notice, the Trustee is of the opinion that the continuation of the Standby Servicer's appointment is materially prejudicial to the interests of the Noteholders. In addition, the appointment of Virtual Lease Services Limited as Standby Servicer will be terminated following the occurrence of a Standby Servicer Replacement Event as described further below.



## **Replacement Standby Servicer Facilitation Agreement**

Pursuant to the Replacement Standby Servicer Facilitation Agreement, the Issuer will appoint Investec Bank plc to act as Replacement Standby Servicer Facilitator. Following the occurrence of a Standby Servicer Replacement Event, the Replacement Standby Servicer Facilitator will (at the Issuer's cost and expense) use its commercially reasonable endeavours to (i) identify a suitable entity to act as Replacement Standby Servicer (ii) negotiate the commercial terms of the proposed appointment and (iii) document such agreement and shall direct the Issuer to appoint such Replacement Standby Servicer within 90 Business Days of the Standby Servicer Replacement Event (an "**Appointment Direction**"). By giving an Appointment Direction, the Replacement Standby Servicer Facilitator shall provide to the Issuer and the Trustee with written certification (signed by two authorised signatories) of the Replacement Standby Servicer Facilitator that it has determined, in its reasonable discretion (a) that the Replacement Standby Servicer has experience expected of it to finance leases and hire purchase agreements in England, Wales and Scotland for the purposes of its appointment and performance of its obligations under the Transaction Documents (b) that the proposed Replacement Standby Receivables Servicing Agreement is on substantially the same terms as those of the Standby Receivables Servicing Agreement and does not impose additional obligations upon, and is not prejudicial in any way to, the Trustee (c) that the fees payable to the Replacement Standby Servicer under the Replacement Standby Receivables Servicing Agreement are consistent with those payable generally at the relevant time for the provision of standby services relating to the administration of finance leases and hire purchase agreements in England, Wales and Scotland. Upon receipt of an Appointment Direction (a) the Issuer shall promptly appoint the Replacement Standby Servicer and enter into the Replacement Standby Receivables Servicing Agreement and (b) the Trustee shall, without the consent or sanction of any of, or liability to, the Noteholders or Couponholders, enter into the Replacement Standby Receivables Servicing Agreement (whether or not its terms are materially prejudicial to the interests of the Noteholders or Couponholders) with, amongst others, the Issuer and the Replacement Standby Servicer, provided that the Trustee shall not be obliged to enter into the Replacement Standby Receivables Servicing Agreement if it is of the opinion that such Replacement Standby Receivables Servicing Agreement imposes additional obligations upon, or is prejudicial in any way to, the Trustee.

The Issuer will be responsible for all reasonable and properly incurred costs and expenses incurred by the Replacement Standby Servicer Facilitator (and shall reimburse the same to the Replacement Standby Servicer Facilitator) pursuant to its obligations under the Replacement Standby Servicer Facilitation Agreement, payable in accordance with the relevant Priority of Payments.

A fee of £5,000 per annum (exclusive of VAT, if any) will be payable to the Replacement Standby Servicer Facilitator. See the section headed "Fees" for further information.

## **Cash/Bond Administration Agreement**

For the purpose of the administration of the Portfolio, the Cash/Bond Administrator will be authorised to operate the Transaction Account for the purpose of the Cash/Bond Administration Agreement. The duties of the Cash/Bond Administrator as set out in the Cash/Bond Administration Agreement include, inter alia:

- (a) making the required ledger entries and calculations in respect of such ledger entries;
- (b) maintaining and/or replenishing the Reserve Fund, the Contingency Reserve, the Liquidity Reserve Fund, the Yield Reduction Contingency Reserve and the Staged Payment Contingency Reserve on behalf of the Issuer in accordance with the relevant Pre-Enforcement Priority of Payments; and
- (c) distributing the Available Revenue Amounts in accordance with the Pre-Enforcement Revenue Priority of Payments, the Available Principal Amounts in accordance with the relevant Pre-Enforcement Principal Priority of Payments and, following the delivery of an Enforcement Notice, distributing available funds in accordance with the Post-Enforcement Priority of Payments and making arrangements for the payment by the Issuer of interest and principal in respect of the Notes subject to the terms thereof and to the availability of funds.

If, for whatever reason, an incorrect payment is made to any party entitled thereto (including the Noteholders of any Class) pursuant to the Pre-Enforcement Revenue Priority of Payments, the Cash/Bond Administrator will rectify the same by increasing or reducing payments to such party (including the Noteholders of any Class), as appropriate, on each subsequent Interest Payment Date or Interest Payment Dates (if applicable) to the extent required to correct the same. Where such an adjustment is required to be made, the Cash/Bond Administrator will notify Noteholders of the same in accordance with the terms of Condition 14 (*Notice to Noteholders*). Neither the Issuer nor the Cash/Bond Administrator will have any liability to any person for making any such correction.

The Cash/Bond Administrator is entitled to charge a fee for its services under the Cash/Bond Administration Agreement, payable on each Interest Payment Date as provided for in the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments.

The appointment of the Cash/Bond Administrator may be terminated by the Issuer (with the consent of the Trustee) or the Trustee upon the happening of certain events of default or if insolvency or similar events occur in relation to the Cash/Bond Administrator or if, following the delivery of an Enforcement Notice in relation to the Notes, the Trustee is entitled to dispose of the assets comprised in the Security. Following any such termination, Wells Fargo Bank International as the Standby Cash/Bond Administrator shall assume the functions of the Cash/Bond Administrator.

The Cash/Bond Administrator will delegate certain of its responsibilities and obligations under the Cash/Bond Administration Agreement to Wells Fargo Bank International. However, the Cash/Bond Administrator remains liable at all times for the acts or omissions of any delegate or sub-contractor.

#### **Standby Cash/Bond Administration Agreement**

Pursuant to the Standby Cash/Bond Administration Agreement, the Servicer shall provide written notification of the termination of the Cash/Bond Administrator's appointment to the Standby Cash/Bond Administrator, Wells Fargo Bank International. Upon receipt of such notification, the Standby Cash/Bond Administrator will immediately become a party to the Cash/Bond Administration Agreement and assume the duties of the Cash/Bond Administrator thereunder.

In consideration of the Standby Cash/Bond Administrator entering into the Standby Cash/Bond Administration Agreement, the Issuer shall pay the Standby Cash/Bond Administrator a standby cash/bond administration fee as separately agreed payable on the Issue Date and thereafter annually in advance on the Interest Payment Date falling closest to the anniversary of the Issue Date until the termination of the Standby Cash/Bond Administration Agreement, which shall be on the earlier of (i) the date which neither the Trustee nor the Issuer has any interest in the Purchased Receivables and Ancillary Rights or, if later, upon discharge in full of all amounts owed to the Secured Creditors, or (ii) the Standby Cash/Bond Administrator becoming a party to the Cash/Bond Administration Agreement.

## SALE OF THE PORTFOLIO

### *General*

Pursuant to the Receivables Sale Agreement, the Seller will sell its equitable interest in a pool of Receivables to the Issuer on the Issue Date and will agree to sell its equitable interest in any Replacement Receivable.

The Seller will retain legal title in the Purchased Receivables until the occurrence of a Perfection Event. Title (both legal and equitable) in any Equipment owned by the Seller which relates to a Purchased Receivable will also be retained by the Seller. In respect of Outstanding Staged Payment Leases only, until such time as all amounts have been paid to a supplier by the Seller (unless otherwise agreed between the supplier and the Seller), legal title in the relevant Equipment will remain with the supplier. Following satisfaction of amounts due, legal title in the relevant Equipment will transfer to the Seller.

### *Consideration*

The consideration payable by the Issuer for the Portfolio which has an aggregate Principal Balance of £264,038,431 will be a cash payment of £264,038,431 payable on the Issue Date and the Deferred Consideration.

### *Warranties and Repurchase*

The Receivables Sale Agreement contains representations and warranties given by the Seller, in relation to itself and to the Receivables to be sold to the Issuer on the Issue Date. No searches, enquiries or independent investigation of title of the type which a prudent purchaser would normally be expected to carry out have been or will be made by the Issuer or the Trustee, each of whom is relying upon the representations and warranties in the Receivables Sale Agreement.

The representations and warranties contained in the Receivables Sale Agreement will include, *inter alia*, the following corporate representations and warranties in respect of the Seller:

- (a) **Seller status:** The Seller is a limited liability company duly incorporated and validly existing under English law and has power to carry on its business.
- (b) **Powers:** It has the power to execute and deliver and to perform its obligations under the Receivables Sale Agreement and each other Transaction Document to which it is party and all necessary corporate action has been taken to authorise the execution, delivery and performance of the same.
- (c) **Solvency:** It is able to pay its debts within the meaning of Section 123 of the Insolvency Act 1986 (or any statutory modification or re-enactment thereof) and will not become insolvent or unable to pay its debts in consequence of its entering into the Receivables Sale Agreement or performing its obligation under the Receivables Sale Agreement or any other obligation or transaction contemplated in any other Transaction Document to which it is a party.
- (d) **Licences:** It has all necessary approvals, consents, registrations, authorisations and licences for carrying on the enforcement, collection and origination of the Receivables and the performance of its obligations under each Transaction Document to which it is a party.

The representations and warranties contained in the Receivables Sale Agreement will include, *inter alia*, the following in respect of the Receivables:

- (a) **Portfolio particulars:** The particulars of the Portfolio set out in Schedule 5 to the Receivables Sale Agreement are true and accurate in all material respects as of the Cut-Off Date and the identifying number stated therein enables each Purchased Receivable to be identified in the records of the Seller.
- (b) **Compliance with Eligibility Criteria:** Each Receivable (or once purchased in accordance with the Receivables Sale Agreement, Purchased Receivable) and each Underlying Agreement complies with the Eligibility Criteria as of the Cut-Off Date.

- (c) **Standard Form:** Each Underlying Agreement was entered into on the terms of one of the Standard Form Agreements or pursuant to Pre-Lease Agreements or Exception Pre-Lease Agreements, none of the provisions of which were, at the time such Underlying Agreement was entered into, waived, altered or modified in any material respect other than Permitted Exceptions or which might adversely affect the amount or collectability of the relevant Receivable (or once purchased in accordance with the Receivables Sale Agreement, Purchased Receivable).
- (d) **Governing law:** Each Underlying Agreement is governed by English law (and/or Scots law).
- (e) **Valid and binding:** Each Underlying Agreement is a legal, valid and binding obligation of the relevant Customer and, subject to any laws from time to time in effect relating to bankruptcy, liquidation or any other laws or other procedures affecting generally the enforcement of creditors' rights, is in all material respects enforceable in accordance with its terms and is freely assignable by the Seller.
- (f) **No prior assignment, set off or defence:** Except as provided by section 56 of the CCA, or in the event an Underlying Agreement is an Outstanding Staged Payment Lease, the obligations of the Customer under or in connection with each Underlying Agreement are not subject to any lien, right of rescission, counterclaim, set-off (save only any set-off arising automatically by operation of law), equity, defence or right of retention or compensation against the Seller and the performance of any of the terms of any Underlying Agreement or the exercise of any rights thereunder will not render such Underlying Agreement unenforceable in whole or in part or, except as aforesaid, and the Seller has not received written notice that a purported lien, right of rescission, counterclaim, set-off, equity, defence or right of retention or compensation has been asserted in respect of such Underlying Agreement.
- (g) **Termination:** As of the Cut-Off Date, no Underlying Agreement (i) has been terminated or (ii) has been cancelled pursuant to the CCA, and nor has the Seller received written notice of the termination, cancellation or rescission of any Underlying Agreement.
- (h) **Legal and beneficial ownership:** The Seller is the sole legal and beneficial owner of each Receivable (or once purchased in accordance with the Receivables Sale Agreement, Purchased Receivable) and the Ancillary Rights relating thereto and is selling each Receivable and the Ancillary Rights relating thereto free from encumbrance.
- (i) **Performance of Obligations:** The Seller has performed all of its material obligations which have fallen due under or in connection with the entry into of the Underlying Agreements. The Seller has not received written notice that a Customer has threatened or commenced any legal action or proceedings which has not been resolved against it for any failure on the part of the Seller to perform any such obligation.
- (j) **The Seller's Records:** The Seller (or the Seller's agents on the Seller's behalf) has maintained records relating to each Underlying Agreement which are accurate and complete in all material respects and which, to the best of the knowledge, information and belief of the Seller, are sufficient to enable such Underlying Agreement to be enforced against the relevant Customer and such records are held by or to the order of the Seller.
- (k) **Identifiable:** Each Receivable (or once purchased in accordance with the Receivables Sale Agreement, Purchased Receivable) and the Ancillary Rights relating thereto are separately identifiable on the systems of the Seller and/or records to unambiguously indicate each Purchased Receivable and the Ancillary Rights relating thereto have been assigned to the Issuer.
- (l) **No Violation:** Subject to (n) below, no Underlying Agreement and no Receivable (or once purchased in accordance with the Receivables Sale Agreement, Purchased Receivable) derived therefrom contravenes in any respect any relevant applicable laws, rules or regulations, and each Underlying Agreement and Receivable (or once purchased in accordance with the Receivables Sale Agreement, Purchased Receivable) derived therefrom complies in all respects with the law of the jurisdiction whose laws govern it to the extent that failure to comply would have a material adverse effect on the recoverability of any Receivable (or once purchased in accordance with the Receivables Sale Agreement, Purchased Receivable).

- (m) **Underwriting and servicing:** The Seller has complied with the Credit Guidelines when entering into the Underlying Agreement and the Collections Guidelines in relation to the administration of each Receivable (or once purchased in accordance with the Receivables Sale Agreement, Purchased Receivable).
- (n) **Consumer Credit:** So far as the Seller is aware:
- (i) the Seller has complied with all relevant provisions of the CCA in respect of each Underlying Agreement which is regulated by the CCA, save that to the extent that the Seller has inadvertently breached a provision of the CCA such a breach would not have a material adverse effect on the recoverability of any relevant Receivable (or once purchased in accordance with the Receivables Sale Agreement, Purchased Receivable);
  - (ii) the Seller has complied with all relevant provisions of the Consumer Credit (Agreements) Regulations 1983 in respect of each Underlying Agreement, save that to the extent that the Seller has inadvertently breached a provision thereof, such a breach would not have a material adverse effect on the recoverability of any relevant Receivable (or once purchased in accordance with the Receivables Sale Agreement, Purchased Receivable);
  - (iii) the Seller has, and had at the time that either it entered into an Underlying Agreement or it took an assignment of an Underlying Agreement from the relevant broker, and continues to hold and will maintain at all material times, a valid and current licence under the CCA for the business or businesses of consumer hire, credit brokerage, provision of debt counselling on a commercial basis, debt collecting and so far as the Seller is aware each broker and each other person through which it has entered into Underlying Agreements has at all material times held a consumer credit licence to carry on “credit brokerage” as defined in section 145(2) of the CCA; and
  - (iv) no Underlying Agreement which is a Hire Purchase Agreement is regulated by the CCA.
- (o) **Unfair relationship:** No Underlying Agreement, whether alone or with any related agreement, gives rise to any “unfair relationship” between the creditor and the debtor for the purposes of sections 140A to 140D of the CCA.
- (p) **Equipment Title:**
- (i) save in respect of the Equipment the subject of the Outstanding Staged Payment Leases set out in Schedule 6 to the Receivables Sale Agreement, the Seller is the legal and beneficial owner of the Equipment to which each Receivable (or once purchased in accordance with the Receivables Sale Agreement, Purchased Receivable) relates and no other person has any right or claim thereto (other than the Customer under the Underlying Agreement) save that where such Equipment has a software component, the Seller does not have title to the software but does have title to the relevant Equipment. Any such software is or will be licensed directly to the Customer from the software provider; and
  - (ii) in respect of the Equipment the subject of the Outstanding Staged Payment Leases set out in Schedule 6 to the Receivables Sale Agreement, the Seller will, once all instalments of the purchase price (including any part thereof which represents VAT) for such Equipment have been paid in full to the relevant supplier, be the legal and beneficial owner of such Equipment to which the relevant Receivable (or once purchased in accordance with the Receivables Sale Agreement, Purchased Receivable) relates and no other person will have any right or claim thereto (other than the Customer under the Underlying Agreement) save that where such Equipment has a software component, the Seller will not have title to the software but will have title to the relevant Equipment. Any such software is or will be licensed directly to the Customer from the software provider.
- (q) **Misrepresentation:** So far as the Seller is aware, each Underlying Agreement was entered into without any conduct constituting fraud or misrepresentation or breach of the CCA on the part of any person, which

conduct would entitle the Customer or any person to claim against the Seller in respect of such conduct or entitle the Customer to repudiate any of his obligations under such Underlying Agreement.

- (r) **Fraud or Dispute:** The Underlying Agreement under which the Receivable (or once purchased in accordance with the Receivables Sale Agreement, Purchased Receivable) arises has not (i) so far as the Seller is aware, been entered into fraudulently by the Customer in respect thereof or (ii) been passed to the claims or legal department or referred to external lawyers other than in respect of the issue by the Seller of letters demanding payment which are issued in the ordinary course of business.
- (s) **No Extension:** There has been no extension of the due date for payment in respect of overdue payments or to the original scheduled maturity date under any Underlying Agreement other than in respect of the Underlying Agreements set out in Schedule 7 to the Receivables Sale Agreement.
- (t) **No Repossession:** No Equipment has been repossessed by the Seller and the Seller has not given any notice, nor applied for any court order, under the CCA, in order to repossess Equipment as at the Cut-Off Date.
- (u) **Arm's Length Terms:** Each Underlying Agreement has been concluded at arm's length.
- (v) **No Unfair Terms:** The proposed limitations or exclusions of the liability of the Seller contained in each Underlying Agreement are fair and reasonable having regard to the circumstances of the particular Customer for the purposes of the Unfair Contract Terms Act 1977.
- (w) **No Proceedings:** The Seller has not received written notice that a distress, distraint, charging order, garnishee order, execution, diligence or other process or order has been levied or applied for in respect of any Underlying Agreement.

### ***Repurchase***

Pursuant to the Receivables Sale Agreement, the Seller must repurchase Purchased Receivables due to breach of a Lease Receivables Warranty (in circumstances set out below). The consideration payable by the Seller for the repurchase of the relevant Purchased Receivables and its Ancillary Rights will be a cash amount equal to the Repurchase Price. Performance of the obligation to repurchase will be in satisfaction of all liabilities of the Seller in respect thereof.

### ***Breach of Lease Receivables Warranty***

In the event of a breach by the Seller of a Lease Receivables Warranty, the Servicer shall notify the Seller of the breach and request the Seller to remedy the breach (if the breach is capable of remedy) within 21 days of receipt of such notification.

If a Purchased Receivable never existed, or has ceased to exist, such that it is not outstanding on the date on which it is due to be repurchased by the Seller, the Seller shall not be obliged to repurchase the Purchased Receivable or the Ancillary Rights but shall instead indemnify the Issuer against loss suffered by reason of any representation or warranty relating to or otherwise affecting that Purchased Receivable (if such Purchased Receivable had existed) being untrue or incorrect, provided that the amount of such indemnity shall not exceed the sum of the Principal Balance of the relevant Purchased Receivable.

### ***Consequence of breach***

If a Warranty Repurchase Event (following, for the avoidance of doubt, the failure to remedy the breach with 21 days following the receipt of a Remedy Notice in respect of the same), the Servicer on behalf of the Issuer shall promptly sign and deliver a Receivables Repurchase Notice to the Seller and the Seller shall promptly sign and return a duplicate copy, and on the date specified in the Receivables Repurchase Notice (which shall be the date falling no later than 30 days after the date of such Receivable Repurchase Notice) the Seller shall on such specified date repurchase from the Issuer the relevant Purchased Receivable and its Ancillary Rights.

***Perfection Events***

At any time after the occurrence of a Perfection Event, the Servicer shall or shall procure, if requested by the Issuer (with the consent of the Trustee) or the Trustee, that:

- (a) notice is given to all or any Customers of the sale and assignment of the Purchased Receivables; and/or
- (b) direct all of any Customers to pay amounts outstanding in respect of the Purchased Receivables directly to the Issuer or to an account specified by the Issuer; and/or
- (c) such other action that the Servicer reasonably considers to be necessary, appropriate or desirable is taken in order to recover any amount outstanding in respect of the Purchased Receivables or to improve, protect, preserve or enforce their rights against Customers in respect of the Purchased Receivables.

## CREDIT STRUCTURE AND CASH FLOW

The Notes will not be obligations of the Account Bank, the Collection Account Bank, the Joint Lead Arrangers, the Joint Lead Managers, the Co-Manager, the Swap Counterparty, the Cash/Bond Administrator, the Standby Cash/Bond Administrator, the Corporate Services Provider, the Custodian, the Trustee, the Servicer, the Standby Servicer, the Replacement Standby Servicer Facilitator, the Seller, the Principal Paying Agent, or anyone other than the Issuer and will not be guaranteed by any such party. None of the Account Bank, the Collection Account Bank, the Joint Lead Arrangers, the Joint Lead Managers, the Co-Manager, the Swap Counterparty, the Cash/Bond Administrator, the Standby Cash/Bond Administrator, the Corporate Services Provider, the Custodian, the Trustee, the Servicer, the Standby Servicer, the Replacement Standby Servicer Facilitator, the Seller, the Principal Paying Agent nor anyone other than the Issuer will accept any liability whatsoever in respect of any failure to pay any amount due under the Notes.

As a condition to the issue of the Notes:

- (a) the A Notes are expected to be rated AAA(s) by S&P and AAAsf by Fitch;
- (b) the B Notes are expected to be rated AA(sf) by S&P and AAAsf by Fitch;
- (c) the C Notes are expected to be rated A(sf) by S&P and Asf by Fitch; and
- (d) the D Notes are expected to be rated BBB(sf) by S&P and BBBsf by Fitch.

The E Notes will not be rated.

Collectively, each of S&P and Fitch are referred to as the “**Rating Agencies**”.

The ratings that are assigned to the Rated Notes by the Rating Agencies will address the likelihood of full and timely receipt by Noteholders of interest on their respective Classes of Notes and the likelihood of full receipt of principal by Noteholders of interest on their respective Classes of Notes on or before their date of maturity.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, downgrade, qualification, suspension or withdrawal at any time by any of the Rating Agencies. The structure of the credit arrangements may be summarised as follows:

### **The Notes**

The Notes will be issued fully paid on the Issue Date and the proceeds will be used for the purposes described in the section entitled “Use of Proceeds”.

Subject always to (a) the limited recourse nature of all secured obligations of the Issuer, and (b) the prior payment in full, on the relevant Interest Payment Date, of amounts then due in priority in accordance with the Pre-Enforcement Revenue Priority of Payments (as set out in Condition 2(c) (*Pre-Enforcement Revenue Priority of Payments*)), the Issuer shall, on such Interest Payment Date, apply amounts (if any) available from Available Revenue Amounts in redeeming the E Notes on a pari passu and pro rata basis until the Principal Amount Outstanding on each E Note representing every £100,000 of Principal Amount Outstanding as of the Issue Date is redeemed at an amount so that the Principal Amount Outstanding on each E Note is £1.00.

### **Issue Price and Redemption of Notes**

On the Issue Date, the Issuer will issue:

- (a) the A Notes at an issue price of 100 per cent. of the principal amount of the A Notes;
- (b) the B Notes at an issue price of 100 per cent. of the principal amount of the B Notes;
- (c) the C Notes at an issue price of 100 per cent. of the principal amount of the C Notes;
- (d) the D Notes at an issue price of 100 per cent. of the principal amount of the D Notes; and



(e) the E Notes at an issue price of 100 per cent. of the principal amount of the E Notes.

Each of the Notes will be redeemed in accordance with Condition 5 (*Redemption*).

### **Receipts**

The Cash/Bond Administrator on behalf of the Issuer will, as set out in the Cash/Bond Administration Agreement, calculate on each Determination Date the Available Revenue Amounts of the Issuer for the previous Determination Period. The Cash/Bond Administrator will on the next Interest Payment Date apply such Available Revenue Amounts on behalf of the Issuer to make payments of interest on the Notes as well as certain amounts under the Pre-Enforcement Revenue Priority of Payments (see Condition 2(c) (*Pre-Enforcement Revenue Priority of Payments*)).

### **Credit Support for the Notes Provided by “Available Revenue Amounts”**

It is anticipated that, on the Issue Date, the weighted average interest rate payable by Customers on the Purchased Receivables will, assuming that all of the Purchased Receivables are fully performing and that no extraordinary expenses have been incurred by the Issuer, exceed the amounts payable under items (i) to (xiv) inclusive of the Pre-Enforcement Revenue Priority of Payments by an amount, calculated as a percentage of the aggregate Principal Balance of the Purchased Receivables, will be greater than 11 per cent. The actual amount of the excess will vary during the life of the Notes; two of the key factors determining such variations are the level of delinquencies experienced and the weighted average interest rate, in each case on the Purchased Receivables. Available Revenue Amounts may be applied (after making payments or provisions ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date towards reducing any Principal Deficiency.

To the extent that the amount of Available Revenue Amounts standing to the credit of the Revenue Ledger on each Interest Payment Date exceeds the amount required to meet items (i) to (xiv) inclusive of the Pre-Enforcement Revenue Priority of Payments such funds are available to replenish the Reserve Fund which are available to be drawn upon on any other Interest Payment Date upon which there exists a Revenue Shortfall.

To the extent that the Available Revenue Amounts on the relevant Interest Payment Date are sufficient to pay all amounts in accordance with the Pre-Enforcement Revenue Priority of Payments, any surplus (if any) to the Issuer shall be retained in the Transaction Account and credited to the Issuer Turn Ledger as part of the Issuer Turn.

### **Revenue Reserves**

In order to provide limited coverage for any Revenue Shortfall arising from time to time the Issuer will establish the Reserve Fund on the Issue Date. The Issuer has also established a Contingency Reserve to cover for any extraordinary expenses and a Liquidity Reserve Fund that will be funded over time from Available Principal Amounts pursuant to the Pre-Enforcement Principal Priority of Payments.

### **Reserve Fund**

The Reserve Fund will be funded on the Issue Date in an amount equal to 2,640,000 and will increase to £6,864,000 on subsequent Interest Payment Dates. The Reserve Fund Required Amount will be credited to the Reserve Ledger within the Transaction Account. The Reserve Fund Required Amount will not reduce as the Principal Amount Outstanding of the Rated Notes amortises over time.

The amounts standing to the credit of the Reserve Fund will be applied on any Interest Payment Date (in accordance with the Pre-Enforcement Revenue Priority of Payments) as Available Revenue Amounts to the extent required to meet a Revenue Shortfall after application of all other Available Revenue Amounts in respect thereof (excluding the Liquidity Reserve Fund).

### **Contingency Reserve**

On the Issue Date, the Issuer will establish the Contingency Reserve within the Transaction Account (and in the Contingency Reserve Ledger) in an amount of £150,000, for the purposes of holding an amount to cover, on any

date, exceptional extraordinary expenses that may arise whilst the Rated Notes are outstanding and are not as at the Issue Date identifiable costs. Such costs may include, for example, initially unforeseen additional expenses required to appoint a successor Servicer, Standby Servicer, Cash/Bond Administrator or Standby Cash/Bond Administrator following a termination of the relevant appointment and/or additional enforcement costs or cost associated with perfecting security over assets of the Issuer. Amounts will only be withdrawn from the Contingency Reserve and paid to the Seller as Deferred Consideration following redemption in full of all Rated Notes in accordance with the Conditions.

### **Liquidity Reserve Fund**

On the Issue Date, the Issuer will establish the Liquidity Reserve Fund within the Transaction Account (and in the Liquidity Reserve Ledger). As at the Issue Date, the Liquidity Reserve Ledger will have a balance of zero. The Liquidity Reserve Fund will be funded on each Interest Payment Date from Available Principal Amounts in accordance with the Pre-Enforcement Principal Priority of Payments up to the Liquidity Reserve Required Amount, being an amount equal to 1.50 per cent. of the aggregate Principal Amount Outstanding of the A Notes and B Notes as of any Determination Date and, once funded, will be subject to a minimum balance of £150,000. Unlike the Reserve Fund Required Amount, the Liquidity Reserve Required Amount therefore reduces as the Principal Amount Outstanding of the A Notes and the B Notes amortises over time subject to the Liquidity Reserve Minimum Amount. If the amount standing to the credit of the Liquidity Reserve Ledger exceeds the Liquidity Reserve Required Amount on any Interest Payment Date, that excess amount available on that Interest Payment Date shall be released from the Liquidity Reserve Ledger and credited to the Principal Ledger as Principal Collections.

The Cash/Bond Administrator may, on any Interest Payment Date, only apply any amounts standing to the credit of the Liquidity Reserve Ledger towards a Senior Fees Shortfall and/or payment of any Interest Shortfall on the A Notes and/or the B Notes if the following conditions have been met:

- (a) the Cash/Bond Administrator determines on the immediately preceding Determination Date that there will be a Senior Fees Shortfall and/or an Interest Shortfall on the A Notes or the B Notes;
- (b) such Senior Fees Shortfall and/or Interest Shortfall still exists on the A Notes or the B Notes after applying all Available Revenue Amounts (including all amounts standing to the credit of the Reserve Ledger) on that Interest Payment Date; and
- (c) in respect of payment of an Interest Shortfall on the B Notes, if the B Notes are not the Most Senior Class, the B PDL Trigger has not been met.

For these purposes:

The “**B PDL Trigger**” is met if, as of any Interest Payment Date, the Principal Deficiency Ledger has a total debit balance of greater than or equal to 50 per cent. of the then aggregate Principal Amount Outstanding of the B Notes.

Any amount drawn and applied from the Liquidity Reserve Fund towards payment of any Senior Fees Shortfall and/or any Interest Shortfall in respect of the A Notes and the B Notes shall be recorded as a debit to the Principal Deficiency Ledger as follows:

- (a) firstly, to the D Principal Deficiency Ledger up to an amount (including all other debits to the D Principal Deficiency Ledger) equal to the Principal Amount Outstanding of the D Notes (as calculated on the immediately preceding Determination Date);
- (b) secondly, to the C Principal Deficiency Ledger up to an amount (including all other debits to the C Principal Deficiency Ledger) equal to the Principal Amount Outstanding of the C Notes (as calculated on the immediately preceding Determination Date);
- (c) thirdly, to the B Principal Deficiency Ledger up to an amount (including all other debits to the B Principal Deficiency Ledger) equal to the Principal Amount Outstanding of the B Notes (as calculated on the immediately preceding Determination Date); and

- (d) fourthly, to the A Principal Deficiency Ledger up to an amount (including all other debits to the A Principal Deficiency Ledger) equal to the Principal Amount Outstanding of the A Notes (as calculated on the immediately preceding Determination Date).

On the Determination Date immediately prior to redemption in full of the A Notes and the B Notes, amounts standing to the credit of the Liquidity Reserve Ledger will comprise Available Principal Amounts and be applied in accordance with the Pre-Enforcement Principal Priority of Payments.

### **Principal Deficiency Ledger**

The Principal Deficiency Ledger shall comprise of four sub-ledgers, being the A Principal Deficiency Ledger, the B Principal Deficiency Ledger, the C Principal Deficiency Ledger and the D Principal Deficiency Ledger, respectively, and will be established in order to record principal deficiencies arising from Defaulted Receivables and/or drawings from the Liquidity Reserve Fund to pay any Senior Fees Shortfall and/or Interest Shortfall on the A Notes and the B Notes (subject to, if the B Notes are not the Most Senior Class, the B PDL Trigger not being met).

Any principal deficiencies arising from Defaulted Receivables shall firstly be debited to the D Principal Deficiency Ledger (such debit items being reccredited at item (xiv) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on the D Principal Deficiency Ledger is less than or equal to the aggregate Principal Amount Outstanding of the D Notes; then next shall be debited to the C Principal Deficiency Ledger (such debit items being reccredited at item (xii) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than or equal to the Principal Amount Outstanding of the C Notes; then next shall be debited to the B Principal Deficiency Ledger (such debit items being reccredited at item (x) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than or equal to the Principal Amount Outstanding of the B Notes; then next shall be debited to the A Principal Deficiency Ledger (such debit items being reccredited at item (viii) of the Pre-Enforcement Revenue Priority of Payments) so long as the debit balance on such sub-ledger is less than or equal to the Principal Amount Outstanding of the A Notes.

### **Yield Reduction Contingency Reserve**

On the Issue Date, the Issuer will establish the Yield Reduction Contingency Reserve within the Transaction Account (and in the Yield Reduction Contingency Reserve Ledger). Any reduction in yield as a consequence of a reschedule of a Receivables Payment Date and/or a reduction in the rate of interest payable in respect of a Purchased Receivable (see “Servicing and Cash Management of the Portfolio - Rate reductions and term extensions”) will be covered by the Yield Reduction Contingency Reserve, up to a target amount of £100,000. It will be funded on the Issue Date by part of the proceeds received in respect of the sale of the E Notes. Amounts standing to the credit of the Yield Reduction Contingency Reserve Ledger will be applied on any Interest Payment Date (in accordance with the Pre-Enforcement Revenue Priority of Payments) as Available Revenue Amounts to cover yield reductions, as appropriate. The amount applied on any Interest Payment Date, as determined by the Cash/Bond Administrator, is equal to the aggregate reduction in rentals due in the Determination Period ending immediately prior to the Interest Payment Date as a result of any yield reductions prior to and including that Determination Period. In the event the Yield Reduction Contingency Reserve Ledger is debited, it will be replenished by Available Revenue Amounts (after the Reserve Fund has been replenished). The Servicer is not permitted to consent to any rescheduling of a Purchased Receivable if, in any period, as a consequence of the inclusion of any new rescheduled Receivable, the total future usage of the Yield Reduction Contingency Reserve would exceed the balance of the Yield Reduction Contingency Reserve at the beginning of that period. Following the redemption of all of the Rated Notes, amounts standing to the credit of the Yield Reduction Contingency Reserve Ledger will be released to the Seller as Deferred Consideration.

### **Staged Payment Contingency Reserve**

On the Issue Date, the Issuer will establish the Staged Payment Contingency Reserve within the Transaction Account (and in the Staged Payment Contingency Reserve Ledger) in an amount equal to £822,651.61, for the purposes of holding an amount to pay, on any date, amounts due to suppliers by the Seller in connection with

Outstanding Staged Payment Leases. An amount equal to the aggregate amounts paid to the relevant suppliers during a Determination Period will be released from the Staged Payment Contingency Reserve and paid to the Seller as Deferred Consideration on each Interest Payment Date.

## The Notes

The Notes will be constituted by the Trust Deed and will share the same security, although upon enforcement the A Notes will rank in priority to the B Notes, which will rank in priority to the C Notes, which will rank in priority to the D Notes, which will rank in priority to the E Notes in point of security, and both prior to, and following, enforcement of security:

- (a) the A Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Condition 2 (*Status, Security and Administration*) and Condition 5 (*Redemption*) below, the B Notes, the C Notes, the D Notes and the E Notes as to payment of principal and interest;
- (b) the B Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Condition 2 (*Status, Security and Administration*) and Condition 5 (*Redemption*) below, the C Notes, the D Notes and the E Notes as to payment of principal and interest;
- (c) the C Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Condition 2 (*Status, Security and Administration*) and Condition 5 (*Redemption*) below, the D Notes and the E Notes as to payment of principal and interest;
- (d) the D Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Condition 2 (*Status, Security and Administration*) and Condition 5 (*Redemption*) below, the E Notes as to payment of principal and interest; and
- (e) the E Notes will not bear interest other than the E Note Residual Revenue and will rank *pari passu* without preference or priority amongst themselves for all purposes and all E Note Residual Revenue will be subordinated to payment of interest on the Rated Notes in accordance with the Pre-Enforcement Revenue Priority of Payments.

Interest on the Rated Notes will be payable in arrear as provided in Condition 4 (*Interest*).

## Balance Guaranteed Swap Agreement

The interest rates on each Purchased Receivable in the Portfolio are set at fixed rates, whereas, the interest rates payable by the Issuer with respect to the Rated Notes are amounts calculated by reference to One-Month sterling LIBOR.

To hedge against the possible variance between the fixed rates of interest payable on the Purchased Receivables and the floating rates of interest payable on the Rated Notes, the Issuer will, on or about the Issue Date, enter into the Balance Guaranteed Swap Agreement with the Swap Counterparty, being an agreement in the form of a 1992 ISDA Master Agreement (together with a Schedule and Credit Support Annex thereto) and one or more swap confirmations documenting each swap transaction thereunder (together, the “**Balance Guaranteed Swap Transaction**”).

Under the Balance Guaranteed Swap Transaction the Swap Counterparty will (subject to the payment netting mechanics of the Balance Guaranteed Swap Agreement) pay to the Issuer, on each Swap Payment Date, an amount determined by reference to One-Month LIBOR in return for payment by the Issuer on each Swap Payment Date of an amount determined by reference to an agreed fixed rate. The total notional amount of the Balance Guaranteed Swap Transaction (the “**Balance Guaranteed Swap Notional Amount**”) used to calculate amounts due on any Swap Payment Date will be the aggregate Principal Amount Outstanding of the Rated Notes as at the first day of the swap calculation period relating to such Swap Payment Date (calculated immediately after application of Available Principal Amounts in accordance with the Principal Priority of Payments on such date).

If a payment is made by the Swap Counterparty (other than any Swap Excluded Amount or any early termination payment received by the Issuer from the Swap Counterparty to the extent utilised to acquire, at any time, a new swap or any payments to be credited to the Swap Collateral Accounts), that payment will be included in the Available Revenue Amounts and will be applied on the relevant Interest Payment Date according to the applicable Priority of Payments. If a payment is to be made by the Issuer, it will be made according to the applicable Priority of Payments out of Available Revenue Amounts on the relevant Interest Payment Dates (other than Swap Excluded Payments).

### **Terms of the Balance Guaranteed Swap Agreement**

On or prior to the Issue Date, the Swap Counterparty and the Issuer will enter into a 1992 ISDA Master Agreement and Schedule and a Credit Support Annex under which a confirmation has been entered into setting out the terms of the Balance Guaranteed Swap Transaction.

Where the Swap Counterparty provides collateral in accordance with the terms of the Balance Guaranteed Swap Agreement, such collateral will not form part of the Available Revenue Amounts but will be credited to the relevant Swap Collateral Account. Amounts standing to the credit of the Swap Collateral Accounts shall be applied towards satisfaction of any termination payment payable by the Swap Counterparty to the Issuer in respect of the Balance Guaranteed Swap Agreement, and will not be available to the Secured Creditors. Any amount standing to the credit of the Swap Collateral Accounts in excess of such termination payment or otherwise payable to the Swap Counterparty in accordance with the Balance Guaranteed Swap Agreement shall not be available to Secured Creditors and shall be returned to the Swap Counterparty.

The Issuer and the Swap Counterparty will each represent and warrant in the Balance Guaranteed Swap Agreement that, under current applicable law, each of them is entitled to make all payments required to be made by them under the Balance Guaranteed Swap Agreement free and clear of, and without deduction for or on account of, any taxes, assessments, or other governmental or regulatory charges. However, neither the Issuer nor the Swap Counterparty will be required to indemnify the other party for any withholding taxes or other taxes, assessments or charges imposed on payments under the Balance Guaranteed Swap Agreement as a result of a change in applicable law (except that the Swap Counterparty has to gross up its payment to the Issuer for any such withholding or deduction).

If any withholding or other taxes, assessments or charges would be imposed on any payments made or required to be made under the Balance Guaranteed Swap Agreement as a result of a change in applicable law and the obligation to deduct or withhold cannot be avoided by the Swap Counterparty, the Swap Counterparty may terminate the Balance Guaranteed Swap Transaction. If such a tax event occurs with respect to payments due from the Issuer to the Swap Counterparty, each of the Issuer and the Swap Counterparty must seek to find an alternative office, branch or counterparty to replace itself so that such event ceases.

Apart from for reason of the imposition of withholding tax, the Balance Guaranteed Swap Agreement may be terminated by:

- (a) the Swap Counterparty in circumstances including, broadly, inter alia, where the Issuer is in default by reason of failure by the Issuer to make payments, upon certain insolvency related events affecting the Issuer, acceleration or redemption of the Notes prior to their stated maturity or enforcement of the Security, optional redemption of the Rated Notes, amendments to the Transaction Documents (including the Priority of Payments) or a failure by the Issuer to make amendments to the Balance Guaranteed Swap Agreement that the Swap Counterparty certifies to the Trustee are required to ensure continued compliance with EMIR; and
- (b) by the Issuer in circumstances, broadly, inter alia, where the Swap Counterparty is in default by reason of failure by the Swap Counterparty to make payments, certain insolvency related or corporate reorganisation events which affect the Swap Counterparty.

Except where the Balance Guaranteed Swap Transaction has terminated prior to its scheduled termination date as a result of the default of the Swap Counterparty or pursuant to its failure to take action following a downgrade of the

Swap Counterparty below the required rating (as set out below), any termination payment in respect of the Balance Guaranteed Swap Transaction due by the Issuer to the Swap Counterparty will rank in priority to payments due on the Rated Notes.

In the event that the Balance Guaranteed Swap Transaction is terminated prior to its scheduled termination date, and prior to the service of an Enforcement Notice or the redemption in full of all outstanding Rated Notes, the Issuer shall use its best endeavours to enter into a replacement swap. Such replacement swap must be entered into on terms acceptable to the Rating Agencies, the Issuer and the Trustee with a replacement Swap Counterparty that the Rating Agencies have previously confirmed in writing to the Issuer and the Trustee will not cause the then current ratings of the Rated Notes to be downgraded, withdrawn or qualified.

Termination payments received by the Issuer will not form part of the Available Revenue Amounts or Available Principal Amounts. Instead, the Issuer will apply any termination payment it receives from a termination of the Balance Guaranteed Swap Agreement to purchase a replacement swap (as described above). Following the application of a termination payment to purchase a replacement swap, any remaining amount of the termination payment will constitute Available Revenue Amounts. To the extent that the Issuer receives a premium in respect of its entry into any replacement swap, it shall apply such premium to make any termination payment due in respect of the terminated Balance Guaranteed Swap Transaction. If a replacement Swap Counterparty has not been appointed, any termination payment due under the terminated swap from the Swap Counterparty shall be retained by the Issuer in the Swap Replacement Costs Ledger and will be applied by the Issuer in redeeming the Notes following the delivery of an Enforcement Notice; (ii) in redeeming the Rated Notes pursuant to Condition 5(d) (*Optional Redemption in Full*) or (iii) in redeeming the Rated Notes on the Final Maturity Date.

**Possible effects of Ratings Trigger being breached include the following:**

<b><u>Transaction party</u></b>	<b><u>Required Ratings</u></b>	
<b>Swap Counterparty - Initial/First Trigger Swap Counterparty Required Rating</b>	<p>(a) In the case of S&amp;P, (x) for as long as the A Notes are rated AAA(sf) by S&amp;P (and S&amp;P Replacement Option 1 or S&amp;P Replacement Option 2 (both as defined in the Balance Guaranteed Swap Agreement) applies), a short-term senior unsecured debt rating of at least A-1 and a long-term unsubordinated, unsecured debt rating of at least A, or (y) for so long as the A Notes are rated below AAA by S&amp;P, such rating as set out in the Balance Guaranteed Swap Agreement.</p> <p>(b) In the case of Fitch, (x) for as long as the A Notes are rated AAAsf by Fitch, a short-term issuer default rating of at least F1 and a long-term issuer default rating of at least A or (y) for so long as the A Notes are rated below AAA by Fitch, such rating as set out in the Balance Guaranteed Swap Agreement.</p>	<p>The consequences for the Swap Counterparty of breach of an Initial/First Trigger Swap Counterparty Required Rating requirement under the Balance Guaranteed Swap Agreement include:</p> <p>(a) a requirement (unless the Swap Counterparty implements one of the other remedies described below) to post collateral within 10 or 20 Business Days as applicable (in the case of S&amp;P) and 14 calendar days (in the case of Fitch); or</p> <p>(b) in certain circumstances, to replace the Swap Counterparty; or</p> <p>(c) in certain circumstances, to obtain a guarantee or co-obligor of the Swap Counterparty's obligations;</p>

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or

- (d) in certain circumstances, to take any other action (which may include no action) which will result in the rating of the Rated Notes then outstanding being rated by such Rating Agency following the taking of such action no lower than they would be rated but for the occurrence of such rating event.

**Swap Counterparty –  
First Subsequent Fitch  
Rating Event**

It shall amount to a “First Subsequent Fitch Rating Event” if the following rating requirements are not satisfied (but the requirements in the below row entitled “Swap Counterparty-Second Subsequent Fitch Rating Event” are satisfied):

For as long as the A Notes are rated AAAsf by Fitch, a short-term issuer default rating of at least F2 and a long-term issuer default rating of at least BBB+ or for so long as the A Notes are rated below AAA by Fitch, the short-term issuer default rating and the long-term issuer default rating as set out in the Balance Guaranteed Swap Agreement.

The consequences for the relevant Swap Counterparty of the occurrence of a First Subsequent Fitch Rating Event is:

- (a) a requirement that collateral be posted using a higher multiplier than required pursuant to a breach of the Initial/First Trigger Swap Counterparty Required Rating within 14 calendar days (unless the Swap Counterparty has implemented one of the other remedies described below); or
- (b) in certain circumstances, to replace the Swap Counterparty; or
- (c) in certain circumstances, to obtain a guarantee or co-obligor of the Swap Counterparty’s obligations; or
- (d) in certain circumstances, to take any other action (which may include no action) which will result in the rating of the Rated Notes then outstanding being rated by such Rating Agency following the taking of such action no lower than they would be rated but for the occurrence of such First

**Swap Counterparty –  
Second Subsequent  
Fitch Rating Event**

It shall amount to a “Second Subsequent Fitch Rating Event” if the following rating requirements are not satisfied:

For as long as the A Notes are rated AAAsf by Fitch, a short-term issuer default rating of at least F3 and a long-term issuer default rating of at least BBB- or for so long as the A Notes are rated below AAA by Fitch, the short-term issuer default rating and the long-term issuer default rating as set out in the Balance Guaranteed Swap Agreement.

Subsequent Fitch Rating  
Event.

The consequences for the relevant Swap Counterparty of the occurrence of a Second Subsequent Fitch Rating Event is a requirement that collateral be posted using a higher multiplier than required pursuant to a breach of the First Subsequent Fitch Rating Event within 10 calendar days (unless the Swap Counterparty has implemented one of the other remedies described below) and use reasonable endeavours:

- (a) to replace the Swap Counterparty; or
- (b) to obtain a guarantee or co-obligor of the Swap Counterparty’s obligations; or
- (c) to take any other action (which may include no action) which will result in the rating of the Rated Notes then outstanding being rated by such Rating Agency following the taking of such action no lower than they would be rated but for the occurrence of such Second Subsequent Fitch Rating Event.

**Swap Counterparty  
- Subsequent/Second  
Trigger Swap  
Counterparty Required  
Rating**

In the case of S&P, (x) for as long as the A Notes are rated AAA(sf) by S&P (and S&P Replacement Option 1 (as defined in the Balance Guaranteed Swap Agreement) applies), a long-term unsecured and unsubordinated debt rating of at least BBB+ or (in the event that the Swap Counterparty has elected for Replacement Option 2 (as defined in the Balance Guaranteed Swap Agreement) to apply (and certain conditions as set out in the Balance Guaranteed Swap Agreement are satisfied)) A-, or (y) for so long as the A Notes are rated below AAA by S&P, such rating as set out in the Balance Guaranteed Swap Agreement.

The consequences for the Swap Counterparty of breach of a Subsequent/Second Trigger Swap Counterparty Required Rating requirement under the Balance Guaranteed Swap Agreement include:

- (a) a requirement to post collateral / maintain the posting of collateral within 10 or 20 Business Days, as applicable, following the Subsequent S&P Rating Event (in the case of S&P), (unless the Swap



Counterparty implements one of the other remedies described below); and

- (b) to replace the Swap Counterparty; or
- (c) to obtain a guarantee or co-obligor of the Swap Counterparty's obligations; or
- (d) to take any other action (which may include no action) which will result in the rating of the Rated Notes then outstanding being rated by such Rating Agency following the taking of such action no lower than they would be rated but for the ratings event.

### **S&P Replacement Options**

The Swap Counterparty has the right to elect any of S&P Replacement Option 1, S&P Replacement Option 2, S&P Replacement Option 3 or S&P Replacement Option 4 (each as defined in the Balance Guaranteed Swap Agreement) to apply, in which case the required long-term unsecured and unsubordinated debt ratings and short-term unsecured and unsubordinated debt ratings required by S&P change as set out in the Balance Guaranteed Swap Agreement.

In the absence of an express election by the Swap Counterparty, S&P Replacement Option 1 will be deemed to apply.

### **Collection Account, Transaction Account and Authorised Investments**

#### ***Collection Account***

Payments by Customers in respect of amounts due under the Purchased Receivables will be made in the majority of cases by direct debit on the first Business Day of each month, into the Collection Account at the Collection Account Bank. The Collection Account will be subject to a master declaration of trust (the "**Master Collection Account Declaration of Trust**") made by the Seller in favour of itself and the Issuer in respect of the Collection Account. As part of the trust arrangements, the Seller will also hold amounts in the Collection Account on trust for other issuers of securitisations that the Seller may undertake from time to time.

Accordingly, the Seller shall hold upon trust:

- (a) for the Issuer absolutely, on any date, an amount equal to the aggregate of the Daily Receivables Amounts paid into the Collection Account from (and including) the Issue Date to (and including) such date less an amount equal to the payments made by the Collection Account Bank into the Transaction Account from

(and including) the Issue Date to (and including) such date less any amounts the subject of an indemnity claim against the Collection Account Bank under the Direct Debit Scheme or which have otherwise been recalled in respect of the Purchased Receivables owned by the Issuer (the “**Issuer Trust Share**”);

- (b) for each additional securitisation issuer absolutely, on any date, an amount equal to the aggregate of all cleared payments or other sums received equal to the amounts from time to time standing to the credit of the Collection Account to the extent that such amounts represent payments into the Collection Account derived from or resulting from receivables and ancillary rights comprised in the relevant portfolio purchased by such securitisation issuer less any amounts the subject of an indemnity claim against the Collection Account Bank under the Direct Debit Scheme or which have otherwise been recalled in respect of such securitisation issuer (each, an “**Additional Issuer Trust Share**”); and
- (c) for itself, all amounts from time to time standing to the credit of the Collection Account to the extent such amounts represent amounts other than the Issuer Trust Share and the aggregate of all Additional Issuer Trust Share.

Pursuant to the terms of the Receivables Servicing Agreement, on any Business Day, the Servicer shall transfer the amounts in respect of the Issuer Trust Share on each applicable Business Day (subject to the Daily Transfer Minimum Amount) to the Transaction Account.

#### ***Transaction Account***

The Issuer will open with the Account Bank the Transaction Account, which will be used as the Issuer’s operational account in respect of the Portfolio and from which the Issuer will make payments in accordance with the applicable Priority of Payments.

#### ***Swap Collateral Accounts***

Where the Swap Counterparty provides collateral in accordance with the terms of the Balance Guaranteed Swap Agreement, such collateral shall be credited to the relevant Swap Collateral Account, together with any interest and distributions earned thereon. The Swap Collateral Accounts will be opened in the name of the Issuer in respect of the Swap Counterparty and will be held at the Custodian.

Amounts standing to the credit of the Swap Collateral Accounts will only be available to the Secured Creditors to the extent that such amounts are applied in or towards the Swap Counterparty’s obligations to pay an early termination payment (if any) to the Issuer upon early termination of the Balance Guaranteed Swap Transaction. Any amount in excess of such obligations shall not be available to Secured Creditors and shall be returned to the Swap Counterparty in accordance with the Balance Guaranteed Swap Agreement.

All Swap Excluded Amounts will, at all times, be credited to the Swap Collateral Account and will only be used to make Swap Excluded Payments.

#### ***Authorised Investments***

Funds of the Issuer will be deposited into the Transaction Account, and if in the opinion of the Cash/Bond Administrator the rate of interest earned is likely to exceed the rate of interest paid on the Transaction Account, the Issuer will be entitled to invest, and the Cash/Bond Administrator will invest on behalf of the Issuer in accordance with applicable laws and regulations all, or some, of such funds standing to the credit of the Transaction Account in Authorised Investments.

## WEIGHTED AVERAGE LIVES OF THE NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security (assuming no losses). The weighted average lives of the Notes will be influenced by, among other things, the actual rate of redemption of the Purchased Receivables.

The model used in this Prospectus for the Purchased Receivables represents an assumed constant per annum rate of prepayment (“CPR”) each month relative to the then outstanding principal balance of a pool of asset receivables. CPR does not purport to be either an historical description of the prepayment experience of any pool of asset receivables or a prediction of the expected rate of prepayment of any asset receivables, including the Receivables to be included in the Portfolio.

The following tables were prepared based on the characteristics of the Receivables in the Provisional Completion Portfolio and the following additional assumptions:

- (a) There are no Arrears or enforcements;
- (b) No Receivable is sold by the Issuer;
- (c) No Principal Deficiency arises;
- (d) No Receivable is required to be repurchased by the Seller due to breach of a Lease Receivables Warranty;
- (e) The Portfolio is static;
- (f) Data as at 15/10/2013;
- (g) The Portfolio characteristics for each Underlying Agreement remain constant;
- (h) 100 per cent. of the Portfolio is purchased as at the Issue Date;
- (i) The interest payment as well as the principal payment for each Receivable is calculated on an individual Receivable basis (meaning the amortisation of each Receivable is determined by the Receivable specific (i) rental frequency, (ii) number of payments, (iii) rental amounts, (iv) balloon payments and (v) relevant lease rate);
- (j) Interest on any receivable is calculated on an actual/365 basis;
- (k) Prepayments are calculated monthly independent of the frequency of the Receivable payment;
- (l) There are 45 days between the Issue Date and the first Interest Payment Date;
- (m) A LIBOR rate of 0.55%;
- (n) There is collateral of £265.9 million and liabilities of £265.9 million;
- (o) All Receivables have a fixed rate of interest; and
- (p) The Notes are redeemed in whole in accordance with Condition 5(d) (*Optional Redemption in Full*).

The actual characteristics and performance of the Purchased Receivables are likely to differ from the assumptions used in constructing the tables set forth below, which are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that the Purchased Receivables will prepay at a constant rate until maturity, that all of the Purchased Receivables will prepay at the same rate or that there will be no defaults or delinquencies on the Purchased Receivables. Moreover, the diverse remaining terms to maturity of the Purchased Receivables could produce slower or faster principal distributions than indicated in the tables at the various percentages of CPR specified, even if the weighted average remaining term to maturity of the Purchased Receivables is assumed.

Any difference between such assumptions and the actual characteristics and performance of the Purchased Receivables will cause the weighted average lives of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage of CPR.

**Weighted Average Life in Years**

The weighted average lives shown below were determined by (i) multiplying the net reduction, if any, of the Principal Amount Outstanding of each Class of Rated Notes by the number of years from the date of issue of the Notes to the related Interest Payment Date, (ii) adding the results and (iii) dividing the sum by the aggregate of the net reductions of the Principal Amount Outstanding described in (i) above.

Subject to the foregoing discussion and assumptions, the following tables indicate the weighted average lives of the Rated Notes. The weighted average lives of the Rated Notes have been calculated on an actual/365 basis.

	<b>CPR</b>				
	0%	2.5%	5%	7.5%	10%
Class A	1.32	1.27	1.23	1.19	1.14
Class B	3.29	3.21	3.13	3.05	2.97
Class C	3.46	3.37	3.30	3.21	3.13
Class D	3.46	3.37	3.30	3.21	3.13

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Temporary Global Notes and the Permanent Global Notes (each a “**Global Note**” as the context may require) contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

### General

The Notes of each Class, as at the Issue Date, will 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 (other than the Global Notes representing the A Notes) will be deposited on or about the Issue Date with a common depositary for both Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”) and, in the case of the Global Notes representing the A Notes, will be deposited with the common safekeeper for Euroclear and Clearstream, Luxembourg (the “**Common Safekeeper**”). It is intended that the A Notes will be held in a manner to enable Eurosystem eligibility, however, it cannot be confirmed that the A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

Upon confirmation by the Common Depositary or the Common Safekeeper (as applicable) that it has custody of each Global Note, Euroclear or Clearstream, Luxembourg, as the case may be, will record the beneficial interests in such Global Note (the “**Book-Entry Interests**”) attributable thereto.

Book-Entry Interests in respect of each Global Note will be recorded in denominations of £100,000 and for so long as Euroclear and Clearstream, Luxembourg so permit, any amount in excess thereof in integral multiples of £1,000 respectively. Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg (the “**Participants**”) or persons that hold interests in the Book-Entry Interests through Participants (the “**Indirect Participants**”), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly.

Indirect Participants shall also include persons that hold beneficial interests through such Indirect Participants. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants’ accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Joint Lead Managers and the Co-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 or the Common Safekeeper (as the case may be), is the registered holder of each Global Note underlying the Book-Entry Interests, the nominee for the Common Depositary or the Common Safekeeper (as the case may be), will be considered the sole Noteholder of such Global Note for all purposes under the Trust Deed. Save in limited circumstances, 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.

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 any Global Note, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Notes in definitive form 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 each Global Note, unless and until Book-Entry Interests are exchanged for Notes in definitive form, such Global Note held by the Common Depository or the Common Safekeeper (as the case may be), may not be transferred except as a whole by the Common Depository or the Common Safekeeper (as the case may be) to a successor of the Common Depository or the Common Safekeeper (as the case may be).

Purchasers of Book-Entry Interests in a Global Note will hold Book-Entry Interests in such Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of the Global Notes directly through Euroclear or Clearstream, Luxembourg, 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 Notes 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 Joint Lead Arrangers, any Joint Lead Manager, the Co-Manager, the Trustee or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective Participants or account holders of their respective obligations under the rules and procedures governing their operations.

### **Nominal Amount and Exchange**

The records of such relevant Clearing System shall be conclusive evidence of the nominal amount of Notes represented by the Temporary Global Note and the Permanent Global Note and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time. The Trustee will not 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.

The Temporary Global Note is exchangeable in whole or in part for interests recorded in the records of the relevant Clearing Systems in the Permanent Global Note on the date falling after the expiry of 40 days from the Issue Date, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note. The Permanent Global Note is exchangeable in whole but not in part (free of charge to the holder) for the definitive Notes described below if any of the following events (each an "**Exchange Event**") occurs:

- (a) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations which becomes effective on or after the Issue Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of this Permanent Global Note which would not be required were the relevant Notes in definitive form; or
- (b) the Global Note is held on behalf of a relevant Clearing System and such relevant Clearing System is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or

announces an intention permanently to cease business or does in fact do so. Thereupon, the holder may give notice to the Principal Paying Agent of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date specified in the notice. Neither the Trustee nor any of its agents, will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations.

On or after the Exchange Date the holder of the Permanent Global Note may surrender the Permanent Global Note to or to the order of Principal Paying Agent. In exchange for the Permanent Global Note the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Trust Deed. On exchange of the Permanent Global Note, the Issuer will, if the Noteholder so requests, procure that it is cancelled and returned to the Noteholder together with any relevant definitive Notes.

“**Exchange Date**” means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and in the cities in which the relevant Clearing System is located.

### **Payments**

No payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by the Global Note will be made to its holder. The Issuer shall procure that details of each such payment shall be entered pro rata in the records of the relevant Clearing System and, in the case of payments of principal, the nominal amount of the Notes will be reduced accordingly. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, Condition 6(d) (*Payments on business days*) shall not apply, and all such payments shall be made on a day which is a business day (as defined in Condition 6(d) (*Payments on business days*)).

### **Notices**

So long as the Notes are represented by the Global Note and the Global Note is held on behalf of a relevant Clearing System, notices to Noteholders may be given by delivery of the relevant notice to that relevant Clearing System for communication by it to entitled accountholders in substitution for publication as required by the Conditions.

### **Prescription**

Claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by the Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate relevant date (as defined in Condition 7 (*Prescription*)).

### **Meetings**

The holder of the Global Note shall (unless the Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each £1.00 in principal amount of Notes.

### **Purchase and Cancellation**

On cancellation of any Note required by the Conditions to be cancelled following its purchase, the Issuer shall procure that details of such cancellation shall be entered pro rata in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant

Clearing Systems and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so cancelled.

**Trustee's Powers**

In considering the interests of Noteholders while the Global Note is held on behalf of a relevant Clearing System, the Trustee may have regard to any information provided to it by such relevant Clearing System or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Note and may consider such interests as if such accountholders were the holder of the Global Note.



## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Notes (the “Conditions”) which (subject to amendment and completion) will be endorsed or attached on each Global Note and each Note in definitive form (if applicable) and (subject to the provisions thereof) will apply to each such Note.*

The issue of £227,700,000 Class A Notes due November 2021 (the “A Notes”), £15,840,000 Class B Notes due November 2021 (the “B Notes”), £11,220,000 Class C Notes due November 2021 (the “C Notes”), £9,240,000 Class D Notes due November 2021 (the “D Notes” and, together with the A Notes, the B Notes and the C Notes, the “Rated Notes”), £6,250,000 Class E Notes due November 2021 (the “E Notes” and, together with the Rated Notes, the “Notes” of Temese Funding 1 plc (the “Issuer”) was authorised by a resolution of the board of directors of the Issuer passed on 4 November 2013.

The Notes are constituted by a trust deed (the “Trust Deed”) dated on or about 14 November 2013 (the “Issue Date”) between the Issuer and HSBC Corporate Trustee Company (UK) Limited (the “Trustee”) as trustee for the holders of the Notes (the “Noteholders”). Any reference in these terms and conditions (the “Conditions”) to a “Class” of Notes or Noteholders shall be a reference to, as the case may be, the A Notes, the B Notes, the C Notes, the D Notes or the E Notes, or to the respective holders thereof.

These Conditions include summaries of, and are subject to, the detailed provisions of (1) the Trust Deed, which includes the form of the Notes and the coupons (the “Coupons”) relating to them, (2) the paying agency agreement (the “Paying Agency Agreement”) dated the Issue Date relating to the Notes between the Issuer, the Trustee, HSBC Bank plc as agent bank (the “Agent Bank”), HSBC Bank plc as principal paying agent (the “Principal Paying Agent”) and the other paying agents named in it (together with the Principal Paying Agent and any other or further paying agent appointed under the Paying Agency Agreement, the “Paying Agents”), (3) the deed of charge and assignment (the “Deed of Charge”) dated the Issue Date between the Issuer and the Trustee and (4) the cash/bond administration agreement (the “Cash/Bond Administration Agreement”) dated the Issue Date between, inter alios, the Issuer and Investec Bank plc (the “Cash/Bond Administrator”).

In these Conditions, capitalised words and expressions shall, unless otherwise defined below, have the same meanings as those given in the Master Definitions Schedule dated on or about the Issue Date between, inter alios, the Issuer, the Trustee and the Principal Paying Agent.

Copies of the Trust Deed, the Paying Agency Agreement, the Deed of Charge, the Cash/Bond Administration Agreement, the Master Definitions Schedule and the other Transaction Documents are available (i) for inspection during usual business hours at the specified offices from time to time of the Principal Paying Agent and (ii) online at [www.ctslink.com](http://www.ctslink.com) and will be available in such manner for at least as long as the Notes are admitted to listing on the Irish Stock Exchange and the guidelines of the Irish Stock Exchange so require. The Noteholders and the Couponholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, the provisions of the Trust Deed, the Paying Agency Agreement, the Deed of Charge, the Master Definitions Schedule and the other Transaction Documents.

### 1. Form, Denomination and Title

#### (a) Form and denomination

The Notes are serially numbered and in bearer form in the denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000, each with Coupons attached on issue. No definitive Notes will be issued with a denomination above £199,000.

#### (b) Title

Title to the Notes and Coupons passes by delivery. The Noteholder or Couponholder will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is

overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

## 2. Status, Security and Administration

- (a) The Notes and Coupons constitute direct, secured and unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 10 (*Enforcement of Notes, Limited Recourse and Non-Petition*).

As regards payments of interest:

- (i) prior to enforcement of the Security, the A Notes shall rank pari passu and without any preference or priority amongst themselves and in priority to the B Notes, the C Notes and the D Notes; the B Notes shall rank pari passu and without any preference or priority amongst themselves and in priority to the C Notes and the D Notes; the C Notes shall rank pari passu and without any preference or priority amongst themselves and in priority to the D Notes; and the D Notes shall rank pari passu and without any preference or priority amongst themselves (the E Notes will not bear interest other than the E Note Residual Revenue); and
- (ii) upon enforcement of the Security, the provisions of Condition 2(d) (*Post-Enforcement Priority of Payments*) shall apply.

As regards repayments of principal:

- (i) prior to enforcement of the Security, the A Notes shall rank pari passu and without any preference or priority amongst themselves and in priority to the B Notes, the C Notes, the D Notes and the E Notes; the B Notes shall rank pari passu and without any preference or priority amongst themselves and in priority to the C Notes, the D Notes and the E Notes; the C Notes shall rank pari passu and without any preference or priority amongst themselves and in priority to the D Notes and the E Notes; the D Notes shall rank pari passu and without any preference or priority amongst themselves and in priority to the E Notes; and the E Notes shall rank pari passu and without any preference or priority amongst themselves; and
- (ii) upon enforcement of the Security, the provisions of Condition 2(d) (*Post-Enforcement Priority of Payments*) shall apply.

The Notes are constituted by the Trust Deed and are secured by the same security, but upon enforcement of the security created pursuant to the Deed of Charge (the “**Security**”), the Notes will rank in the priority as referred to above.

The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the Noteholders equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), but requiring the Trustee to have (except where expressly provided otherwise) regard only to the interests of the holders of the Most Senior Class if, in the Trustee’s opinion, there is a conflict between the interests of the holders of the Most Senior Class and the interests of any of the other Noteholders and the other Noteholders (not being holders of the Most Senior Class) shall have no claim against the Trustee for so doing.

The Trust Deed contains provisions limiting the powers of the holders of those Classes of Notes other than the Most Senior Class, inter alia, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Most Senior Class. Except in certain circumstances set out in Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*), the Trust Deed contains no such limitation on the powers of the holders of the Most Senior Class, the exercise of which will be binding on the holders of the other Classes of Notes, irrespective of the effect thereof on their interests.

(b) Security

As security for the payment of all monies payable in respect of the Notes and otherwise under the Trust Deed (including the remuneration, expenses and any other claims of the Trustee and any receiver appointed under the Deed of Charge) and in respect of certain amounts payable to the Servicer under the Receivables Servicing Agreement, the Standby Servicer under the Standby Receivables Servicing Agreement, the Replacement Standby Servicer Facilitator under the Replacement Standby Servicer Facilitation Agreement, the Cash/Bond Administrator under the Cash/Bond Administration Agreement, the Standby Cash/Bond Administrator under the Standby Cash/Bond Administration Agreement, the Principal Paying Agent and Agent Bank under the Paying Agency Agreement, the Account Bank under the Bank Agreement, the Corporate Services Provider under the Corporate Services Agreement, the Paying Agents under the Paying Agency Agreement, the Custodian under the Custody Agreement, the Swap Counterparty under the Balance Guaranteed Swap Agreement and any other party which is, or accedes to, the Deed of Charge as a secured party, the Issuer will enter into the Deed of Charge and documents pursuant thereto, creating the following security in favour of the Trustee for itself and on trust for the other persons expressed to be secured parties thereunder:

- (i) first fixed equitable charges and security in favour of the Trustee over the Issuer's present and future right, title, benefit and interest in, to and under the Purchased Receivables and their Ancillary Rights;
- (ii) pursuant to each Scottish Supplemental Security, an assignation in security of the Issuer's present and future beneficial interest in, under and to the Purchased Receivables and/or Ancillary Rights (in each case to the extent governed by or otherwise subject to Scots law) and the trust declared in favour of the Issuer pursuant to each Scottish Transfer;
- (iii) assignment in favour of the Trustee of the Issuer's right, title, interest and benefit in, to and under the Transaction Documents, the Master Collection Account Declaration of Trust and any other agreement entered into between the Issuer and a secured party to the Deed of Charge (the "**Charged Obligation Documents**");
- (iv) a first fixed charge in favour of the Trustee over (x) the Issuer's interest in the Transaction Account and any Authorised Investments and the Swap Collateral Accounts, (y) the Issuer's beneficial interest in the Collection Account and (z) any other accounts with any bank or financial institution in which the Issuer now or in the future has an interest (to the extent of its interest); and
- (v) a first floating charge in favour of the Trustee (ranking after the security referred to in paragraphs (i) to (iv) above) over the whole of the undertaking, property, assets and rights of the Issuer.

(c) Pre-Enforcement Revenue Priority of Payments

Prior to the enforcement of the Security on each Interest Payment Date, the Cash/Bond Administrator shall apply an amount equal to the Available Revenue Amounts, which shall include for the avoidance of doubt:

- (i) interest received on the Transaction Account for the Determination Period immediately preceding the relevant Determination Date;
- (ii) the proceeds of any Authorised Investments attributable to Revenue Collections for the Determination Period immediately preceding the relevant Determination Date;
- (iii) the Revenue Collections received for the Determination Period immediately preceding the relevant Determination Date;

- (iv) any amounts received by the Issuer under the Balance Guaranteed Swap Agreement or any replacement Balance Guaranteed Swap Agreement on the relevant Interest Payment Date (excluding any Swap Excluded Amounts and any early termination payment received by the Issuer from the Swap Counterparty to the extent utilised to acquire, at any time, a new swap);
- (v) any amount standing to the credit of the Reserve Ledger if and to the extent required to make payment of certain amounts (as set out in the definition of Revenue Shortfall) in the Pre-Enforcement Revenue Priority of Payments to the extent there will be a Revenue Shortfall on the immediately following Interest Payment Date after application of all other Available Revenue Amounts (including paragraph (viii) below but excluding paragraphs (vi) and (vii) below) in respect thereof;
- (vi) for so long as the A Notes remain outstanding, any amount standing to the credit of the Liquidity Reserve Ledger if and to the extent required to make payment of certain amounts in the Pre-Enforcement Revenue Priority of Payments to the extent there will be a Senior Fees Shortfall and/or an Interest Shortfall on the A Notes on the immediately following Interest Payment Date after application of all other Available Revenue Amounts (including paragraph (v) above and paragraph (viii) below but excluding paragraph (vii) below);
- (vii) for so long as the B Notes remain outstanding and either (x) the B Notes are the Most Senior Class or (y) the B Notes are not the Most Senior Class and the B PDL Trigger has not been met, any amount standing to the credit of the Liquidity Reserve Ledger if and to the extent required to make payment of certain amounts in the Pre-Enforcement Revenue Priority of Payments to the extent there will be a Senior Fees Shortfall and/or an Interest Shortfall on the B Notes on the immediately following Interest Payment Date after application of all other Available Revenue Amounts (including paragraphs (v) and (vi) above and paragraph (viii) below);
- (viii) such amounts standing to the credit of the Yield Reduction Contingency Reserve Ledger required and as determined by the Cash/Bond Administrator to mitigate any yield reduction that has occurred in respect of any Purchased Receivable in the relevant Determination Period,

but excluding any Deferred Consideration, as at the immediately preceding Determination Date in making the following payments in the following order of priority, but in each case only to the extent that all payments of a higher priority have been made in full (the “**Pre-Enforcement Revenue Priority of Payments**”):

- (i) firstly, to pay pro rata when due the remuneration payable to the Trustee (plus value added tax, if any) and any fees (including legal fees), costs, charges, liabilities and expenses incurred by it under the provisions of or in connection with the Trust Deed or the Deed of Charge or either or both of them together or any other documents entered into by the Trustee in its capacity as trustee under the Trust Deed or the Deed of Charge or either or both of them with interest as provided in the Trust Deed or the Deed of Charge or either or both of them;
- (ii) secondly, to pay pro rata when due amounts, including audit fees and company secretarial expenses (plus value added tax, if any), which are payable by the Issuer to third parties and incurred without breach by the Issuer pursuant to the Trust Deed or the Deed of Charge and not provided for payment elsewhere and to provide for any such amounts expected to become due and payable by the Issuer after that Interest Payment Date and prior to the next Interest Payment Date and to provide for the Issuer’s liability or possible liability for corporation tax;
- (iii) thirdly, to pay pro rata and pari passu:
  - (A) in respect of the Servicer, prior to an Invocation Event, an amount, divided by 12, equal to 0.10 per cent. (inclusive of VAT) of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period);

- (B) in respect of the Standby Servicer, (i) prior to an Invocation Event, an amount (exclusive of VAT, if any) equal to 0.0375 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period divided by 12 and payable in advance (with the first fee payable on the Issue Date), and (ii) following an Invocation Event, an amount (exclusive of VAT, if any) payable in arrear and divided by 12 equal to, where the percentage by Principal Balance of Defaulted Receivables in the Portfolio:
- (1) is less than or equal to 4 per cent., 0.10 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period;
  - (2) is greater than 4 per cent. and less than or equal to 5 per cent., 0.11 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period;
  - (3) is greater than 5 per cent. and less than or equal to 6 per cent., 0.12 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period;
  - (4) is greater than 6 per cent. and less than or equal to 7 per cent., 0.13 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period; and
  - (5) is greater than 7 per cent., then such fee will be the fee as agreed between the Issuer and the Standby Servicer (each acting reasonably) from time to time, subject to a cap of 0.15 per cent. of the aggregate Principal Balance of each of the Purchased Receivables in the Portfolio on the first day of each Determination Period,

in each case, together with costs, expenses and sundry fees incurred or charged by such Standby Servicer in accordance with such Standby Receivables Servicing Agreement.

- (C) in respect of the Replacement Standby Servicer Facilitator, the Replacement Standby Servicer Facilitator fee equal to £5,000 (exclusive of VAT, if any) per annum payable in advance on the Issue Date and on each anniversary thereof thereafter until appointment of a Replacement Standby Servicer, together with any amounts representing costs and expenses incurred by the Replacement Standby Servicer Facilitator in respect of the replacement of the Standby Servicer in accordance with the Replacement Standby Servicer Facilitation Agreement;
- (D) in respect of the Cash/Bond Administrator, the cash/bond administration fee (exclusive of value added tax, if any), payable under the Cash/Bond Administration Agreement such fee being up to a maximum of the product of 0.01 per cent. and the aggregate Principal Amount Outstanding of all the Rated Notes on the first day of each Interest Period immediately preceding the said Interest Payment Date divided by twelve in respect of each full Interest Period together with costs and expenses incurred by the Cash/Bond Administrator in accordance with the Cash/Bond Administration Agreement;
- (E) if the Cash/Bond Administration Agreement has not been terminated and prior to the Standby Cash/Bond Administrator performing its obligations under amended and restated Cash/Bond Administration Agreement and stepping in as Cash/Bond Administrator (except to the extent already paid to the Standby Cash/Bond Administrator since the preceding Interest Payment Date or, in the case of the first Interest Payment Date, since the Issue Date) the standby cash/bond administration fee

- (exclusive of value added tax, if any), payable under the Standby Cash/Bond Administration Agreement to the Standby Cash/Bond Administrator in respect of each full Interest Period with costs and expenses incurred by the Standby Cash/Bond Administrator in accordance with the Standby Cash/Bond Administration Agreement;
- (F) amounts due (plus value added tax, if any) and any fees (including legal fees), costs, charges, liabilities, and expenses incurred by it to the Paying Agents and Agent Bank under the Paying Agency Agreement, the Account Bank under the Bank Agreement and the Custodian under the Custody Agreement; and
- (G) amounts due and payable to the Corporate Services Provider under and in accordance with the Corporate Services Agreement;
- (iv) INTENTIONALLY LEFT BLANK;
- (v) INTENTIONALLY LEFT BLANK;
- (vi) sixthly, in or towards payment of any amounts to the Swap Counterparty in respect of the Balance Guaranteed Swap Agreement (other than any Swap Subordinated Amounts which are payable under item (xvii) below
- (vii) seventhly, to pay amounts (other than in respect of principal) payable in respect of the A Notes (such amounts to be paid pro rata according to the respective interest entitlements of the A Noteholders);
- (viii) eighthly, amounts to be credited to the A Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Condition 5 (*Redemption*)) until the balance of the A Principal Deficiency Ledger has reached zero;
- (ix) ninthly, to pay amounts (including any deferred interest (and such interest accruing on such deferred interest) pursuant to and in accordance with Condition 6(g) (*Subordination of the payment of interest*) but excluding principal) payable in respect of the B Notes (such amounts to be paid pro rata according to the respective interest entitlements of the B Noteholders);
- (x) tenthly, amounts to be credited to the B Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Condition 5 (*Redemption*)) until the balance of the B Principal Deficiency Ledger has reached zero;
- (xi) eleventhly, to pay amounts (including any deferred interest (and such interest accruing on such deferred interest) pursuant to and in accordance with Condition 6(g) (*Subordination of the payment of interest*) but excluding principal) payable in respect of the C Notes (such amounts to be paid pro rata according to the respective interest entitlements of the C Noteholders);
- (xii) twelfthly, amounts to be credited to the C Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Condition 5 (*Redemption*)) until the balance of the C Principal Deficiency Ledger has reached zero;
- (xiii) thirteenthly, to pay amounts (including any deferred interest (and such interest accruing on such deferred interest) pursuant to and in accordance with Condition 6(g) (*Subordination of the payment of interest*) but excluding principal) payable in respect of the D Notes (such amounts to be paid pro rata according to the respective interest entitlements of the D Noteholders);
- (xiv) fourteenthly, amounts to be credited to the D Principal Deficiency Ledger (such amounts to be applied in redemption of the Notes in accordance with Condition 5 (*Redemption*)) until the balance of the D Principal Deficiency Ledger has reached zero;

- (xv) fifteenthly, amounts to be credited to the Reserve Ledger, until the balance of the Reserve Fund reaches the Reserve Fund Required Amount;
  - (xvi) sixteenthly, amounts to be credited to the Yield Reduction Contingency Reserve Ledger, until the balance of the Yield Reduction Contingency Reserve reaches the Yield Reduction Contingency Reserve Required Amount;
  - (xvii) seventeenthly, in or towards payment to the Swap Counterparty of any Swap Subordinated Amounts;
  - (xviii) eighteenthly, in redeeming the E Notes on a pari passu and pro rata basis until the Principal Amount Outstanding on each E Note representing every £100,000 of Principal Amount Outstanding as at the Issue Date is redeemed at an amount so that the Principal Amount Outstanding is £1.00;
  - (xix) nineteenthly, on each Interest Payment Date, to pay pari passu and pro rata amounts payable to the E Noteholders equal to the balance of the Available Revenue Amounts after deduction of all amounts referred to in items (i) to (xviii) (inclusive) above up to and including the date the principal of the E Notes are redeemed in full;
  - (xx) finally, to pay the surplus (if any) to the Issuer which shall be retained in the Transaction Account and credited to the Issuer Turn Ledger as part of the Issuer Turn.
- (d) Post-Enforcement Priority of Payments

Upon the earlier to occur of (i) the Trustee giving notice to the Issuer pursuant to Condition 9(a) (*Events of Default*) declaring the Notes to be due and repayable, (ii) the Final Maturity Date and (iii) the Interest Payment Date on which the Notes are redeemed in accordance with Condition 5(d) (*Optional Redemption in Full*) or Condition 5(e) (*Optional Redemption for Taxation or Other Reasons*) the Trustee shall, to the extent that such funds are available, use funds standing to the credit of the Transaction Account, other than Swap Excluded Amounts and after making payments of certain monies which properly belong to third parties, to make payments in the following order of priority pursuant to and in accordance with the Deed of Charge (the “**Post-Enforcement Priority of Payments**”):

- (i) firstly, to pay, pro rata, any remuneration then due to any receiver and all amounts due in respect of legal fees and other costs, charges, liabilities, losses, damages, proceedings, claims and demands then incurred by such receiver together with interest thereon and to pay all amounts due to the Trustee in respect of the Trustee’s remuneration, fees (including legal fees), costs, charges, losses, damages, proceedings, claims, demands, expenses and liabilities due to the Trustee (plus value added tax, if any);
- (ii) secondly, to pay, pro rata and pari passu, the fees, costs, expenses and liabilities due to the Servicer, the Standby Servicer, the Replacement Standby Servicer Facilitator, the Cash/Bond Administrator, the Standby Cash/Bond Administrator, the Paying Agents, the Agent Bank, the Account Bank, the Corporate Services Provider and the Custodian;
- (iii) thirdly, to pay amounts payable to the Swap Counterparty in respect of the Balance Guaranteed Swap Agreement (other than any Swap Subordinated Amounts which are payable under paragraph (viii) below);
- (iv) fourthly, to pay, pro rata and pari passu:
  - (A) amounts (other than in respect of principal) payable in respect of the A Notes (such amounts to be paid pro rata according to the respective interest entitlements of the A Noteholders) in accordance with Condition 4 (*Interest*); and

- (B) amounts payable to the A Noteholders in respect of principal on the A Notes until the A Notes are redeemed in full;
- (v) fifthly, to pay, pro rata and pari passu:
  - (A) amounts (including any deferred interest (and such interest accruing on such deferred interest) pursuant to and in accordance with Condition 6(g) (*Subordination of the payment of interest*) but excluding principal) payable in respect of the B Notes (such amounts to be paid pro rata according to the respective interest entitlements of the B Noteholders) in accordance with Condition 4 (*Interest*); and
  - (B) amounts payable to the B Noteholders in respect of principal on the B Notes until the B Notes are redeemed in full;
- (vi) sixthly, to pay, pro rata and pari passu:
  - (A) amounts (including any deferred interest (and such interest accruing on such deferred interest) pursuant to and in accordance with Condition 6(g) (*Subordination of the payment of interest*) but excluding principal) payable in respect of the C Notes (such amounts to be paid pro rata according to the respective interest entitlements of the C Noteholders) in accordance with Condition 4 (*Interest*); and
  - (B) amounts payable to the C Noteholders in respect of principal on the C Notes until the C Notes are redeemed in full;
- (vii) seventhly, to pay, pro rata and pari passu:
  - (A) amounts (including any deferred interest (and such interest accruing on such deferred interest) pursuant to and in accordance with Condition 6(g) (*Subordination of the payment of interest*) but excluding principal) payable in respect of the D Notes (such amounts to be paid pro rata according to the respective interest entitlements of the D Noteholders) in accordance with Condition 4 (*Interest*); and
  - (B) amounts payable to the D Noteholders in respect of principal on the D Notes until the D Notes are redeemed in full;
- (viii) eighthly, in or towards payment to the Swap Counterparty of any Swap Subordinated Amounts;
- (ix) ninthly, to pay pro rata and pari passu:
  - (A) amounts payable to the E Noteholders in respect of principal on the E Notes until the E Notes are redeemed in full; and
  - (B) amounts payable to the E Noteholders equal to the balance of funds available to the Trustee after payment in full of all amounts referred to in paragraphs (i) to (ix)(A) (inclusive) above; and
- (x) tenthly, to pay the (if any) to the Issuer.

The Security will become enforceable upon the occurrence of an Event of Default (as defined in Condition 9(a) (*Events of Default*)) provided that if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the 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 of all amounts owing in respect of the Rated Notes or the Trustee is of the opinion, reached after considering at any time and from time to time the advice of an investment bank or other financial adviser selected by the Trustee, 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 in respect of the Rated Notes.

### 3. Covenants of the Issuer

Save with the prior written consent of the Trustee or as expressly provided in or expressly envisaged by any of the Master Definitions Schedule, the Bank Agreement, the Cash/Bond Administration Agreement, the Standby Cash/Bond Administration Agreement, the Corporate Services Agreement, the Custody Agreement, the Deed of Charge, each Scottish Transfer, each Scottish Supplemental Security, the Balance Guaranteed Swap Agreement, the Receivables Servicing Agreement, the Standby Receivables Servicing Agreement, the Replacement Standby Servicer Facilitation Agreement, the Receivables Sale Agreement, the Paying Agency Agreement, the Trust Deed and the Issuer/ICSD Agreement and any other document agreed between the Issuer and the Trustee to be a Transaction Document (together, the “**Transaction Documents**”), the Issuer shall not, so long as any Note remains outstanding (as defined in the Trust Deed), inter alia:

- (a) Negative Pledge: create or permit to subsist any mortgage, security, pledge, lien (unless arising by operation of law) or charge upon the whole or any part of its assets, present or future (including any uncalled capital) or its undertaking;
- (b) Restrictions on Activities
  - (i) engage in any activity which is not reasonably incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;
  - (ii) open nor have any interest in any account whatsoever with any bank or financial institution other than the Collection Account, Transaction Account, Swap Collateral Accounts held with the Collection Account Bank, Account Bank and the Custodian, as applicable, save where such account or such interest therein is immediately charged in favour of the Trustee so as to form part of the Security described in Condition 2 (*Status, Security and Administration*) and where the Trustee (other than in respect of the Collection Account) receives an acknowledgement from such bank or financial institution of the security rights and interests of the Trustee and an agreement or evidence that it will not exercise any right of set-off it might otherwise have against the account in question;
  - (iii) have any subsidiaries or employees or premises; or
  - (iv) act as a director of any company;
- (c) Dividends or Distributions: pay any dividend or make any other distribution to its shareholders save for the Issuer Turn;
- (d) Borrowings: incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of any obligation of any person;
- (e) Merger: consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any other person;
- (f) Disposal of Assets: other than following the occurrence of a Replacement Event and then only in respect of the assets and rights the subject of such Replacement Event, transfer, sell, lend, part with or otherwise dispose of or deal with, or grant any option over or present or future right to acquire, any of its assets or undertaking or any interest, estate, right, title or benefit therein provided that the Issuer may (and may agree to) transfer, sell, lend, pledge, part with or otherwise dispose of or deal with, or grant any option over any present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein where the proceeds of the same are applied, inter alia, in or towards redemption of the Notes in accordance with the terms and conditions of the Notes and the terms of the Transaction Documents;

- (g) Tax Grouping: be (and never has been) a member of a VAT (Value Added Tax) group;
- (h) Independent Director: at any time have fewer than one independent director;
- (i) Other: permit any of the Transaction Documents or the priority of the security interests created thereby to be amended, invalidated, rendered ineffective, terminated or discharged, or consent to any variation thereof, or exercise of any powers of consent or waiver in relation thereto pursuant to the terms of the Trust Deed and these Conditions, or permit any party to any of the Transaction Documents or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any Purchased Receivable save as envisaged in the Transaction Documents.

#### 4. Interest

##### (a) Period of Accrual

- (i) The Rated Notes bear interest from (and including) the Issue Date. Each Rated Note shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal is improperly withheld or refused. In such event, interest will continue to accrue thereon in accordance with this Condition 4 (*Interest*) (before as well as after any judgment or decree) up to (but excluding) the date on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, or (if earlier) the seventh day after notice is duly given by the Principal Paying Agent to the holder thereof (in accordance with Condition 14 (*Notice to Noteholders*)) that it has received all sums due in respect of such Note (except to the extent that there is any subsequent default in payment).
- (ii) The E Noteholders are entitled to receive any amounts of E Note Residual Revenue payable as interest (but shall have no other entitlement to interest on the E Notes).

##### (b) Interest Payment Dates and Interest Periods

Subject to Condition 6 (*Payments*), interest on the Notes is payable on the Rated Notes on 23 December 2013, and thereafter monthly in arrear on the 21st day in each month unless such day is not a Business Day, in which case interest shall be payable on the following Business Day (each such date an “**Interest Payment Date**”). The period from (and including) an Interest Payment Date (or the Issue Date) to (but excluding) the next (or first) Interest Payment Date is called an “**Interest Period**” in these Conditions.

##### (c) Rate of Interest

Subject to Condition 7 (*Prescription*), the Rate of Interest (as defined below) payable from time to time in respect of the Rated Notes and the respective Interest Amount (as defined below) (the E Notes instead bearing E Note Residual Revenue, which shall be payable as interest) will be determined on the basis of the provisions set out below:

- (i) in relation to the Rated Notes, on each Interest Payment Date or, in the case of the first Interest Period, the Issue Date (each, an “**Interest Determination Date**”), the Agent Bank will determine the offered quotation to leading banks in the London interbank market for one month sterling deposits, or, in the case of the first Interest Period, a linear interpolation of the offered quotations for one and two month sterling deposits in the London interbank market by reference to the Reuters Screen LIBOR01 Page (or (a) such other page as may replace the Reuters Screen LIBOR01 Page on that service for the purpose of displaying such information or (b) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Agent Bank) as may replace the Reuters Page LIBOR01) as at or about 11.00 a.m. (London time) on that date (the “**Screen Rate**”). If on the relevant Interest Determination

Date the Screen Rate is unavailable, the Agent Bank will request the principal London office of each of the Reference Banks (as defined in Condition 4(i) (*Reference Banks and Agent Bank*) below) to provide the Agent Bank with its offered quotation as at or about 11.00 a.m. (London time) on that date to leading banks for one month sterling deposits, or, in the case of the first Interest Period, such rates for one and two month sterling deposits shall be interpolated. The Rate of Interest for each Class of Rated Notes for such Interest Period shall, subject as provided below, be the aggregate of the Relevant Margin (as defined below) applicable to such Class of Rated Notes and the Screen Rate or, as the case may be, the arithmetic mean (rounded if necessary to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards) of the quotations of the Reference Banks;

- (ii) if, on the relevant Interest Determination Date, the Screen Rate is unavailable and only two of the Reference Banks (as defined in Condition 4(i) (*Reference Banks and Agent Bank*) below) provide such quotations, the Rate of Interest for the relevant Interest Period shall be determined on the basis of the quotations of the two quoting Reference Banks. If, on the relevant Interest Determination Date, the Screen Rate is unavailable and only one or none of the Reference Banks provides such a quotation, then the Rate of Interest for the relevant Interest Period in respect of the Rated Notes shall be the Reserve Interest Rate. The “**Reserve Interest Rate**” shall be the rate per annum which the Agent Bank determines to be either (a) the aggregate of the Relevant Margin and the arithmetic mean (rounded if necessary to the nearest 0.0001 per cent. 0.00005 per cent., being rounded upwards) of the lending rates which leading banks in London (selected by the Agent Bank in its absolute discretion) are quoting, as at or about 11.00 a.m. (London time) on the relevant Interest Determination Date in respect of sterling, for the relevant Interest Period to the Reference Banks or those of them (being at least two in number) to which such quotations are in the sole opinion of the Agent Bank being so made or (b) if the Agent Bank certifies that it cannot determine such arithmetic mean, the aggregate of the Relevant Margin and the average of the lending rates in sterling which leading banks in London (selected by the Agent Bank in its absolute discretion) are quoting on the relevant Interest Determination Date to leading banks which have their head offices in London for the relevant Interest Period provided that if the Agent Bank certifies as aforesaid and further certifies that none of the banks selected as provided in Condition 4(i) (*Reference Banks and Agent Bank*) below is quoting to leading banks as aforesaid, then the Reserve Interest Rate shall be the Rate of Interest in effect for the Interest Period ending on the relevant Interest Determination Date.

For the purposes of these Conditions:

“**Rate of Interest**” means in relation to the Rated Notes, the rate of interest as determined by the Agent Bank in accordance with this Condition 4 (*Interest*).

“**Relevant Margin**” shall be:

A Notes	0.90%
B Notes	1.40%
C Notes	1.90%
D Notes	2.50%

- (d) European Economic and Monetary Union

If, as a result of the start of the third stage of EMU pursuant to the Treaty, it becomes impossible for the Agent Bank to determine the Rate of Interest for any Interest Period in accordance with Condition 4(c)(i) above, the Rate of Interest for each such Interest Period shall be determined by the Agent Bank on the basis set out in Condition 4(c)(ii).

(e) Determination of Rates of Interest and Calculation of Interest Amounts

- (i) The Agent Bank shall, on each Interest Determination Date, determine and notify the Issuer, the Servicer or the Standby Servicer (as the case may be), the Cash/Bond Administrator, the Standby Cash/Bond Administrator, the Trustee (if it so requests), the Irish Stock Exchange/Listing Agent and the Paying Agents of (a) the Rate of Interest applicable to the relevant Interest Period in respect of each Rated Note and (b) the amount of interest (with respect to each Class of Rated Note, the “**Interest Amount**” and, collectively in respect of each Class, the “**Interest Amounts**”) payable in respect of each Rated Note for such Interest Period.
- (ii) The Interest Amounts will be calculated by applying the Rate of Interest for such Interest Period to the Principal Amount Outstanding of the relevant Class of Rated Note on the first day of such Interest Period (after taking into account any redemptions occurring in respect of such Notes on such Interest Payment Date), multiplying the product by the actual number of days in such Interest Period divided by 365 and rounding the resulting figure down to the nearest penny; provided, however, that, if the Rate of Interest is determined by the Agent Bank pursuant to the provisions of Condition 4(d) (*European Economic and Monetary Union*) above, the Interest Amount payable in respect of each Rated Note for any Interest Period to which such Rate of Interest is applicable will instead be calculated by applying the Rate of Interest for such Interest Period to the Principal Amount Outstanding of the applicable Rated Note during such Interest Period, multiplying the product by the actual number of days in such Interest Period divided by 360 and rounding the resulting figure down to the nearest penny.
- (iii) An amount in aggregate equal to funds available for payment at item (xix) of Condition 2(c) (*Pre-Enforcement Revenue Priority of Payments*) or item (ix)(B) of Condition 2(d) (*Post-Enforcement Priority of Payments*) shall be payable as interest (the “**E Note Residual Revenue**”) in respect of the E Notes on each Interest Payment Date, subject to Condition 6 (*Payments*).

(f) Publication of Rate of Interest, Interest Amounts and other Notices

- (i) The Agent Bank will cause the Rate of Interest and the Interest Amounts in respect of each Rated Note for each Interest Period and the immediately succeeding Interest Payment Date to be notified to the Issuer, the Trustee (if it so requests), the Cash/Bond Administrator, the Standby Cash/Bond Administrator, each of the Paying Agents, any stock exchange on which the Notes are then listed and, so long as the Notes are in the form of Global Notes, each of Euroclear and Clearstream, Luxembourg and will cause notice thereof to be given to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*). The Rate of Interest, Interest Amounts and Interest Payment Date in respect of each Rated Note so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period. If the Rated Notes become due and payable under Condition 9 (*Events of Default*), the accrued interest per Interest Amount and the Rate of Interest payable in respect of each Rated Note shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 4 (*Interest*) but no publication of the Rates of Interest or the amounts of interest payable per Interest Amount so calculated need be made unless the Trustee otherwise requires.

- (ii) The Cash/Bond Administrator will notify the Agent Bank and the Trustee (if it so requests) on or before the Interest Payment Date of the amount (if any) payable to holders of the E Notes as E Note Residual Revenue.
- (g) Determination or Calculation by Trustee
  - (i) If the Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Amount in accordance with the foregoing paragraphs, the Trustee or a person or agent appointed by the Trustee (and if the Trustee exercises reasonable care in selecting any person or agent it appoints, it will not be responsible for any liability incurred by such person or agent) shall (i) determine the Rate of Interest at such rate 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/or (as the case may be) (ii) calculate the Interest Amount in the manner specified in Condition 4(a) (*Period of Accrual*) above, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.
- (h) Notifications to be Final and Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 (*Interest*), whether by the Reference Banks (or any of them) or the Agent Bank or the Cash/Bond Administrator or the Trustee shall (in the absence of fraud, wilful default or negligence) be final and binding on the Issuer, the Cash/Bond Administrator, the Reference Banks, the Agent Bank, the Trustee and all Noteholders and (in such absence as aforesaid) no liability to the Trustee or the Noteholders shall attach to the Issuer, to the Reference Banks, the Agent Bank or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

- (i) Reference Banks and Agent Bank

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be three Reference Banks and an Agent Bank. The initial Reference Banks shall be the principal London office of each of Barclays Bank PLC, The Royal Bank of Scotland plc and HSBC Bank plc (the “**Reference Banks**”). The initial Agent Bank shall be HSBC Bank plc. In the event of the principal London office of any such bank being unable or unwilling to continue to act as a Reference Bank or in the event of HSBC Bank plc being unwilling to act as the Agent Bank, the Issuer shall appoint such other bank as may be approved by the Trustee to act as such in its place. The Agent Bank may not resign until a successor approved by the Trustee has been appointed.

## 5. Redemption

- (a) Final Redemption of the Notes

Unless previously redeemed as provided in this Condition 5 (*Redemption*), the Issuer shall, subject always to the Post-Enforcement Priority of Payments and Conditions 5(c) (*Note Principal Payments, Principal Amount Outstanding*) and 10(b) (*Limited Recourse*), redeem (i) the A Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in November 2021, (ii) the B Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in November 2021, (iii) the C Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in November 2021, (iv) the D Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in November 2021 and (v) the E Notes at their Principal Amount Outstanding, together with residual amounts payable in accordance with the Post-Enforcement Priority of Payments on the Interest Payment Date falling in November 2021.

The Issuer may not redeem Notes in whole or in part prior to that date except as provided in paragraphs (b), (c), (d), (e) or (f) of this Condition 5 (*Redemption*) but without prejudice to Condition 9 (*Events of Default*).

(b) Mandatory Redemption of the Rated Notes

Prior to enforcement of the Security, on each Interest Payment Date, other than the Interest Payment Date on which the Rated Notes are to be redeemed under paragraph (a) above or (d) or (e) below, the Issuer or the Cash/Bond Administrator on the Issuer's behalf shall apply an amount equal to the Available Principal Amounts (as defined below) as at the date which falls three Business Days prior to such Interest Payment Date (each such date a "**Determination Date**"), in making the following payments and redemptions in the following priority (the "**Pre-Enforcement Principal Priority of Payments**"):

- (i) firstly, amounts to be credited to the Liquidity Reserve Ledger until the balance of the Liquidity Reserve Fund reaches the Liquidity Reserve Required Amount;
- (ii) secondly, in redeeming the A Notes on a pari passu pro rata basis until the Interest Payment Date on which the A Notes have been redeemed in full;
- (iii) thirdly, after the A Notes have been redeemed in full, in redeeming the B Notes on a pari passu pro rata basis until the Interest Payment Date on which the B Notes have been redeemed in full;
- (iv) fourthly, after the A Notes and the B Notes have been redeemed in full, in redeeming the C Notes on a pari passu pro rata basis until the Interest Payment Date on which the C Notes have been redeemed in full; and
- (v) fifthly, after the A Notes, the B Notes and the C Notes have been redeemed in full, in redeeming the D Notes on a pari passu pro rata basis until the Interest Payment Date on which the D Notes have been redeemed in full.

The Cash/Bond Administrator is responsible, pursuant to the Cash/Bond Administration Agreement, for determining the amount of the Available Principal Amounts as at any Determination Date and each determination so made shall (in the absence of negligence, fraud, wilful default, bad faith or manifest error) be final and binding on the Issuer, the Servicer or the Standby Servicer (as the case may be), the Trustee and all Noteholders, and no liability to the Noteholders, shall attach to the Issuer, the Trustee or (in such absence as aforesaid) to the Cash/Bond Administrator in connection therewith.

The amount of "**Available Principal Amounts**" as at any Determination Date is an amount calculated as the aggregate of:

- (i) the Principal Collections received for the preceding Determination Period;
- (ii) any amount which has been released from the Liquidity Reserve Ledger and credited to the Principal Ledger;
- (iii) the proceeds of any Authorised Investments attributable to Principal Collections for the Determination Period immediately preceding the relevant Determination Date;
- (iv) the amount (if any) calculated on that Determination Date pursuant to the Pre-Enforcement Revenue Priority of Payments to be the amount by which the debit balance on any of the Principal Deficiency Ledgers is expected to be reduced by the application of the Available Revenue Amounts on the immediately succeeding Interest Payment Date; and

(v) on the Determination Date immediately prior to the redemption in full of the A Notes and the B Notes, amounts standing to the credit of the Liquidity Reserve Ledger, minus the Rounding Balance.

The “**Principal Collections**” is an amount determined by the Cash/Bond Administrator on such Determination Date as the aggregate of all repayments or prepayments of principal received by the Issuer in relation to the Purchased Receivables in respect of the Determination Period ending on or immediately prior to such Determination Date.

The “**Rounding Balance**” as at any Determination Date is:

- (i) if there are Rated Notes outstanding on such Determination Date, an amount, less an amount equal to item (v) of the definition of Available Principal Amounts, required to round down Available Principal Amounts to the nearest one thousand pounds; and
- (ii) otherwise shall be zero.

Any positive Rounding Balance shall be retained in the Transaction Account and retained as a credit balance on the Principal Ledger until the next Interest Payment Date.

(c) Note Principal Payments, Principal Amount Outstanding

With respect to each Note on (or as soon as practicable after) each Determination Date, the Issuer shall determine (or cause the Cash/Bond Administrator to determine) (i) the amount of any principal amount due on the Interest Payment Date next following such Determination Date (a “**Note Principal Payment**”) and (ii) the principal amount outstanding of each such Note of such Class on the Interest Payment Date next following such Determination Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date) (the “**Principal Amount Outstanding**”) and (iii) the fraction expressed as a decimal to the sixth point (the “**Pool Factor**”), of which the numerator is the Principal Amount Outstanding of a Note of that Class (as referred to in (ii) above) and the denominator is 100,000. Each determination by or on behalf of the Issuer of any Note Principal Payment and the Principal Amount Outstanding of a Note shall in each case (in the absence of fraud, wilful default, bad faith or manifest error) be final and binding on all persons.

With respect to each of the Classes of Notes, the Issuer will cause each determination of a Note Principal Payment and Principal Amount Outstanding to be notified forthwith to the Trustee (if it so requests), the Paying Agents, the Agent Bank and (for so long as the Notes are listed on one or more stock exchanges) the relevant stock exchanges, and will immediately cause notice of each such determination to be given in accordance with Condition 14 (*Notice to Noteholders*) by not later than two Business Days prior to the relevant Interest Payment Date. If no Note Principal Payment is due to be made on the Notes of any Class on any Interest Payment Date a notice to this effect will be given to the Noteholders. If the Issuer does not at any time for any reason determine (or cause the Cash/Bond Administrator to determine) with respect to each of the Classes of Notes, a Note Principal Payment or the Principal Amount Outstanding in accordance with the preceding provisions of this paragraph, such determination may be made by the Trustee or a person or agent appointed by it in accordance with this paragraph and each such determination or calculation shall be deemed to have been made by the Issuer and in the absence of negligence, wilful default or fraud shall be final and no liability to the Noteholders shall attach to the Trustee in connection with the exercise or non exercise by the Trustee of its powers, duties, determinations and discretions under this Condition 5 (*Redemption*).

(d) Optional Redemption in Full

- (i) Provided that:

- (A) the aggregate Principal Balance of the Portfolio is less than or equal to 10 per cent. of the aggregate Principal Balance of the Portfolio as at the Issue Date;
- (B) the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer stating that it will on the date for redemption have the necessary funds required to redeem the Notes in full such amount being equal to or greater than an amount being the aggregate of (a) the aggregate Principal Amount Outstanding of the Rated Notes on the relevant Interest Payment Date on which the Notes are to be redeemed; (b) the accrued interest on the Rated Notes on the relevant Interest Payment Date on which the Rated Notes are to be redeemed; and (c) amounts required under the then applicable Priority of Payments to be paid in priority to or *pari passu* with the Rated Notes on such Interest Payment Date; and
- (C) on or prior to the Interest Payment Date on which such notice expires, no Enforcement Notice has been served following an Event of Default,

the Issuer may redeem the Notes in whole, but not in part, on any Interest Payment Date, on giving not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*) (which notice shall be irrevocable).

- (ii) Any Note redeemed pursuant to this Condition 5(d) (*Optional Redemption in Full*) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to but excluding the date of redemption.
  - (iii) In the event of a redemption of the Notes pursuant to this Condition 5(d) (*Optional Redemption in Full*), the E Notes will not be redeemed in full if the Issuer does not have the necessary funds required to fully redeem the E Notes. For the avoidance of doubt, the E Notes shall be redeemed in the manner set out in the Post-Enforcement Priority of Payments.
- (e) Optional Redemption for Taxation or Other Reasons

If by reason of a change in or amendment to tax law (or regulation or the application or official interpretation thereof), which change becomes effective on or after the Issue Date, on the next Interest Payment Date, the Issuer or any Paying Agent has or will become obliged to deduct or withhold from any payment of principal or interest on any Class of Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of Notes of such Class) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political sub-division thereof or any authority thereof or therein, then the Issuer shall, if the same would avoid the effect of such relevant event described in this Condition 5(e), appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction as principal debtor under the Notes, provided that the Trustee is satisfied that such substitution will not be materially prejudicial to the Noteholders.

If the Issuer satisfies the Trustee immediately before giving the notice referred to below that one or more of the events described in this Condition 5(e), 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 45 nor less than 30 days' notice to the Trustee, the Swap Counterparty and Noteholders in accordance with Condition 14 (*Notice to Noteholders*) redeem all (but not some only) of the Notes on the next following Interest Payment Date at their respective Principal Amount Outstanding together with any interest accrued (and unpaid) thereon up to (but excluding) the date of redemption provided that (in either case), prior to giving any such notice, the Issuer shall have provided to the Trustee (i) a



certificate signed by a director of the Issuer stating that one or more of the circumstances referred to in this Condition 5(e) above prevail(s) and setting out details of such circumstances and (ii) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer and any Paying Agent (as the case may be) has or will become obliged to deduct or withhold amounts as a result of such change or amendment. The Trustee shall be entitled to rely on such certificate and opinion (without any liability to any person for so doing) 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 the Noteholders.

The Issuer may only redeem the Notes as described above if the Issuer has certified to the Trustee that it will have the necessary funds, not subject to the interest of any other person, required to redeem the Notes as aforesaid and any amounts required under the Pre-Enforcement Revenue Priority of Payments to be paid in priority to or *pari passu* with the Notes outstanding in accordance with the terms and conditions thereof.

(f) Notice of Redemption

Any such notice as is referred to in paragraphs (d) or (e) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Rated Notes at the Principal Amount Outstanding, plus accrued and unpaid interest, of the relevant Note and to redeem the E Notes in the manner set out in the Post-Enforcement Priority of Payments.

(g) Purchase

The Issuer shall not purchase any Notes.

(h) Cancellation

All Notes redeemed will be cancelled upon redemption, and may not be resold or re-issued.

## 6. Payments

(a) Method of Payment

Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Notes or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent outside the United States by transfer to a sterling - denominated account maintained by the payee with a bank in London. Payments of interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Note.

(b) Payments subject to laws

All payments are subject in all cases to any applicable laws and regulations in the place of payment or other laws to which the Issuer or the Agents agree to be subject and the Issuer and the Agents will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) Unmatured Coupons

Upon the due date for redemption of any Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them. Where any Note is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(d) Payments on business days

If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place, and shall not be entitled to any further interest or other payment in respect of such delay. In this paragraph, “**business day**” means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a sterling - denominated account as referred to above, on which dealings in foreign currencies may be carried on both in London and in such place of presentation.

(e) Paying Agents

The initial Paying Agent and its initial specified office is listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Principal Paying Agent, and (ii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

The initial specified office of the Paying Agent is at:

Principal Paying Agent  
HSBC Bank plc  
8 Canada Square  
London E14 5HQ

Notice of any change in the Paying Agents or their specified offices will promptly be given to the Trustee and the Noteholders in accordance with Condition 14 (*Notice to Noteholders*).

(f) Incorrect Payments

The Cash/Bond Administrator will, from time to time, notify Noteholders in accordance with the terms of Condition 14 (*Notice to Noteholders*) of any over-payment or under-payment of which it has actual notice made on any Interest Payment Date to any party entitled to the same pursuant to the Pre-Enforcement Priority of Payments. Following the giving of such a notice, the Cash/Bond Administrator shall rectify such over-payment or under-payment by increasing or, as the case may be decreasing payments to the relevant parties on any subsequent Interest Payment Date or Interest Payment Dates (if applicable) to the extent required to correct the same. Any notice of over-payment or under-payment pursuant to this Condition shall contain reasonable details of the amount of the same, the relevant parties and the adjustments to be made to future payments to rectify the same. Neither the Issuer nor the Cash/Bond Administrator shall have any liability to any person for making any such correction.

(g) Subordination of the payment of interest

Interest on the Rated Notes shall be payable in accordance with the provisions of Condition 4 (*Interest*) and Condition 6 (*Payments*), subject to the terms of these Conditions and the terms of the Trust Deed. If on any Interest Payment Date, the Issuer has insufficient Available Revenue Amounts to pay interest on the Rated Notes, such interest shall not be regarded as due and payable on such date in respect of the Rated Notes (other than the A Notes) and shall continue to accrue until the next Interest Payment Date or such earlier date on which interest is respect of such Class of Notes becomes immediately due and payable provided that, for the avoidance of doubt, additional interest

shall accrue on such unpaid interest amount. If on any Interest Payment Date, the Issuer has insufficient Available Revenue Amounts to pay all amounts then due and payable, the Available Revenue Amounts that are available on such date shall be applied in accordance with the applicable Priority of Payments and only if and to the extent that payments or provisions of a higher order or priority have been made in full.

## 7. Prescription

Claims in respect of principal and interest shall become void unless made within a period of 10 years, in the case of principal, and five years, in the case of interest, from the appropriate relevant date on which such sums became due and payable. After the date on which a Note becomes void in its entirety, no claim may be made in respect thereof. In this Condition 7 (*Prescription*), the “**relevant date**”, in respect of a Note or Coupon is the date on which a payment in respect thereof first becomes due or (if the full amount of the monies payable in respect of all the Notes and Coupons due on or before that date has not been duly received by the Principal Paying Agent or the Trustee on or prior to such date) the date on which the full amount of such monies having been so received, notice to that effect having been duly given to the Noteholders in accordance with Condition 14 (*Notice to Noteholders*).

## 8. Taxation

All payments in respect of the Notes and the Coupons will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature unless the Issuer or any Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes and the Coupons subject to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature. In that event, the Issuer or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. None of the Issuer, the Principal Paying Agent, any other Paying Agent, nor any other person will be obliged to make any additional payments to holders of Notes or Coupons in respect of such withholding or deduction.

## 9. Events of Default

- (a) After the occurrence of any of the following events (each an “**Event of Default**”), the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate in Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Most Senior Class (in each case, subject to it being indemnified and/or secured (including by way of prefunding) to its satisfaction), shall give notice to the Issuer (an “**Enforcement Notice**”) that the Notes are, and they shall immediately become, due and payable at their Principal Amount Outstanding together with accrued interest:
- (i) default being made for a period of 5 Business Days in the payment of the principal of or any interest on the A Notes; or
  - (ii) the Issuer failing duly to perform or observe any other obligation binding upon it under the Notes or the Trust Deed, as applicable, and, in any such case (except where the Trustee certifies that, in its opinion, such failure is incapable of remedy when no notice will be required) such failure is continuing for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
  - (iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in sub-paragraph (iv) below, ceasing or, through an official action of the Board of Directors of the Issuer, threatening to cease to carry on business or being unable to pay its debts as and when they fall due; or

- (iv) an order being made or an effective resolution being passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the holders of the Most Senior Class; or
- (v) proceedings being otherwise initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition or filing documents with the court or making an application for the appointment of an administrator or liquidator or serving a notice of intent to appoint an administrator), or an administrator being appointed, or a receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 30 days, or the Issuer initiating or consenting to proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally; or
- (vi) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Transaction Documents.

provided that, in the case of each of the events described in sub-paragraph (ii), (iii) or (v) of this Condition 9(a) the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders.

- (b) Upon any declaration being made by the Trustee in accordance with Condition 9(a) above that the Notes are due and repayable, the Notes shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest as provided in the Trust Deed.

## **10. Enforcement of Notes, Limited Recourse and Non-Petition**

- (a) Enforcement of Notes

At any time after the Notes have become due and repayable and without prejudice to its rights of enforcement in relation to the Security, the Trustee may, in its absolute discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce payment of the Notes together with accrued interest, but it shall not be bound to take any such proceedings unless:

- (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class provided that:
  - (A) no Extraordinary Resolution of the B Noteholders, the C Noteholders, the D Noteholders or the E Noteholders or any request of the B Noteholders, the C Noteholders, the D Noteholders or the E Noteholders shall be effective unless there is an Extraordinary Resolution of the A Noteholders or a direction of the A Noteholders to the same effect or none of the A Notes remain outstanding;
  - (B) if no A Notes remain outstanding, no Extraordinary Resolution of the C Noteholders, the D Noteholders or the E Noteholders or any request of the C Noteholders, the D Noteholders or the E Noteholders shall be effective unless there is an Extraordinary Resolution of the B Noteholders or a direction of the B Noteholders to the same effect or none of the B Notes remain outstanding;

- (C) if no A Notes and B Notes remain outstanding, no Extraordinary Resolution of the D Noteholders or the E Noteholders or any request of the D Noteholders or the E Noteholders shall be effective unless there is an Extraordinary Resolution of the C Noteholders or a direction of the C Noteholders to the same effect or none of the C Notes remain outstanding;
  - (D) if no A Notes, B Notes and C Notes remain outstanding, no Extraordinary Resolution of the E Noteholders or any request of the E Noteholders shall be effective unless there is an Extraordinary Resolution of the D Noteholders or a direction of the D Noteholders to the same effect or none of the D Notes remain outstanding; and
- (ii) it shall have been indemnified and/or secured (including by way of prefunding) to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

(b) Limited Recourse

- (i) Enforcement of Security: Only the Trustee may enforce the Security over the Charged Property in accordance with, and subject to the terms of, the Deed of Charge.
- (ii) Insufficient Recoveries: The obligations of the Issuer to pay amounts due and payable in respect of the Notes and to the other Secured Creditors at any time shall be limited to the proceeds available at such time to make such payments in accordance with the Priority of Payments. If, or to the extent that, after the Charged Property has been realised and the proceeds thereof have been applied in accordance with the applicable Priority of Payments, either (x) the amounts recovered on realisation of the Charged Property are insufficient to pay or discharge amounts due from the Issuer to the Noteholders in full for any reason or (y) following application of the proceeds in accordance with the applicable Priority of Payments the principal amount outstanding has not been fully repaid on the E Notes, the Issuer will have no liability to pay or otherwise make good any such insufficiency or shortfall.
- (iii) Noteholder Acknowledgments: Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that:
  - (A) in the event of realisation or enforcement of the Charged Property, its right to obtain payment of interest and repayment of principal on the Notes in full is limited to recourse against the undertaking, property and assets of the Issuer comprised in the Charged Property;
  - (B) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Noteholder its proportion of the proceeds of realisation or enforcement of the Charged Property in accordance with the Post-Enforcement Priority of Payments and all claims in respect of any shortfall will be extinguished and discharged; and
  - (C) in the event that a shortfall in the amount available to pay principal of the Notes of a Class exists on the Final Maturity Date or on any earlier date for redemption in full of the Notes or any Class of Notes, after payment on the Final Maturity Date or such date of earlier redemption of all other claims ranking higher in priority to or pari passu with the Notes or the related Class of Notes, and the Charged Property has not become enforceable as at the Final Maturity Date or such date of earlier redemption, the liability of the Issuer to make any payment in respect of such shortfall will cease and all claims in respect of such shortfall will be extinguished.

(c) Non-Petition

No Noteholder may take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing or for the appointment of a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer in respect of the Issuer or over any or all of its assets or undertaking.

#### **11. Meetings of Noteholders; Modifications; Consents; Waiver**

- (a) The Trust Deed contains provisions for convening meetings of the Noteholders of a particular Class to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the other Transaction Documents.

The Trust Deed provides that a resolution in writing signed by the holders of at least 75 per cent. by Principal Amount Outstanding of a Class of Notes (in aggregate) shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders of such Class duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more of the Noteholders of such Class.

- (b) Any Extraordinary Resolution or an Ordinary Resolution duly passed by a meeting of the Noteholders of a particular Class shall be binding on all Noteholders of such Class (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders of such Class.

An Extraordinary Resolution passed at a meeting of the holders of the Most Senior Class shall be binding on the holders of all other Classes of Notes irrespective of the effect on them, except an Extraordinary Resolution of the holders of the Most Senior Class to sanction a Basic Terms Modification, which shall not take effect unless it has also been sanctioned by an Extraordinary Resolution of the holders of each other Class of Notes affected.

Subject to the foregoing, an Extraordinary Resolution of the B Noteholders shall be effective when, inter alia, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the A Noteholders or it is sanctioned by an Extraordinary Resolution of the A Noteholders. Except in certain circumstances the Trust Deed imposes no such limitations on the powers of the A Noteholders, the exercise of which will be binding on the B Noteholders, the C Noteholders, the D Noteholders and the E Noteholders, irrespective of the effect on their interests.

Subject to the foregoing, an Extraordinary Resolution of the C Noteholders shall be effective when, inter alia, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the A Noteholders and the B Noteholders or it is sanctioned by an Extraordinary Resolution of the A Noteholders and the B Noteholders. Except in certain circumstances the Trust Deed imposes no such limitations on the powers of the A Noteholders or the B Noteholders, the exercise of which will be binding on the C Noteholders, the D Noteholders and the E Noteholders, irrespective of the effect on their interests.

Subject to the foregoing, an Extraordinary Resolution of the D Noteholders shall be effective when, inter alia, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the A Noteholders, the B Noteholders and the C Noteholders or it is sanctioned by an Extraordinary Resolution of the A Noteholders, the B Noteholders and the C Noteholders. Except in certain circumstances the Trust Deed imposes no such limitations on the powers of the A Noteholders, the B Noteholders or the C Noteholders, the exercise of which will be binding on the D Noteholders and the E Noteholders, irrespective of the effect on their interests.

Subject to the foregoing, an Extraordinary Resolution of the E Noteholders shall be effective when, inter alia, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the A Noteholders, the B Noteholders, the C Noteholders and the D Noteholders, or it is sanctioned by an Extraordinary Resolution of the A Noteholders, the B Noteholders, the C Noteholders, the D Noteholders. Except in certain circumstances the Trust Deed imposes no such limitations on the powers of the A Noteholders, the B Noteholders, the C Noteholders or the D Noteholders, the exercise of which will be binding on the E Noteholders, irrespective of the effect on their interests.

The Trust Deed provides that:

- (i) meetings of Noteholders of separate Classes may be held at the same time;
- (ii) meetings of Noteholders of separate Classes will normally be held separately, but the Trustee may from time to time determine that meetings of Noteholders of separate Classes shall be held together;
- (iii) an Ordinary Resolution or an Extraordinary Resolution that in the opinion of the Trustee affects one Class alone shall be deemed to have been duly passed if passed at a separate meeting of the Noteholders of the Class concerned;
- (iv) an Extraordinary Resolution that in the opinion of the Trustee affects the Noteholders of more than one Class but does not give rise to a conflict of interest between the Noteholders of the different Classes concerned shall be deemed to have been duly passed if passed at a single meeting of the Noteholders of the relevant Classes;
- (v) subject to paragraph (vi) below, an Extraordinary Resolution that in the opinion of the Trustee affects the Noteholders of more than one Class and gives or may give rise to a conflict of interest between the Noteholders of the different Classes concerned shall be deemed to have been duly passed only if it shall be duly passed at separate meetings of the Noteholders of each of the relevant Classes;
- (vi) an Extraordinary Resolution passed at a meeting of the holders of the Most Senior Class shall be binding on the holders of all other Classes of Notes irrespective of the effect on them, except that an Extraordinary Resolution of the holders of the Most Senior Class to sanction a Basic Terms Modification shall not take effect unless it has also been sanctioned by an Extraordinary Resolution of the holders of each other Class of Notes; and
- (vii) if a poll is called at a meeting of a Class of Noteholders, the number of votes which can be cast by each person present shall be proportionate to the Principal Amount Outstanding of the Notes of such Class that such person holds or represents at that meeting.

The Issuer, the Trustee or the Cash/Bond Administrator may propose an Extraordinary Resolution or an Ordinary Resolution, in addition to an Extraordinary Resolution relating to a Basic Terms Modification.

- (c) Negative consent: In relation to an Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification) or an Ordinary Resolution of the Noteholders of any Class of Notes, such Extraordinary Resolution or Ordinary Resolution is duly passed and shall be binding on all of the Noteholders or the Noteholders of such Class in accordance with its terms where:
  - (i) notice of such Extraordinary Resolution or Ordinary Resolution, as applicable, (including the full text of the same) has been given by the Principal Paying Agent on behalf of the Issuer, the Trustee or the Cash/Bond Administrator, to the Noteholders or the Noteholders of such Class in accordance with the provisions of Condition 14 (*Notice to Noteholders*);

- (ii) such notice contains a statement requiring such Noteholders to inform the Principal Paying Agent in writing or via the Clearing Systems if they object to such Extraordinary Resolution or Ordinary Resolution, stating that unless holders of (i) in the case of an Extraordinary Resolution, 10 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class; or (ii) in the case of an Ordinary Resolution, 15 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class, makes such objection, the Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification) or Ordinary Resolution will be deemed to be passed by the Noteholders or the Noteholders of such Class and specifying the requirements for the making of such objections (including addresses, email addresses and deadlines) further as set out in the following paragraph; and
- (iii) holders of (i) in the case of an Extraordinary Resolution, 10 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class or (ii) in the case of an Ordinary Resolution, 15 per cent. or more in aggregate Principal Amount Outstanding of the Notes or the Notes of such Class, have not informed the Principal Paying Agent in writing or via the Clearing Systems of their objection to such Extraordinary Resolution or Ordinary Resolution within 40 days of the date of the relevant notice.

Upon the Principal Paying Agent receiving objections from Noteholders of 10 per cent. or more (in the case of an Extraordinary Resolution) or 15 per cent. or more (in the case of an Ordinary Resolution) in aggregate of the Principal Amount Outstanding of the Notes of the relevant Class or Classes, the Principal Paying Agent shall give notice to the Issuer, the Trustee or the Cash/Bond Administrator, as the case may be, and to the relevant Class or Classes of Noteholders in accordance with the provisions of Condition 14 (*Notice to Noteholders*) that the relevant Extraordinary Resolution or the Ordinary Resolution (as the case may be) has not passed. In such circumstance, a meeting of Noteholders may be called in accordance with the provisions of this Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*) in order to pass the relevant Extraordinary Resolution or Ordinary Resolution in accordance with the provisions of this Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*).

- (d) Quorum: The quorum at any meeting of Noteholders of a particular Class for passing:
  - (i) an Extraordinary Resolution to approve a Basic Terms Modification shall be two or more persons holding or representing (x) not less than 75 per cent. of the aggregate Principal Amount Outstanding of the Notes of such Class or (y) in relation to any adjourned meeting, not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes of such Class;
  - (ii) an Extraordinary Resolution to approve any matter other than a Basic Terms Modification, shall be two or more persons holding or representing (x) a clear majority of the aggregate Principal Amount Outstanding of the Notes of such Class or (y) in relation to any adjourned meeting, not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes of such Class; and
  - (iii) an Ordinary Resolution, shall be two or more persons holding or representing (x) not less than 50 per cent. of the aggregate Principal Amount Outstanding of the Notes of such Class or (y) in relation to any adjourned meeting, not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes of such Class.
- (e) Modification and Waiver: The Trustee may, in respect of (i) and (ii) below and shall in respect of (iii) below, agree without the consent or sanction of any of, or liability to, the Noteholders or Couponholders, at any time and from time to time, to (i) any modification of any of the provisions of the Trust Deed, the Conditions, any of the other Transaction Documents or the Master Collection Account Declaration of Trust which is, in its opinion, of a formal, minor or technical nature or which



is made to correct a manifest error or to comply with mandatory provisions of law or regulation and (ii) any other modification to any of the provisions of the Trust Deed, the Conditions, any other Transaction Documents or the Master Collection Account Declaration of Trust which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders (other than any Noteholders who have confirmed their consent in writing to the relevant waiver, authorisation or determination) (provided that the Trustee will not do so in contravention of an express direction given by the holders of the Most Senior Class or a request made pursuant to Condition 9 (*Events of Default*)) provided that in the case of (ii), such modification does not relate to a Basic Terms Modification and (iii) any modification to the Balance Guaranteed Swap Agreement which is requested by the Swap Counterparty in order to enable the Issuer and/or the Swap Counterparty to comply with any requirements which apply to it under EMIR, including any New EMIR Requirements, in relation to the Balance Guaranteed Swap Agreement, subject to the Swap Counterparty providing the Trustee with written certification that the Swap Counterparty is only seeking to implement changes it considers appropriate to meet the New EMIR Requirements, together with any modification to any other Transaction Documents that may be necessary as a consequence of such modification to the Balance Guaranteed Swap Agreement, provided that the Trustee shall not be obliged to agree to any such modification to any document to which it is party which it believes, acting in its personal capacity and in good faith and in a reasonable manner, imposes any more onerous obligations upon it or in any way prejudices the Trustee. Any such modifications hereby permitted shall be binding on the Noteholders and Couponholders and, unless the Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders and Couponholders as soon as practicable thereafter in accordance with Condition 14 (*Notice to Noteholders*). So long as the Rated Notes, or any of them, are rated by the Rating Agencies the Issuer shall notify each of the Rating Agencies of any modification made by it in accordance with this Condition 11(e) as soon as reasonably practicable thereafter.

- (f) INTENTIONALLY LEFT BLANK.
- (g) Substitution: The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as are set out in the Trust Deed or as the Trustee may otherwise require, but without the consent of, or any liability to, the Noteholders or the Couponholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.
- (h) Evidence of Notes: Where for the purposes of these Conditions the Trustee or any other party to the Transaction Documents requires a Noteholder holding Notes through Euroclear or Clearstream, Luxembourg to establish its holding of the Notes to the satisfaction of such party, such holding shall be considered to be established (and the Noteholder in respect of which such holding is established shall be a “**Verified Noteholder**”) if such Noteholder provides to the requesting party with regard to the relevant date:
  - (i) a Euclid Statement (in the case of Euroclear) or a Creation Online Statement (in the case of Clearstream, Luxembourg) in each case providing confirmation at the time of issue of the same of such person’s holding in the Notes; and
  - (ii) if the relevant Notes are held through one or more custodians, a signed letter dated as of the date of the Euclid Statement or the Creation Online Statement from each such custodian confirming on whose behalf it is holding such Notes such that the Trustee or any other party to the Transaction Documents is able to verify to its satisfaction the chain of ownership to the beneficial owner.

If in connection with verifying its holding the Trustee or any other party to the Transaction Documents requires a Noteholder to temporarily block its Notes in Euroclear or Clearstream, Luxembourg, such Noteholder will be required to instruct Euroclear or Clearstream, Luxembourg (via its custodian) to do so.

- (i) Entitlement of the Trustee: In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*)) the Trustee:
  - (i) shall have regard to the interests of the Noteholders (or, as applicable, the Noteholders of a particular Class) as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders; and
  - (ii) may, in determining whether or not a proposed action will be materially prejudicial to the Noteholders (or, as applicable, the Noteholders of a particular Class), have regard to, among other things, a Rating Agency Confirmation.

## **12. Indemnification and Exoneration of the Trustee**

The Trust Deed contains provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances including provisions relieving it from taking enforcement proceedings or enforcing the Security unless indemnified and/or secured (including by way of prefunding) to its satisfaction. The Trustee and its related companies are entitled to enter into business transactions with, inter alios, the Issuer, the Servicer, the Standby Servicer, the Cash/Bond Administrator, the Standby Cash/Bond Administrator and/or related companies of any of them without accounting for any profit resulting therefrom. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of, inter alia, any assets comprised in the Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Servicer or the Standby Servicer (as the case may be), the Cash/Bond Administrator, the Standby Cash/Bond Administrator, or any agent or related company of the Servicer, the Standby Servicer, the Cash/Bond Administrator, the Standby Cash/Bond Administrator or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Trustee. The Trust Deed provides that the Trustee shall be under no obligation to monitor or supervise compliance by the Issuer, the Servicer, the Standby Servicer, the Cash/Bond Administrator, the Standby Cash/Bond Administrator or any other Person with their respective obligations or to make any searches, enquiries, or independent investigations of title in relation to any Equipment that is the subject matter of an Underlying Agreement from which such Purchased Receivable derives.

## **13. Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent, as listed in Condition 6(d) (*Payments on business days*) above, subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

#### 14. Notice to Noteholders

- (a) Forms of Notice: All notices, other than notices given in accordance with any one or more of the following paragraphs of this Condition 14 (*Notice to Noteholders*), shall be deemed to have been validly given if:
- (i) for so long as the Notes are listed on a stock exchange, and the rules of such stock exchange and the Market Abuse Directive so require, or at the option of the Issuer, if delivered through the announcements section of the relevant stock exchange and a regulated information service maintained or recognised by such stock exchange; and
  - (ii) for so long as the Notes are represented by Global Notes, and if, for so long as the Notes are listed on a stock exchange, the rules of such stock exchange so allow if delivered to Euroclear and/or Clearstream, Luxembourg for communication by them to their participants and for communication by such participants to entitled account holders; and
  - (iii) for so long as the Notes are represented by Global Notes and if, for so long as the Notes are listed on a stock exchange, rules of such stock exchange so allow if delivered to the electronic communications systems maintained by Bloomberg L.P. for publication on the relevant page for the Notes or, to the extent Bloomberg L.P. is not available, such other medium for the electronic display of data as may be previously approved in writing by the Trustee; and
  - (iv) if the Notes are in definitive form, if published in a leading daily newspaper printed in the English language and with general circulation in Ireland (which is expected to be *The Irish Times*) or, if that is not practicable, in such English language newspaper or newspapers as the Trustee shall approve having a general circulation in Ireland and the rest of Europe.

Any such notice shall be deemed to have been given on:

- (v) in the case of a notice delivered to the regulated information service of a stock exchange, the day on which it is delivered to such stock exchange;
- (vi) in the case of a notice delivered to Euroclear and/or Clearstream, Luxembourg, the day on which it is delivered to Euroclear and/or Clearstream, Luxembourg;
- (vii) in the case of a notice delivered to Bloomberg L.P., the day on which it is delivered to Bloomberg L.P.; and
- (viii) in the case of a notice published in a newspaper, the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required.

If it is impossible or impractical to give notice in accordance with paragraphs (i), (ii) or (iii) of Condition 14(a) (*Notice to Noteholders*) then notice of the relevant matters shall be given in accordance with paragraph (iv) of Condition 14(a) (*Notice to Noteholders*).

- (b) Other Methods: The Trustee may approve some other method of giving notice to the Noteholders if, in its opinion, that other method is reasonable having regard to market practice then prevailing and to the requirements of any stock exchange on which Notes are then listed and provided that notice of that other method is given to the Noteholders in the manner required by the Trustee.
- (c) Notices to Irish Stock Exchange and Rating Agencies: A copy of each notice given in accordance with this Condition 14 (*Notice to Noteholders*) shall be provided to the Rating Agencies and, for so long as the Notes are listed on the Irish Stock Exchange and the guidelines of the Irish Stock Exchange so require, the Irish Stock Exchange.

- (d) Noteholder Notices: Any Verified Noteholder shall be entitled from time to time to request the Cash/Bond Administrator to post a notice on its investor reporting website requesting other Verified Noteholders of any class or classes to contact it subject to and in accordance with the following provisions.

Following receipt of a request for the publication of a notice from a Verified Noteholder (the “**Initiating Noteholder**”), the Cash/Bond Administrator (or the Standby Cash/Bond Administrator subject to the Standby Cash/Bond Administrator receiving confirmation from the Cash/Bond Administrator that such person is a Verified Noteholder pursuant to Condition 11(h) (*Evidence of Notes*) above) shall publish such notice on its investor reporting website as an addendum to any Investor Report or other report to Noteholders due for publication within five Business Days of receipt of the same (or, if there is no such report, through a special notice for such purpose as soon as is reasonably practical after receipt of the same) provided that such notice contains no more than:

- (i) an invitation to other Verified Noteholders (or any specified class or classes of the same) to contact the Initiating Noteholder;
- (ii) the name of the Initiating Noteholder and the address, phone number, website or email address at which the Initiating Noteholder can be contacted; and
- (iii) the date(s) from, on or between which the Initiating Noteholder may be so contacted.

The Cash/Bond Administrator or the Standby Cash/Bond Administrator (as the case may be) shall not request any further or different information through this mechanism.

The Cash/Bond Administrator or the Standby Cash/Bond Administrator (as the case may be) shall have no responsibility or liability for the contents, completeness or accuracy of any such published information and shall have no responsibility (beyond publication of the same in the manner described above) for ensuring Noteholders receive the same.

## 15. Governing Law

The Transaction Documents (other than each Scottish Transfer and each Scottish Supplemental Security, all of which are governed by Scots law) and the Notes 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, save for any terms particular to the laws of Scotland which shall be construed in accordance with Scots law.

## 16. European Economic and Monetary Union

- (a) Notice of redenomination

The Issuer may, without the consent of the Noteholders, on giving at least 30 days’ prior notice to the Noteholders, the Trustee and the Principal Paying Agent, designate a date as a redenomination date (the “**Redenomination Date**”), being an Interest Payment Date under the Notes falling on or after the date on which the United Kingdom becomes a Participating Member State.

- (b) Redenomination

Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:

- (i) the redenominated notes (the “**Redenominated Notes**”) shall be deemed to be redenominated into Euro in the denomination of Euro 0.01 with a principal amount for each Redenominated Note equal to the principal amount of that Redenominated Note in sterling, converted into Euro at the rate for conversion of such currency into Euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations), provided, however, that, if the Issuer

determines, with the agreement of the Trustee, that then market practice in respect of the redenomination into Euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each stock exchange (if any) on which the Notes are then listed and the Principal Paying Agent of such deemed amendments;

- (ii) if Redenominated Notes have been issued in definitive form:
  - (A) the payment obligations contained in all Redenominated Notes denominated in sterling will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 16 (*European Economic and Monetary Union*)) shall remain in full force and effect; and
  - (B) new Redenominated Notes denominated in Euro will be issued in exchange for Redenominated Notes denominated in sterling in such manner as the Issuer may specify and as shall be notified to the Noteholders in the Euro Exchange Notice;
- (iii) all payments in respect of the Redenominated Notes (other than, unless the Redenomination Date is on or after such date as the sterling ceases to be a sub-division of the Euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in Euro by cheque drawn on, or by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Member State of the European Communities; and
- (iv) a Redenominated Note relating thereto may only be presented for payment on a day which is a business day in the place of presentation.

In this Condition 16 (*European Economic and Monetary Union*), “**Euro Exchange Date**” means the date on which the Issuer gives notice to the Noteholders and the Trustee (such notice, the “**Euro Exchange Notice**”) that replacement Notes denominated in Euro are available for exchange (provided that such Notes are available) and “**business day**” means, in respect of any place of presentation, any day which is a day on which commercial banks are open for general business in such place of presentation.

## 17. Privity of Contract

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 or any equivalent rules of Scots common law to enforce any terms of the Notes but this does not affect any right or remedy of any person which exists or is available apart from those laws.

## 18. Interpretation

In these Conditions:

“**Basic Terms Modification**” means any modification to (a) the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (b) any reduction of the amount due in respect of or cancellation of the principal amount of, or interest on or variation of the method of calculating the rate of interest on, the Notes, (c) the priority of payment of interest or principal on the Notes, (d) the currency of payment of the Notes or the Coupons, (e) the definition of Basic Terms Modification or (f) the provisions concerning the quorum required at any meeting of Noteholders or the majority required to effect a Basic Terms Modification or to pass an Extraordinary Resolution;

“**Business Day**” means a day on which commercial banks and foreign exchange markets settle payments in London;

“**EMU**” means the European Economic and Monetary Union;

“**Enforcement Notice**” means a notice given by the Trustee to the Issuer under Condition 9 (*Events of Default*) of the Notes;

“**Euro**” means the single currency introduced at the start of the third stage of EMU pursuant to the Treaty;

“**Eurozone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam;

“**Most Senior Class**” means the A Notes for so long as there are any A Notes outstanding; thereafter the B Notes for so long as there are any B Notes outstanding; thereafter the C Notes for so long as there are any C Notes outstanding; thereafter the D Notes for so long as there are any D Notes outstanding; thereafter the E Notes for so long as there are any E Notes outstanding;

“**Participating Member State**” means a Member State of the European Communities which adopts the Euro as its lawful currency in accordance with the Treaty;

“**Rating Agencies**” means Fitch and S&P and “**Rating Agency**” means either of them; and

“**Treaty**” means the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam.

## TAXATION

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Rated Notes and residual revenue payments in respect of the E Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of the Notes (other than in relation to the comments below concerning stamp taxes). The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes and the stamp tax position of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

### United Kingdom Withholding Tax

The Notes issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the FSMA) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Irish Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the regulated market of the Irish Stock Exchange are regarded as "listed on a recognised stock exchange" for these purposes.

In all cases falling outside the exemption described above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

It is possible that payments of E Note Residual Revenue will not be treated as payments of interest for UK tax purposes. Were this to be the case, the Issuer would only be required to withhold income tax at the basic rate from such payments if they fell to be treated as being "qualifying annual payments". Even if payments of E Note Residual Revenue fell to be so treated, it would be possible for the Issuer to make payments gross where the persons who are beneficially entitled to the E Note Residual Revenue are persons to whom qualifying annual payments may be made gross. It would also be possible for payments to be made gross where the Issuer has received a direction from HMRC pursuant to the terms of any applicable double taxation treaty.

### Provision of Information

HMRC has powers to obtain information relating to securities in certain circumstances. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes. Information may be required to be provided by, amongst others, the Noteholders,

persons by (or via) whom payments derived from the Notes are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Notes on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HMRC may be exchanged with tax authorities in other countries.

### **EU Directive on the Taxation of Savings Income**

Under the Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person established within its jurisdiction to (or for the benefit of) an individual (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise or certain other persons in that other Member State; however, for a transitional period, Austria and Luxembourg will instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. The Luxembourg government has recently announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

### **Other Rules Relating to United Kingdom Withholding Tax**

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to “interest” above mean “interest” as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an issuer pursuant to Condition 11(g) (*Substitution*) or otherwise and does not consider the tax consequences of any such substitution.

### **U.S. Foreign Account Tax Compliance**

Pursuant to FATCA, non-U.S. financial institutions that enter into agreements with the IRS (“**IRS Agreements**”) or become subject to provisions of local law intended to implement an intergovernmental agreement (“**IGA legislation**”) entered into pursuant to FATCA, may be required to identify “financial accounts” held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable laws in its jurisdiction, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding of 30% US tax may be required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation made on or after (i) 1 July 2014 in respect of certain US source payments, (ii) 1 January 2017, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce US source interest or dividends and (iii) 1



January 2017 (at the earliest) in respect of “foreign passthru payments”. Certain grandfathered “obligations” are exempt from this regime, including obligations that are not treated as equity for U.S. federal income tax purposes and that are not issued or materially modified on or after (a) 1 July 2014, and (b) if later, in the case of an obligation that pays only “foreign passthru payments,” as such term may be defined in the future, the date that is six months after the date on which the final regulations applicable to “foreign passthru payments” are filed in the Federal Register.

Whilst the Notes are in global form and held within the Clearing Systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the Common Depositary, provided that each of the entities in the payment chain beginning with the Issuer and ending with the Clearing Systems is compliant with FATCA (if necessary to avoid withholding under FATCA). 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. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer’s obligations under the Notes are discharged once it has paid the Principal Paying Agent and the Principal Paying Agent has paid the Clearing Systems, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the Clearing Systems and custodians or intermediaries. Further, the documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the Clearing Systems. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances.

## PURCHASE AND SALE

This Prospectus has been approved by the Central Bank of Ireland as the Irish competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list and trading on its regulated market.

Investec Bank plc and Lloyds Bank plc as joint lead managers (together, the “**Joint Lead Managers**” and each, a “**Joint Lead Manager**”), the Co-Manager, the Issuer and the Seller have entered into a note purchase agreement pursuant to which the Joint Lead Managers and the Co-Manager have each agreed to purchase or procure purchasers for the A Notes, B Notes, C Notes, D Notes and E Notes).

On the Issue Date, the Issuer will issue:

- (a) the A Notes at an issue price of 100 per cent. of the principal amount of the A Notes;
- (b) the B Notes at an issue price of 100 per cent. of the principal amount of the B Notes;
- (c) the C Notes at an issue price of 100 per cent. of the principal amount of the C Notes;
- (d) the D Notes at an issue price of 100 per cent. of the principal amount of the D Notes; and
- (e) the E Notes at an issue price of 100 per cent. of the principal amount of the E Notes.

The Issuer has agreed in the Note Purchase Agreement to reimburse and indemnify the Joint Lead Managers for certain of their expenses and liabilities in connection with the issue of Notes.

The Note Purchase Agreement is subject to a number of conditions and may be terminated by the Joint Lead Managers in certain circumstances prior to payment for the Notes to the Issuer.

### **United Kingdom**

Each Joint Lead Manager and the Co-Manager has represented to and agreed with the Issuer that:

- (a) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Joint Lead Manager and the Co-Manager has agreed that, except as permitted by the Note Purchase Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the Issue Date (the “**Distribution Compliance Period**”), within the United States or to, or for the account or benefit of, U.S. persons,

and it will have sent to each dealer to which it sells the Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

## **Ireland**

Each Joint Lead Manager and the Co-Manager has represented and agreed with the Issuer that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of S.I. No. 60 of 2007, European Communities (Markets in Financial Instruments) Regulations 2007 (“**MiFID Regulations**”), including, without limitation, Parts 6, 7 and 12 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the Irish Companies Acts 1963 to 2009 (as amended), the Irish Central Bank Acts 1942 – 2010 (as amended) and any codes of conduct rules made under Section 117(1) of the Irish Central Bank Act 1989;
- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under Section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank; and
- (d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank.

## **Public Offer Selling Restrictions under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Joint Lead Manager and the Co-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 it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) 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), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Joint Lead Managers or the Co-Manager nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Joint Lead Managers or the Co-Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and 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 each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

### **General**

Under the Note Purchase Agreement, each Joint Lead Manager and the Co-Manager has acknowledged that, save for making such applications and for having procured the delivery of a copy of the Prospectus for registration to the Central Bank, no action has been or will be taken in any jurisdiction by it that would permit a public offering of the Notes, or possession or distribution of the Prospectus (in preliminary or final form) or any amendment or supplement thereto or any other offering material relating to the Notes in any country or jurisdiction where action for that purpose is required. Under the Note Purchase Agreement, each Joint Lead Manager and the Co-Manager has agreed to comply with all applicable laws and regulations in each jurisdiction in or from which it may offer or sell the Notes or have in its possession or distribute the Prospectus (in preliminary or in final form) or any amendment or supplement thereto or any other offering material.

Attention is drawn to the information set out on the inside front cover of this Prospectus.

## GENERAL INFORMATION

- (a) The issue of the Notes has been authorised by resolution of the Board of Directors of the Issuer passed on 4 November 2013.
- (b) It is expected that the Notes will be admitted to the Official List and admitted for trading on the Irish Stock Exchange on or around 14 November 2013, subject only to issue of the Global Notes of each class of Notes. Prior to Official Listing, however, dealings in the Notes will be permitted by the Irish Stock Exchange in accordance with its rules. The issue will be cancelled if the Global Notes are not issued.
- (c) The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

	Common Code	ISIN (Clearstream/Euroclear)
A Notes.....	097943303	XS0979433033
B Notes.....	097943362	XS0979433629
C Notes.....	097943389	XS0979433892
D Notes.....	097943443	XS0979434437
E Notes.....	097943478	XS0979434783

- (d) The auditors of the Issuer, Ernst & Young LLP, are members of the Institute of Chartered Accountants of England and Wales. The financial year end of the Issuer is 31 March. The first statutory financial statements of the Issuer will be prepared for the period ended 31 March 2014.
- (e) The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings which may have or have had since its date of incorporation a significant effect on its financial position nor is the Issuer aware that any such proceedings are pending or threatened.
- (f) In relation to this transaction the Issuer, on or about the date of this Prospectus, has entered into the Note Purchase Agreement referred to under “Purchase and Sale” above which is or may be material.
- (g) Since 15 July 2013 (being the date of incorporation of the Issuer), there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the trading or the financial position of the Issuer.
- (h) The Issuer will provide ongoing performance data on this transaction (including monthly investor reports and other statistical information regarding the securities to be admitted to trading and the performance of the Receivables beneficially owned by Issuer (including anonymised lease level data) on a monthly basis), being available at [www.ctslink.com](http://www.ctslink.com) in electronic form. The contents of this website are for information purposes only and do not form part of this Prospectus.
- (i) Copies of the Transaction Documents and the Memorandum and Articles of Association of the Issuer may be inspected in electronic or physical form during usual business hours at the registered office of the Issuer or online at [www.ctslink.com](http://www.ctslink.com) and will be available in such manner for at least as long as the Notes are admitted to listing on the Irish Stock Exchange and the guidelines of the Irish Stock Exchange so require.
- (j) As at the date hereof, save for the issue of the Notes, the Issuer, since its incorporation on 15 July 2013, has not commenced operations nor prepared any accounts.
- (k) The aggregate transaction fees and expenses for the issue and listing of the Notes are estimated to be in the region of £5,500.

## GLOSSARY OF DEFINED TERMS

<b>2010 PD Amending Directive</b>	means Directive 2010/73/EU.
<b>£, pounds, and sterling</b>	are references to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.
<b>A Noteholder</b>	means the persons who are for the time being holders of the A Notes.
<b>A Notes</b>	means the £227,700,000 Class A asset backed floating rate notes due November 2021 and, unless expressly stated to the contrary, all references to an “A Note” shall be a reference to such A Note whether in global or definitive form.
<b>A Permanent Global Note</b>	means the permanent Global Note which will represent the A Notes, or some of them, after exchange of the A Temporary Global Note, which will be substantially in the form set out in Schedule 2 Part 2 (Form of Permanent Global Note) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility.
<b>A Principal Deficiency</b>	has the meaning given to it in the definition of “Principal Deficiency” below.
<b>A Principal Deficiency Ledger</b>	means the sub-ledger of such name created for the purpose of recording the A Principal Deficiency, and maintained by the Cash/Bond Administrator as a sub-ledger of the Principal Deficiency Ledger.
<b>A Temporary Global Note</b>	means the temporary Global Note representing the A Notes on issue, which will be substantially in the form set out in Schedule 2 Part 1 (Form of Temporary Global Note) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility.
<b>Account Bank</b>	means HSBC Bank plc (or such other replacement bank or financial institution as may be appointed from time to time in accordance with the Transaction Documents) in its capacity as provider of the Transaction Account.
<b>Additional Issuer Trust Share</b>	means an amount equal to the aggregate of all cleared payments or other sums received equal to the amounts from time to time standing to the credit of the Collection Account to the extent that such amounts represent payments into the Collection Account derived from or resulting from receivables and ancillary rights comprised in the relevant portfolio purchased by a securitisation issuer less any amounts the subject of an indemnity claim against the Collection Account Bank under the Direct Debit Scheme or which have otherwise been recalled in respect of such securitisation issuer.
<b>Affected 122a Investors</b>	means credit institutions (i.e., banks) established in a Member State of the EEA and consolidated group affiliates thereof.
<b>Affected Investors</b>	includes EEA investment firms and UCITS funds, investment funds managed by EEA alternative investment fund managers and Affected 122a Investors.
<b>Affiliate</b>	means, with respect to any specified Person, any other Person controlling or controlled

by or under common control with such specified Person. For purposes of this definition, “control”, when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing. For purposes of this definition, the management of an account by one Person for the benefit of any other Person will not constitute “control” of such other Person.

**Agent Bank**

means HSBC Bank plc.

**Agents**

means the Paying Agents and the Agent Bank or any of them.

**Ancillary Rights**

means in relation to each Purchased Receivable as the context requires:

- (a) the right to demand, sue for, recover, receive and give receipts for all amounts due (whether or not from the relevant Customer) under, relating to or in connection with the Underlying Agreement from which such Purchased Receivable derives (including any Enforcement Recoveries received by the Seller or its agents);
- (b) the benefit of all covenants and undertakings from the relevant Customer and from any guarantor under, relating to or in connection with the Underlying Agreement from which such Purchased Receivable derives (including, without limitation, the proceeds of the liquidation of a Customer’s property following that Customer’s default under the relevant Underlying Agreement);
- (c) the benefit of all causes of action against the relevant Customer under, relating to or in connection with, the Underlying Agreement from which such Purchased Receivable derives;
- (d) the proceeds of any and all insurance claims received by the Seller in respect of Equipment;
- (e) the proceeds of any payment plan arrangement entered into with a Customer on behalf of the Issuer by the Servicer;
- (f) in respect of Defaulted Receivables (other than those that are Scottish Purchased Receivables), the proceeds of sale of Equipment by the Seller following repossession or return of such Equipment;
- (g) in respect of Defaulted Receivables (other than those that are Scottish Purchased Receivables), the proceeds of re-leasing Equipment following repossession thereof by the Seller (to the extent such Equipment is not sold); and
- (h) the benefit of any other rights, title, interests, powers or benefits of the Seller in relation to the Underlying Agreement from which such Purchased Receivable derives,

provided that the term “Ancillary Rights” shall exclude:

- (i) any sums representing insurance premiums payable by the Customer in respect of the Equipment;
- (ii) without limitation, the right of ownership of the Equipment and the right to proceeds received from a Customer’s exercise of an option

to purchase Equipment pursuant to a Hire Purchase Agreement;

- (iii) any sums representing maintenance charges payable by the Customer in respect of the Equipment;
- (iv) any Sundry Servicer Fees;
- (v) any rights in respect of Secondary Rental Payments; and
- (vi) any sums representing VAT payable by the Customer for the account of HMRC.

**Arrears**

means (i) in the case of non-invoice paying Customers, a Purchased Receivable is more than 10 days in arrears and the balance in arrears is more than 0.5 times instalment and (ii) in the case of invoice paying Customers, a Purchased Receivable is more than 30 days in arrears and the balance in arrears is more than 0.5 times instalment.

**Article 122a**

means Article 122a of European Union Directive 2006/48/EC (as amended by European Union Directive 2009/111/EC) (as further amended or as superseded from time to time, including as superseded by Articles 404-410 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 21 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012) (which does not take into account any implementing rules of the Capital Requirements Directive in a relevant jurisdiction).

**Article 405(1)**

means Article 405(1) of the CRR.

**Authorised Investments**

means investments of the funds standing to the credit of the Transaction Account where:

- (a) in the opinion of the Cash/Bond Administrator, the rate of interest earned on such investments is likely to exceed the rate of interest paid on the Transaction Account;
- (b) the investments have a maturity date of 30 days or less and mature on or before two Business Days prior to the Interest Payment Date immediately succeeding the date on which the investments are made;
- (c) the investments are sterling gilt-edged securities or sterling demand or time deposits, certificates of deposit or short-term debt obligations (including commercial paper);
- (d) the investments will not cause any reduction in the Available Principal Amounts available to the Issuer at the maturity thereof;
- (e) the entity to which the investments are made with is an authorised person under the FSMA; and
- (f)
  - (i) the short-term unsecured, unguaranteed and unsubordinated debt obligations of such entity is rated at least A-1 by S&P; and
  - (ii) the short-term unsecured, unguaranteed and unsubordinated debt obligations of such entity is rated at least F1 by Fitch.



**Available Principal Amounts**

means an amount calculated by the Cash/Bond Administrator on a Determination Date, being the aggregate of the following amounts:

- (i) the Principal Collections received for the preceding Determination Period;
- (ii) any amount which has been released from the Liquidity Reserve Ledger and credited to the Principal Ledger;
- (iii) the proceeds of any Authorised Investments attributable to Principal Collections for the Determination Period immediately preceding the relevant Determination Date;
- (iv) the amount (if any) calculated on that Determination Date pursuant to the Pre-Enforcement Revenue Priority of Payments to be the amount by which the debit balance on any of the Principal Deficiency Ledgers is expected to be reduced by the application of the Available Revenue Amounts on the immediately succeeding Interest Payment Date; and
- (v) on the Determination Date immediately prior to the redemption in full of the A Notes and B Notes, amounts standing to the credit of the Liquidity Reserve Ledger,

minus the Rounding Balance.

**Available Revenue Amounts**

means an amount calculated by the Cash/Bond Administrator on a Determination Date, being the aggregate of the following amounts:

- (i) interest received on the Transaction Account for the Determination Period immediately preceding the relevant Determination Date;
- (ii) the proceeds of any Authorised Investments attributable to Revenue Collections for the Determination Period immediately preceding the relevant Determination Date;
- (iii) the Revenue Collections received for the Determination Period immediately preceding the relevant Determination Date;
- (iv) any amounts received by the Issuer under the Balance Guaranteed Swap Agreement or any replacement Balance Guaranteed Swap Agreement on the relevant Interest Payment Date (excluding any Swap Excluded Amounts and any early termination payment received by the Issuer from the Swap Counterparty to the extent utilised to acquire, at any time, a new swap);
- (v) any amount standing to the credit of the Reserve Ledger if and to the extent required to make payment of certain amounts (as set out in the definition of Revenue Shortfall) in the Pre-Enforcement Revenue Priority of Payments to the extent there will be a Revenue Shortfall on the immediately following Interest Payment Date after application of all other Available Revenue Amounts (including paragraph (viii) below but excluding paragraphs (vi) and (vii) below) in respect thereof;
- (vi) for so long as the A Notes remain outstanding, any amount standing to the credit of the Liquidity Reserve Ledger if and to the extent

required to make payment of certain amounts in the Pre-Enforcement Revenue Priority of Payments to the extent there will be a Senior Fees Shortfall and/or an Interest Shortfall on the A Notes on the immediately following Interest Payment Date after application of all other Available Revenue Amounts (including paragraph (v) above and paragraph (viii) below but excluding paragraph (vii) below);

- (vii) for so long as the B Notes remain outstanding and either (x) the B Notes are the Most Senior Class or (y) the B Notes are not the Most Senior Class and the B PDL Trigger has not been met, any amount standing to the credit of the Liquidity Reserve Ledger if and to the extent required to make payment of certain amounts in the Pre-Enforcement Revenue Priority of Payments to the extent there will be a Senior Fees Shortfall and/or an Interest Shortfall on the B Notes on the immediately following Interest Payment Date after application of all other Available Revenue Amounts (including paragraphs (v) and (vi) above and paragraph (viii) below);
- (viii) such amounts standing to the credit of the Yield Reduction Contingency Reserve Ledger required and as determined by the Cash/Bond Administrator to mitigate any yield reduction that has occurred in respect of any Purchased Receivable in the relevant Determination Period,

but excluding any Deferred Consideration.

<b>B Noteholder</b>	means the persons who are for the time being holders of the B Notes.
<b>B Notes</b>	means the £15,840,000 Class B asset backed floating rate notes due November 2021 and, unless expressly stated to the contrary, all references to a “B Note” shall be a reference to such B Note whether in global or definitive form.
<b>B PDL Trigger</b>	is met if, as of any Interest Payment Date, the Principal Deficiency Ledger has a total debit balance of greater than or equal to 50% of the then aggregate Principal Amount Outstanding of the B Notes.
<b>B Permanent Global Note</b>	means the permanent Global Note which will represent the B Notes, or some of them, after exchange of the B Temporary Global Note, which will be substantially in the form set out in Schedule 2 Part 2 (Form of Permanent Global Note) to the Trust Deed.
<b>B Principal Deficiency</b>	has the meaning given to it in the definition of “Principal Deficiency” below.
<b>B Principal Deficiency Ledger</b>	means the sub-ledger of such name created for the purpose of recording the B Principal Deficiency, and maintained by the Cash/Bond Administrator as a sub-ledger of the Principal Deficiency Ledger.
<b>B Temporary Global Note</b>	means the temporary Global Note representing the B Notes on issue, which will be substantially in the form set out in Schedule 2 Part 1 (Form of Temporary Global Note) to the Trust Deed.
<b>Balance Guaranteed Swap Agreement</b>	means the agreement entered into pursuant to the terms of a 1992 ISDA Master Agreement (Multicurrency – Cross Border), dated on or about the Issue Date (together with the schedule, confirmations evidencing the terms of the Balance Guaranteed

Swap Transaction and the 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) forming part of the schedule) between the Issuer and the Swap Counterparty, or any replacement agreement between the Issuer and a swap counterparty (each as amended from time to time).

<b>Balance Guaranteed Swap Transaction</b>	means the swap transaction or transactions forming part of and governed by the terms of the Balance Guaranteed Swap Agreement.
<b>Bank Agreement</b>	means the agreement so named dated on or about the Issue Date between, inter alios, the Issuer and the Account Bank.
<b>Bank of America Merrill Lynch</b>	means Merrill Lynch International.
<b>Banking Act</b>	means the Banking Act 2009.
<b>Basel III</b>	means the reform measures and changes to the Framework approved by the Committee in late 2009.
<b>Basic Terms Modification</b>	means any modification to: <ul style="list-style-type: none"><li>(a) the maturity of the Notes or the dates on which interest is payable in respect of the Notes;</li><li>(b) any reduction of the amount due in respect of or cancellation of the principal amount of, or interest on or variation of the method of calculating the rate of interest on, the Notes;</li><li>(c) the priority of payment of interest or principal on the Notes;</li><li>(d) the currency of payment of the Notes or the Coupons;</li><li>(e) the definition of Basic Terms Modification; or</li><li>(f) the provisions concerning the quorum required at any meeting of Noteholders or the majority required to effect a Basic Terms Modification or to pass an Extraordinary Resolution.</li></ul>
<b>BBA</b>	means the British Bankers' Association.
<b>Book-Entry Interests</b>	means the beneficial interests in the Global Notes recorded by Euroclear and Clearstream, Luxembourg.
<b>Business Day</b>	means a day on which commercial banks and foreign exchange markets settle payments in London.
<b>C Noteholder</b>	means the persons who are for the time being holders of the C Notes.
<b>C Notes</b>	means the £11,220,000 Class C asset backed floating rate notes due November 2021 and, unless expressly stated to the contrary, all references to a "C Note" shall be a reference to such C Note whether in global or definitive form.
<b>C Permanent Global Note</b>	means the permanent Global Note which will represent the C Notes, or some of them, after exchange of the C Temporary Global Note, which will be substantially in the

	form set out in Schedule 2 Part 2 (Form of Permanent Global Note) to the Trust Deed.
<b>C Principal Deficiency</b>	has the meaning given to it in the definition of “Principal Deficiency” below.
<b>C Principal Deficiency Ledger</b>	means the sub-ledger of such name created for the purpose of recording the C Principal Deficiency, and maintained by the Cash/Bond Administrator as a sub-ledger of the Principal Deficiency Ledger.
<b>C Temporary Global Note</b>	means the temporary Global Note representing the C Notes on issue, which will be substantially in the form set out in Schedule 2 Part 1 (Form of Temporary Global Note) to the Trust Deed.
<b>Capital Market Exception</b>	means the exception set out in section 72B of the Insolvency Act.
<b>Cash/Bond Administration Agreement</b>	means the agreement so named dated on or about the Issue Date between, inter alios, the Issuer and the Cash/Bond Administrator.
<b>Cash/Bond Administrator</b>	means Investec Bank plc.
<b>CCA</b>	means the Consumer Credit Act 1974, as amended by the Consumer Credit Act 2006 and subsequently as amended by the implementing regulations pursuant to the CCD.
<b>CCD</b>	means the Consumer Credit Directive (2008/48/EC).
<b>CCP</b>	means an authorised central counterparty.
<b>CEBS Guidelines</b>	means the Capital Requirements Directive published by the Committee of European Banking Supervisors on 31 December 2010.
<b>Central Bank</b>	means the Central Bank of Ireland.
<b>Charged Obligation Documents</b>	means the documents set out at clause 1.4 of the Deed Charge and Condition 2(b)(iii) ( <i>Security</i> ).
<b>Charged Property</b>	means the property, assets, rights and undertakings for the time being comprised in or subject to the security contained in or granted pursuant to the Deed of Charge and references to the Charged Property shall include references to any part of it.
<b>Chargee</b>	means the holder of security created by a company.
<b>Class</b>	means any class of Notes.
<b>Clearing Systems</b>	means Clearstream, Luxembourg and Euroclear.
<b>Clearstream, Luxembourg</b>	means Clearstream Banking, <i>société anonyme</i> .
<b>Co-Manager</b>	means Merrill Lynch International.

<b>Collection Account</b>	means the Collection Account in the name of the Seller at the Collection Account Bank with account number 11550276, or such replacement account(s) as may be established from time to time so long as these accounts are subject to a declaration of trust in favour of (among others) the Seller and the Issuer.
<b>Collection Account Bank</b>	means HSBC Bank plc or such other replacement bank or financial institution as may be appointed from time to time.
<b>Committee</b>	means the Basel Committee on Banking Supervision.
<b>Collections Guidelines</b>	means the guidelines as set out in the Investec Asset Finance plc Collections Guidelines used by the Seller from time to time and as may be amended by the Seller from time to time in its discretion.
<b>Common Safekeeper</b>	means any one of the Clearing Systems who will perform the safekeeping roles (See “Summary of Provisions Relating to the Notes while in Global Form”).
<b>Completion Portfolio</b>	means the Receivables to be sold, assigned or held on trust for or to the Issuer pursuant to the Receivables Sale Agreement on the Issue Date, as set out in Schedule 5 of the Receivables Sale Agreement minus any Receivables excluded pursuant to clause 4 of the Receivables Sale Agreement.
<b>Conditions</b>	means the terms and conditions applicable to the Notes as set out in Schedule 3 (Terms and Conditions of the Notes) to the Trust Deed as may from time to time be modified in accordance with the Trust Deed and, with respect to any Notes represented by a Global Note, as modified by the provisions of such Global Note and any reference to a particularly numbered Condition shall be construed accordingly.
<b>Contingency Reserve</b>	means the reserve fund established by the Issuer from part of the proceeds from the E Notes on the Issue Date in the sum of £150,000 for the purposes of holding an amount to cover, on any date, exceptional extraordinary expenses that may arise whilst the Rated Notes are outstanding and are not as at the Issue Date identifiable costs.
<b>Contingency Reserve Ledger</b>	means the ledger maintained by the Cash/Bond Administrator to record amounts credited to the Contingency Reserve.
<b>Corporate Services Agreement</b>	means the agreement so named dated on or about the Issue Date between, inter alios, the Issuer and the Corporate Services Provider.
<b>Corporate Services Provider</b>	means Structured Finance Management Limited.
<b>Couponholders</b>	means the bearers of the Coupons.
<b>Coupons</b>	means the bearer coupons relating to the Notes or, as the context may require, a specific number of them and includes any replacement Coupons issued pursuant to the Conditions.
<b>CPR</b>	means an assumed constant per annum rate of prepayment.
<b>CRA CL Regime</b>	means the civil liability regime for issuers and investors to claim damages from a

CRA where such CRA has committed, intentionally or with gross negligence, any of the infringements listed in Annex III to the CRA Regulation which has an impact on a credit rating.

<b>CRA Claimant</b>	means an investor who brings a claim in the United Kingdom in connection with the CRA CL Regime.
<b>CRAIII Regulation</b>	means Regulation (EU) No 462/2013.
<b>CRAIII Regulation Effective Date</b>	means 20 June 2013.
<b>CRAIII Regulation RTS</b>	means the regulatory technical standards prepared by ESMA pursuant to the CRAIII Regulation relating to certain additional disclosure requirements which are applicable in relation to structured finance instruments.
<b>CRA Regulation</b>	means Regulation (EC) 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.
<b>CRD or the Capital Requirements Directive</b>	means the capital requirements directive which is comprised of European Union Directive 2006/48/EC and European Union Directive 2006/49/EC (and, as the context so requires, as amended by European Union Directive 2009/111/EC).
<b>CRD4</b>	means, together, European Union Directive 2013/36/EU and the CRR.
<b>Credit Guidelines</b>	means the origination and credit guidelines as set out in the Investec Asset Finance Group Risk Appetite and Policy Statement and Investec Asset Finance plc Credit Guidelines used by the Seller from time to time, and as each may from time to time be amended by the Seller in its discretion.
<b>Credit Support Annex</b>	means the 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) that forms part of and is subject to the Balance Guaranteed Swap Agreement.
<b>CRR</b>	means European Union Regulation 575/2013.
<b>CRR Implementation Date</b>	means 1 January 2014.
<b>Custodian</b>	means HSBC Bank plc.
<b>Custody Agreement</b>	means the agreement so named entered into between the Custodian and the Issuer on or about the Issue Date.
<b>Customer</b>	means a customer of the Seller who has entered (or will enter in respect of a Replacement Receivable) into (directly or indirectly) one or more Underlying Agreements with the Seller.
<b>Cut-Off Date</b>	means 15 October 2013.
<b>D Noteholder</b>	means the persons who are for the time being holders of the D Notes.
<b>D Notes</b>	means the £9,240,000 Class D asset backed floating rate notes due November 2021 and, unless expressly stated to the contrary, all references to a “D Note” shall be a

reference to such D Note whether in global or definitive form.

<b>D Permanent Global Note</b>	means the permanent Global Note which will represent the D Notes, or some of them, after exchange of the D Temporary Global Note, which will be substantially in the form set out in Schedule 2 Part 2 (Form of Permanent Global Note) to the Trust Deed.
<b>D Principal Deficiency</b>	has the meaning given to it in the definition of “Principal Deficiency” below.
<b>D Principal Deficiency Ledger</b>	means the sub-ledger of such name created for the purpose of recording the D Principal Deficiency, and maintained by the Cash/Bond Administrator as a sub-ledger of the Principal Deficiency Ledger.
<b>D Temporary Global Note</b>	means the temporary Global Note representing the D Notes on issue, which will be substantially in the form set out in Schedule 2 Part 1 (Form of Temporary Global Note) to the Trust Deed.
<b>Daily Receivables Amounts</b>	means, in respect of any Business Day, all cleared payments or other cleared sums received equal to the Issuer’s Entitlement on such Business Day.
<b>Daily Transfer Minimum Amount</b>	means an amount equal to £50,000.
<b>Days in Interest Period</b>	means the day count difference between the current rental due date and the last rental due date.
<b>Deed of Charge</b>	means the deed so named dated on or about the Issue Date between, inter alios, the Issuer and the Trustee.
<b>Defaulted Receivable</b>	means, at any time, a Purchased Receivable where the Customer is in Arrears with respect to payments due under the Underlying Agreement by more than 90 days of the scheduled payment due date and such Arrears are incapable of being paid in full as determined by the Servicer in accordance with the Receivables Servicing Agreement.
<b>Deferred Consideration</b>	means: <ul style="list-style-type: none"><li>(a) all amounts standing to the credit of the Contingency Reserve Ledger on the date when all the Rated Notes are redeemed in full in accordance with the Conditions;</li><li>(b) on any Interest Payment Date prior to the redemption in full of the Rated Notes, an amount equal to the aggregate amounts paid to suppliers during the relevant Determination Period in respect of Pre-Lease Agreements and following redemption in full of the Rated Notes, all amounts (if any) standing to the credit of the Staged Payment Contingency Reserve Ledger;</li><li>(c) the amount of any balance standing to the credit of the Yield Reduction Contingency Reserve Ledger on the date when all the Rated Notes are redeemed in full in accordance with the Conditions; and</li><li>(d) the aggregate of all amounts (if any) which remain standing to the credit of the Start-Up Costs Ledger after all Issuer Costs have been finally determined and paid by the Cash/Bond Administrator on behalf of the Issuer and will become due and payable from the date that is the fourth Interest Payment Date following the Issue Date.</li></ul>

<b>Determination Date</b>	means the date which falls three Business Days prior to an Interest Payment Date or, if such day is not a Business Day, the immediately preceding Business Day.
<b>Determination Period</b>	means, in the case of the first Determination Period, the period from and including the Issue Date to the end of the 6 <sup>th</sup> Business Day in December 2013, and then for each subsequent Determination Period, the period ending on the 6th Business Day of the calendar month and starting on the immediately following calendar day immediately following the 6th Business Day of the calendar month.
<b>Direct Debit Scheme</b>	means the scheme for the manual and automated debiting of bank accounts opened in accordance with the detailed rules of certain members of the Association for Payments Clearing Services.
<b>Directive 2002/47/EC</b>	means the Financial Collateral Directive.
<b>DPA</b>	means the Data Protection Act 1998.
<b>Draft RTSs</b>	means the draft regulatory technical standards published on 22 May 2013 by the EBA under its mandate in CRR.
<b>DWF</b>	means the Bank of England's Discount Window Facility.
<b>E Note Residual Revenue</b>	An amount in aggregate equal to funds available for payment at item (xix) of Condition 2(c) ( <i>Pre-Enforcement Revenue Priority of Payments</i> ) or item (ix)(B) of Condition 2(d) ( <i>Post-Enforcement Priority of Payments</i> ) shall be payable as interest in respect of the E Notes on each Interest Payment Date, subject to Condition 6 ( <i>Payments</i> ).
<b>E Noteholder</b>	means the persons who are for the time being holders of the E Notes.
<b>E Notes</b>	means the £6,250,000 Class E Notes due November 2021 and, unless expressly stated to the contrary, all references to an "E Note" shall be a reference to such E Note whether in global or definitive form.
<b>E Permanent Global Note</b>	means the permanent Global Note which will represent the E Notes, or some of them, after exchange of the E Temporary Global Note, which will be substantially in the form set out in Schedule 2 Part 2 (Form of Permanent Global Note) to the Trust Deed.
<b>E Temporary Global Note</b>	means the temporary Global Note representing the E Notes on issue, which will be substantially in the form set out in Schedule 2 Part 1 (Form of Temporary Global Note) to the Trust Deed.
<b>EBA</b>	means, the European Banking Authority (and/or its predecessor, the Committee of European Banking Supervisors), together with any successor or replacement agency or authority.
<b>EEA</b>	means the European Economic Area.
<b>EMIR</b>	means the European Market Infrastructures Regulation EU 648/2012.
<b>EMU</b>	means European Economic and Monetary Union.



<b>Enforcement Notice</b>	means a notice given by the Trustee to the Issuer under Condition 9 ( <i>Events of Default</i> ).
<b>Enforcement Recoveries</b>	means the proceeds of enforcement in respect of an Underlying Agreement.
<b>Enterprise Act</b>	means the Enterprise Act 2002.
<b>Equipment</b>	means business equipment, commercial vehicles, information technology assets and systems, plant and machinery and used cars, each of which is used by a Customer for business purposes.
<b>ESMA</b>	means the European Securities and Markets Authority.
<b>EURIBOR</b>	means the Euro Interbank Offered Rate.
<b>Euro</b>	are references to the lawful currency of the member states of the European Union participating in Economic and Monetary Union as contemplated by the Treaty.
<b>Euroclear</b>	means Euroclear Bank SA/NV or its successor.
<b>Euro Exchange Date</b>	means the date on which the Issuer gives the Euro Exchange Notice.
<b>Euro Exchange Notice</b>	means the notice to the Noteholders and the Trustee that replacement Notes denominated in Euro are available for exchange (provided that such Notes are available).
<b>Eurosystem</b>	means the central banking system for the Euro.
<b>Eurosystem Eligible Collateral</b>	means collateral recognised as eligible for Eurosystem monetary policy and intra-day credit operations by the Eurosystem.
<b>Eurozone</b>	means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam.
<b>Event of Default</b>	has the meaning given to it in Condition 9 ( <i>Events of Default</i> ).
<b>Exception Pre-Lease Agreement</b>	means an agreement, in connection with an Underlying Agreement, whereby the Seller agrees to pay one or more suppliers' invoices for an item or items of equipment before they are installed at, or otherwise delivered to, a Customer's premises.
<b>Exceptions</b>	means the exceptions set out in sections 72B to 72GA of the Insolvency Act.
<b>Exchange Date</b>	has the meaning given in the section titled "Summary of Provisions Relating to the Notes While in Global Form".
<b>Extraordinary Resolution</b>	means: <ul style="list-style-type: none"> <li>(a) a resolution passed at a duly convened meeting of the Noteholders or the Noteholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority</li> </ul>

consisting of not less than 75 per cent. of the votes cast on such poll; or

- (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders,

and (in the circumstances set out in Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*) an Extraordinary Resolution (other than in respect of a Basic Terms Modification) will pass unless 10 per cent. or more in aggregate Principal Amount Outstanding of the Notes of such Class have informed the Principal Paying Agent in the prescribed manner of their objection to such Extraordinary Resolution within 40 days after the date on which a notice containing the text of such Extraordinary Resolution which acts as an invitation to Noteholders of such Class to object to the same and details the manner in which such objections should be made has been given to such class in accordance with the provisions of Condition 14 (*Notice to Noteholders*).

<b>FCA</b>	means the Financial Conduct Authority.
<b>FCA Regulations</b>	means the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI 2003 No. 3226).
<b>Final Maturity Date</b>	means the Interest Payment Date falling in November 2021.
<b>Fitch</b>	means Fitch Ratings Ltd.
<b>FOS</b>	means the Financial Ombudsman Service.
<b>FPO</b>	means the Financial Services and Markets Act (Financial Promotion) Order 2005.
<b>Framework</b>	means Basel II; International Convergence on Capital Measurement and Capital Standards: a revised framework, published in June 2004.
<b>FSMA</b>	means the Financial Services and Markets Act 2000, as amended by the Financial Services Act 2012.
<b>Global Note</b>	means each of the Temporary Global Notes and the Permanent Global Notes.
<b>Hire Purchase Agreement</b>	means a fixed interest rate, fully amortising hire agreement with an option for the Customer to acquire title to the Equipment for a nominal sum at the end of hire period.
<b>ICSDs</b>	means Euroclear and Clearstream, Luxembourg.
<b>Indirect Participants</b>	means persons that hold interests in the Book-Entry Interests through 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.
<b>Initial Available Revenue</b>	means, on each Determination Date, the amount standing to the credit of the Revenue Ledger as at the end of the preceding Determination Period.

<b>Initiating Noteholder</b>	means a Verified Noteholder who submits a request for the publication of a notice pursuant to Condition 14(d).
<b>Insolvency Act</b>	means the Insolvency Act 1986.
<b>Interest Amount</b>	means, in respect of an Interest Period and a Class of Notes, the amount of interest payable on such Class of Notes.
<b>Interest Determination Date</b>	means, in the case of the first Interest Period, the Issue Date, and, for each subsequent Interest Period, the first day of an Interest Period.
<b>Interest Payment Date</b>	means the 21st day in each month unless such day is not a Business Day, in which case interest shall be payable on the next following Business Day.
<b>Interest Period</b>	means the period from (and including) an Interest Payment Date (or the Issue Date) to (but excluding) the next (or first) Interest Payment Date.
<b>Interest Shortfall</b>	means on each Determination Date, the amount by which the Initial Available Revenue for the immediately following Interest Payment Date is insufficient to provide for payment of interest on any Class of Rated Notes.
<b>Investec</b>	means Investec Bank plc.
<b>Investec AFG</b>	means Investec Asset Finance Group.
<b>Investec Group</b>	means Investec, together with each of its subsidiaries and Affiliates.
<b>Investor Report</b>	means the monthly performance report substantially in the form scheduled as Schedule 2 (Form of Reports) to the Cash/Bond Administration Agreement or from time to time agreed between the Issuer, the Servicer and the Cash/Bond Administrator.
<b>Invocation Event</b>	means the termination of the Servicer's appointment under the Receivables Servicing Agreement and receipt by the Standby Servicer of the written notice of the same.
<b>Irish Stock Exchange</b>	means the Irish Stock Exchange Limited.
<b>Issue Date</b>	means 14 November 2013.
<b>Issuer</b>	means Temese Funding 1 plc whose registered number is 8610289 and whose registered office is at 35 Great St. Helen's, London EC3A 6AP.
<b>Issuer Costs</b>	means the costs and expenses arising in respect of the purchase of Receivables and the issuance of the Notes.
<b>Issuer Trust Share</b>	an amount equal to the aggregate of the Daily Receivables Amounts paid into the Collection Account from (and including) the Issue Date to (and including) such date less an amount equal to the payments made by the Collection Account Bank into the Transaction Account from (and including) the Issue Date to (and including) such date less any amounts the subject of an indemnity claim against the Collection Account Bank under the Direct Debit Scheme or which have otherwise been recalled in respect of the Issuer.

<b>Issuer Turn</b>	means the payment of a distribution (if any) to the Parent.
<b>Issuer Turn Ledger</b>	means a ledger established in the Transaction Account used to record the retained revenue of the Issuer.
<b>Issuer/ICSD Agreement</b>	means the agreement so named dated on or before the date hereof between the Issuer and each of Euroclear and Clearstream, Luxembourg
<b>Issuer's Entitlement</b>	means all amounts from time to time standing to the credit of the Collection Account to the extent that such amounts represent payments into the Collection Account derived from or resulting from the Purchased Receivables and Ancillary Rights as identified by the Servicer pursuant to the Receivables Servicing Agreement.
<b>Joint Lead Arrangers</b>	means Investec Bank plc and Lloyds Bank plc.
<b>Joint Lead Managers</b>	means Investec Bank plc and Lloyds Bank plc.
<b>Lease Agreement</b>	means, a fixed or minimum term, fixed interest rate, amortising lease agreement pursuant to which the Customer has no right to acquire title to the Equipment.
<b>LIBOR</b>	means the London interbank offer rate.
<b>Liquidity Reserve Fund</b>	means the amount reserved from time to time in the Transaction Account by depositing amounts into the Transaction Account and crediting the Liquidity Reserve Ledger in accordance with the Cash/Bond Administration Agreement.
<b>Liquidity Reserve Ledger</b>	means the ledger of such name created and maintained by the Cash/Bond Administrator in the Transaction Account.
<b>Liquidity Reserve Minimum Amount</b>	means £150,000.
<b>Liquidity Reserve Required Amount</b>	an amount equal to the product of 1.50 per cent. and the aggregate Principal Amount Outstanding of the A Notes and the B Notes as of any Determination Date subject to the Liquidity Reserve Minimum Amount.
<b>Local Business Day</b>	has the meaning given to it in the Balance Guaranteed Swap Agreement.
<b>Market Abuse Directive</b>	means EU Directive 2003/6/EC.
<b>Master Collection Account Declaration of Trust</b>	means a declaration of trust dated on or about the Issue Date created by the Seller in favour of: <ul style="list-style-type: none"> <li>(a) the Issuer absolutely, in respect of the Issuer Trust Share;</li> <li>(b) for each other issuer of a securitisation, in respect of each Additional Issuer Trust Share; and</li> <li>(c) for itself, in respect of all amounts from time to time standing to the credit of the Collection Account to the extent such amounts represent amounts other than the Issuer Trust Share and each Additional Issuer Trust Share.</li> </ul>
<b>Master Definitions</b>	means the document named dated on or about the Issue Date between, inter alios, the

<b>Schedule</b>	Issuer, the Trustee and the Principal Paying Agent.
<b>Moody's</b>	means Moody's Investors Service Ltd or any of its affiliates (as the context may require).
<b>Most Senior Class</b>	means: <ul style="list-style-type: none"> <li>(a) the A Notes whilst they remain outstanding;</li> <li>(b) thereafter the B Notes whilst they remain outstanding;</li> <li>(c) thereafter the C Notes whilst they remain outstanding;</li> <li>(d) thereafter the D Notes whilst they remain outstanding; and</li> <li>(e) thereafter the E Notes whilst they remain outstanding.</li> </ul>
<b>New EMIR Requirements</b>	means provisions, rules, regulations, directions, processes, guidelines and procedures relating to EMIR (including, without limitation, any associated regulatory or implementing technical standards and advice, guidance or recommendations from relevant competent authorities or ESMA) which have been clarified, updated, delivered, amended, modified or become operative or applicable on or after the Issue Date.
<b>NFC+</b>	means a non-financial counterparty which has a position in OTC derivative contracts exceeding specified "clearing thresholds".
<b>Note Purchase Agreement</b>	means the note purchase agreement dated on or around 13 November 2013 between the Issuer, the Seller, the Co-Manager and the Joint Lead Managers.
<b>Noteholders</b>	means holders of the Notes.
<b>Notes</b>	means the A Notes, the B Notes, the C Notes the D Notes and the E Notes.
<b>Official Journal</b>	means the Official Journal of the European Union.
<b>OFT</b>	means the Office of Fair Trading.
<b>Ordinary Resolution</b>	means: <ul style="list-style-type: none"> <li>(a) a resolution passed at a duly convened meeting of the Noteholders or the Noteholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or</li> <li>(b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders,</li> </ul> <p>and (in the circumstances set out in Condition 11 (<i>Meetings of Noteholders; Modifications; Consents; Waiver</i>)) an Ordinary Resolution will pass unless 15 per cent. or more in aggregate Principal Amount Outstanding of the Notes of such Class</p>

have informed the Principal Paying Agent in the prescribed manner of their objection to such Ordinary Resolution within 40 days after the date on which a notice containing the text of such Ordinary Resolution which acts as an invitation to Noteholders of such Class to object to the same and details the manner in which such objections should be made has been given to such Class in accordance with the provisions of Condition 14 (*Notice to Noteholders*).

<b>Outstanding Payment Lease</b>	<b>Staged</b>	means a Receivable that is subject to a Pre-Lease Agreement between the Seller and the Customer whereby (a) the Seller agrees to make scheduled payments to the relevant supplier in respect of custom built Equipment prior to the delivery and or installation of the Equipment and where certain scheduled payments to be made by the Seller to the relevant supplier have not yet fallen due or otherwise been required to be paid to the relevant supplier and (b) the Customer makes scheduled payments to the Seller as required by the terms of the relevant Underlying Agreement (entered into on or following the conclusion of the pre-lease agreement) notwithstanding that the relevant Equipment may remain subject to delivery and or installation.
<b>Parent</b>		means Temese Funding Holdings Limited.
<b>Participants</b>		means persons that have accounts with Euroclear or Clearstream, Luxembourg 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.
<b>Participating Member State</b>		means a Member State of the European Communities which adopts the Euro as its lawful currency in accordance with the Treaty.
<b>Paying Agency Agreement</b>		means the agreement so named and dated on or about the Issue Date between the Issuer, the Trustee and the Agents.
<b>Paying Agents</b>		means the Principal Paying Agent and any additional paying agent appointed pursuant to the Paying Agency Agreement or any of them.
<b>Perfection Event</b>		has the meaning set out in the section headed “Triggers Tables – Non-Rating Triggers Table”.
<b>Permanent Global Notes</b>		means the A Permanent Global Note, the B Permanent Global Note, the C Permanent Global Note, the D Permanent Global Note and the E Permanent Global Note.
<b>Permitted Exceptions</b>		means, amendments, and/or deletions to the following provisions typically contained within each Standard Form Agreement: (a) grace periods applicable to Customer obligations (including in respect of termination events); (b) rates of default interest; (c) proof of insurance; (d) material adverse change termination events; (e) change of control termination events; and (f) taxation provisions.
<b>Person</b>		means an individual, corporation (including a business trust), partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.
<b>Pool Factor</b>		means the fraction expressed as a decimal to the sixth point of which the numerator is the Principal Amount Outstanding of a Note of a certain Class and the denominator is

100,000.

<b>Portfolio</b>	means the Purchased Receivables and all other assets and rights relating to the Underlying Agreements (including Ancillary Rights) purported to be transferred to the Issuer or granted to the Issuer to hold on trust, pursuant to the Receivables Sale Agreement.
<b>Post-Enforcement Priority of Payments</b>	means the Post-Enforcement Priority of Payments set out in Condition 2(d) ( <i>Post-Enforcement Priority of Payments</i> ).
<b>Potential Event of Default</b>	means any condition, event, act or circumstance which would or could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Condition 9 ( <i>Events of Default</i> ), become an Event of Default.
<b>PRA</b>	means the Prudential Regulation Authority.
<b>Pre-Enforcement Principal Priority of Payments</b>	means the Pre-Enforcement Principal Priority of Payments as set out in Condition 5(b) ( <i>Mandatory Redemption of the Rated Notes</i> ).
<b>Pre-Enforcement Priority of Payments</b>	means the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Principal Priority of Payments, as the case may be.
<b>Pre-Enforcement Revenue Priority of Payments</b>	means the Pre-Enforcement Revenue Priority of Payments set out in Condition 2(c) ( <i>Pre-Enforcement Revenue Priority of Payments</i> ).
<b>Pre-Lease Agreement</b>	means an agreement, in respect of an Underlying Agreement, whereby the Seller has agreed to make scheduled payments to the relevant supplier prior to the delivery and/or installation of the relevant item or items of equipment and certain scheduled payments required to be made to the relevant supplier have not yet fallen due or otherwise been required to be made.
<b>Principal Amount Outstanding</b>	means the principal amount outstanding of each Note as determined in accordance with Condition 5(c) ( <i>Note Principal Payments, Principal Amount Outstanding</i> ).
<b>Principal Balance</b>	means, as of any date of determination, the Scheduled Principal Balance Outstanding of the Receivable as of such date of determination, plus any prior Rental Principal due but not yet paid.
<b>Principal Collections</b>	means an amount determined by the Cash/Bond Administrator on a Determination Date being the aggregate of all repayments or prepayments of principal received by the Issuer in relation to the Purchased Receivables in respect of the Determination Period ending on or immediately prior to such Determination Date.
<b>Principal Deficiency</b>	means the amount debited from time to time to the Principal Deficiency Ledger for the purposes of recording principal deficiencies arising from Defaulted Receivables and/or any drawings from the Liquidity Reserve Fund and allocated towards either the A Notes (the “ <b>A Principal Deficiency</b> ”) or the B Notes (the “ <b>B Principal Deficiency</b> ”), the C Notes (the “ <b>C Principal Deficiency</b> ”) or the D Notes (the “ <b>D Principal Deficiency</b> ”) in accordance with the Cash/Bond Administration Agreement.

<b>Principal Deficiency Ledger</b>	means the A Principal Deficiency Ledger, the B Principal Deficiency Ledger, the C Principal Deficiency Ledger and the D Principal Deficiency Ledger.
<b>Principal Ledger</b>	means the ledger of such name created for the purpose of recording Principal Collections and maintained by the Cash/Bond Administrator in the Transaction Account.
<b>Principal Paying Agent</b>	means HSBC Bank plc.
<b>Priority of Payments</b>	means the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.
<b>Prospectus</b>	means this Prospectus of the Issuer for the purposes of the Prospectus Directive.
<b>Prospectus Directive</b>	means EU Directive 2003/71/EC (as amended).
<b>Provisional Completion Portfolio</b>	means the Portfolio as at the Cut-Off Date with the characteristics set out in the section entitled “The Provisional Completion Portfolio”.
<b>Prudent Receivables Servicer</b>	means a reasonably prudent lease receivables servicer acting in a manner consistent with that of an experienced servicer or administrator of equipment leases to customers who include public bodies, companies, sole traders, partnerships and other legal entities in England, Wales and Scotland.
<b>Purchased Receivables</b>	means each Receivable (or each Replacement Receivable in respect of a Receivable) purchased by and/or assigned to or held on trust for the Issuer pursuant to the Receivables Sale Agreement which has neither been paid in full nor repurchased by the Seller pursuant to Clause 8 ( <i>Repurchase</i> ) of the Receivables Sale Agreement.
<b>Rate of Interest</b>	means the rate of interest as determined by the Agent Bank in accordance with Condition 4 ( <i>Interest</i> ).
<b>Rated Notes</b>	means the A Notes, the B Notes, the C Notes and the D Notes.
<b>Rating Agencies</b>	means S&P and Fitch and “ <b>Rating Agency</b> ” means any one of them.
<b>Rating Agency Confirmation</b>	means, with respect to any specified action, determination or appointment, receipt by the Issuer and/or the Trustee of written confirmation (which may take the form of a bulletin, press release, email or other written communication) by each Rating Agency which has, as at the relevant date assigned ratings to any Class of Rated Notes that are outstanding (or, if applicable, the Rating Agency specified in respect of any such action or determination, provided that such Rating Agency has, as at the relevant date assigned ratings to any Class of Rated Notes) that such specified action, determination or appointment will not result in the reduction or withdrawal of any of the ratings currently assigned to the Rated Notes by such Rating Agency. Notwithstanding anything to the contrary in any Transaction Document and the Conditions, no Rating Agency Confirmation shall be required from a Rating Agency in respect of any action or determination if such Rating Agency has declined a request from the Trustee or the Issuer to review the effect of such action, determination or appointment (provided that such Rating Agency has not declined the request on the basis of its fee not being paid for such confirmation) or if such Rating Agency announces or confirms to the Trustee or the Issuer that Rating Agency Confirmation from such Rating Agency is not



required, or that its practice is to not give such confirmations for such type of action, determination or appointment.

<b>Receivable</b>	means any and all claims and rights of the Seller against the Customer under or in connection with the relevant Underlying Agreements originated (directly or indirectly) by the Seller (including, for the avoidance of doubt, all payments due from the Customer under the relevant Underlying Agreement (including any VAT or related fees and expenses due and payable by the Customer under the terms of the Underlying Agreement) but excluding any of the foregoing in respect of Replacement Receivables.
<b>Receivables Payment Date</b>	means the date pursuant to which the relevant instalment is due and payable by a Customer under an Underlying Agreement.
<b>Receivables Repurchase Notice</b>	means the notice to be delivered by the Issuer to the Seller pursuant to clause 8 of the Receivables Sale Agreement and in substantially similar form to that set out in Schedule 8 thereto.
<b>Receivables Sale Agreement</b>	means the Receivables Sale Agreement dated on or about the Issue Date between the Issuer, the Seller and the Trustee.
<b>Receivables Servicing Agreement</b>	means the agreement so named dated on or about the Issue Date between, inter alios, the Issuer and the Servicer.
<b>Receiver</b>	means a receiver appointed under the Deed of Charge or pursuant to statutory powers, and includes more than one such receiver and any substituted receiver.
<b>Redenominated Notes</b>	means the redenominated notes set forth in Condition 16.
<b>Redenomination Date</b>	means the date designated as a redenomination date in accordance with Condition 16(a).
<b>Reference Banks</b>	has the meaning given that term in Condition 4(i) ( <i>Reference Banks and Agent Bank</i> ).
<b>Regulated Receivables Agreement</b>	means an Underlying Agreement which is regulated by the CCA.
<b>Regulation S</b>	means Regulation S of the Securities Act.
<b>Relevant Margin</b>	means, in respect of the A Notes 0.90%, in respect of the B Notes 1.40% in respect of the C Notes 1.90% and in respect of the D Notes 2.50%.
<b>Relevant Member State</b>	each Member State of the European Economic Area which has implemented the Prospectus Directive.
<b>Remedy Notice</b>	means the notice given by the Servicer to the Seller pursuant to the Receivables Servicing Agreement requesting the Seller to remedy a breach of a Lease Receivables Warranty within 21 days of receipt of such notice.
<b>Rental Interest</b>	means the product of (i) the Scheduled Principal Balance Outstanding as of the then rental due date, (ii) the relevant lease rate, and (iii) the Days in Interest Period,

divided by 365.

<b>Rental Principal</b>	means, in any given period, the rental amount minus the Rental Interest.
<b>Replacement Event</b>	has the meaning given to it on page 110.
<b>Replacement Receivable</b>	means any and all claims and rights of the Seller against a new Customer under or in connection with the relevant replacement Underlying Agreement which has been entered into by a new Customer following the acceptance of a request by an existing Customer to transfer its rights and obligations (such claims and rights including, for the avoidance of doubt, all payments due from the new Customer under the relevant replacement Underlying Agreement (including any VAT or related fees and expenses due and payable by the Customer under the terms of the replacement Underlying Agreement)).
<b>Replacement Standby Receivables Servicing Agreement</b>	means the proposed replacement standby receivables servicing agreement to be entered into between, inter alios, the Issuer and the Replacement Standby Servicer pursuant to the Replacement Standby Servicer Facilitation Agreement.
<b>Replacement Standby Servicer</b>	means an entity that is appointed to act as standby servicer under the Replacement Standby Servicer Facilitation Agreement.
<b>Replacement Standby Servicer Facilitation Agreement</b>	means the agreement so named dated on or about the Issue Date between, inter alios, the Issuer and the Replacement Standby Servicer Facilitator.
<b>Replacement Standby Servicer Facilitator</b>	means Investec Bank plc.
<b>Reporting Obligation</b>	means the reporting of derivative contracts to a trade repository required by EMIR.
<b>Repurchase Date</b>	means the date on which a Receivable is repurchased by the Seller.
<b>Repurchase Price</b>	means a cash payment to the Issuer or to such person as the Issuer may direct, in an amount equal to the Principal Balance of the relevant Purchased Receivable as at the Repurchase Date, together with any amounts due but unpaid under the Underlying Agreement and all reasonable costs and expenses of the Issuer incurred in connection with such repurchase.
<b>Reserve Fund</b>	means the amount reserved from time to time in the Transaction Account by depositing the Reserve Fund Required Amount into the Transaction Account and crediting the Reserve Ledger.
<b>Reserve Fund Required Amount</b>	means (a) on the Issue Date, an amount equal to £2,640,000 and (b) on each Interest Payment Date, an amount equal to £6,864,000.
<b>Reserve Interest Rate</b>	means the rate per annum which the Agent Bank determines to be either (a) the aggregate of the Relevant Margin and the arithmetic mean (rounded if necessary to the nearest 0.0001 per cent. 0.00005 per cent., being rounded upwards) of the lending rates which leading banks in London (selected by the Agent Bank in its absolute discretion) are quoting, as at or about 11.00 a.m. (London time) on the relevant Interest Determination Date in respect of sterling, for the relevant Interest Period to the Reference Banks or those of them (being at least two in number) to which such

quotations are in the sole opinion of the Agent Bank being so made or (b) if the Agent Bank certifies that it cannot determine such arithmetic mean, the aggregate of the Relevant Margin and the average of the lending rates in sterling which leading banks in London (selected by the Agent Bank in its absolute discretion) are quoting on the relevant Interest Determination Date to leading banks which have their head offices in London for the relevant Interest Period provided that if the Agent Bank certifies as aforesaid and further certifies that none of the banks selected as provided in Condition 4(i) (*Reference Banks and Agent Bank*) is quoting to leading banks as aforesaid, then the Reserve Interest Rate shall be the Rate of Interest in effect for the Interest Period ending on the relevant Interest Determination Date.

**Reserve Ledger** means the ledger of such name created for the purpose of depositing the Reserve Fund Required Amount and maintained by the Cash/Bond Administrator in the Transaction Account.

**Retained Interest** means the Seller's holding of at least 5 per cent. of the nominal value of each of the A Notes, B Notes, C Notes, D Notes and E Notes sold or transferred to the investors on the Issue Date.

**Retention Requirement** means the requirement for the Seller to retain, on an ongoing basis, a material net economic interest which shall in any event not be less than 5 per cent. of the nominal value of each Class of Notes sold or transferred to the investors on the Issue Date in accordance with (a) from the Issue Date to the CRR Implementation Date, Article 122a of European Union Directive 2006/48/EC (as inserted by European Union Directive 2009/111/EC) and (b) from the CRR Implementation Date, Article 405(1).

**Return Amounts** means Return Amounts as defined in the Credit Support Annex.

**Revenue Collections** means an amount determined by the Cash/Bond Administrator on a Determination Date being the aggregate of:

- (a) all payments of interest, fees, breakage costs and other sums not comprising Principal Collections, if any, received by the Issuer in relation to the Purchased Receivables in the Portfolio in respect of the Determination Period ending immediately prior to such Determination Date; and
- (b) any amounts received by the Issuer (whether allocable to interest or principal) in respect of Ancillary Rights (including, where applicable, recoveries upon enforcement thereof), and any recoveries received by the Issuer (whether allocable to interest or principal) upon a purchase or a repurchase of any Purchased Receivables in the Portfolio by the Seller in accordance with the terms of the Receivables Sale Agreement, in each case received by the Issuer in the Determination Period ending immediately prior to such Determination Date,

but excluding:

- (i) any sums representing insurance premiums payable by the Customer in respect of the Equipment;
- (ii) any proceeds received from a Customer's exercise of an option to purchase Equipment pursuant to a Hire Purchase Agreement;
- (iii) any sums representing maintenance charges payable by the

	Customer in respect of the Equipment;
	(iv) any sums representing Sundry Servicer Fees;
	(v) any sums in respect of Secondary Rental Payments; and
	(vi) any sums representing VAT payable by the Customer for the account of HMRC.
<b>Revenue Ledger</b>	means the ledger of such name created and maintained by the Cash/Bond Administrator in the Transaction Account.
<b>Revenue Shortfall</b>	means, on each Determination Date, the amount by which the Initial Available Revenue for the immediately following Interest Payment Date is insufficient to provide for payment of items (i) to (xiv) of the Pre-Enforcement Revenue Priority of Payments on the immediately following Interest Payment Date.
<b>Ring Fencing</b>	means the property of a company available to satisfy unsecured debts pursuant to section 176A of the Insolvency Act.
<b>Rounding Balance</b>	means, as at any Determination Dates: <ul style="list-style-type: none"> <li>(a) if there are Rated Notes outstanding on such Determination Date, an amount, less an amount equal to item (v) of the definition of Available Principal Amounts, required to round down Available Principal Amounts to the nearest one thousand pounds; and</li> <li>(b) otherwise, zero.</li> </ul>
<b>RTSs</b>	means the Draft RTSs once adopted and in force.
<b>S&amp;P</b>	means Standard & Poor's Ratings Services, a division of Standard & Poor's Credit Market Services Europe Limited.
<b>Scheduled Principal Balance Outstanding</b>	means, on any date of determination, the present value of all scheduled future rentals (including any rental due on the day itself) discounted to the immediately prior payment due date at the relevant lease rate, as determined by the Servicer in its sole discretion.
<b>Scottish Purchased Receivables</b>	means any Purchased Receivables governed by or otherwise subject to the laws of Scotland.
<b>Scottish Receivables</b>	means Receivables and/or Replacement Receivables and/or Ancillary Rights which are governed by or otherwise subject to Scots law.
<b>Scottish Supplemental Security</b>	means a Scots law governed assignation in security, so named, of the interests of the Issuer arising under and pursuant to each Scottish Transfer (substantially in the form set out in Schedule 1 to the Deed of Charge).
<b>Scottish Transfer</b>	means a Scots law governed assignation and trust deed, so named, entered into substantially in the form set out in Schedule 10 to the Receivables Sale Agreement.
<b>Screen Rate</b>	has the meaning given to it in Condition 4(c) ( <i>Rate of Interest</i> ).
<b>Secondary Rental</b>	means Customer instalments that continue to be made after the end of the specified

<b>Payments</b>	minimum term of the Underlying Agreement due to the Customer continuing to require the Equipment.
<b>Secondary Rental Period</b>	means, in respect of minimum term finance leases, the period at the end of the specified minimum term where the Customer requires the Equipment and continues to pay instalments under the Underlying Agreement.
<b>Secured Creditors</b>	means each of the following: <ul style="list-style-type: none"> <li>(a) the Noteholders;</li> <li>(b) the Couponholders;</li> <li>(c) the Trustee;</li> <li>(d) the Joint Lead Managers;</li> <li>(e) any Receiver (in its capacity as a creditor secured by the Deed of Charge);</li> <li>(f) the Agents;</li> <li>(g) the Cash/Bond Administrator;</li> <li>(h) the Standby Cash/Bond Administrator;</li> <li>(i) the Servicer;</li> <li>(j) the Standby Servicer;</li> <li>(k) Replacement Standby Servicer Facilitator;</li> <li>(l) the Custodian;</li> <li>(m) the Account Bank;</li> <li>(n) the Swap Counterparty;</li> <li>(o) the Corporate Services Provider;</li> <li>(p) the Seller; and</li> <li>(q) any party who accedes to the Deed of Charge and any other person who is expressed in any deed supplemental to the Deed of Charge to be a Secured Creditor.</li> </ul>
<b>Securities Act</b>	means the United States Securities Act of 1933, as amended.
<b>Security</b>	means security created in favour of the Trustee by, and contained in or granted pursuant to the Deed of Charge and each Scottish Supplemental Security.
<b>Security Interest</b>	means any mortgage, sub-mortgage, assignment or assignation in security, charge, sub-charge pledge, lien, right of set-off or other encumbrance or security interest whatsoever, howsoever created or arising.
<b>Seller</b>	means Investec Asset Finance plc.
<b>Senior Fees Shortfall</b>	means, as at any Determination Date, any shortfall in the fees due and payable under items (i) to (vi) of the Pre-Enforcement Revenue Priority of Payments.

<b>Servicer</b>	means Investec Asset Finance plc under the Receivables Servicing Agreement.
<b>Servicer Termination Event</b>	means the occurrence of any of the following: <ul style="list-style-type: none"> <li>(a) default by the Servicer in the performance of its covenants and obligations under the Receivables Servicing Agreement and the Trustee considers such default to be materially prejudicial to the interests of the Noteholders;</li> <li>(b) certain insolvency events of the Servicer; or</li> <li>(c) an Enforcement Notice is given and the Trustee is of the opinion that the continuation of the appointment of the Servicer is materially prejudicial to the interests of the Noteholders.</li> </ul>
<b>Services</b>	has the meaning given to it on page 109 of this Prospectus.
<b>SGITA</b>	means the Supply of Goods (Implied Terms) Act 1973.
<b>SGSA</b>	means the Supply of Goods and Services Act 1982.
<b>Staged Payment Contingency Reserve</b>	means the amount reserved from time to time in the Transaction Account by depositing £822,651.61 into the Transaction Account and crediting the Staged Payment Contingency Reserve Ledger.
<b>Staged Payment Contingency Reserve Ledger</b>	means the ledger of such name created for the purpose of depositing an amount equal to the Staged Payment Contingency Reserve and maintained by the Cash/Bond Administrator in the Transaction Account.
<b>Standard Form Agreements</b>	means, as the context so requires, either (i) IAF's standard form agreements which are entered into by the Seller directly with a Customer or (ii) a broker's standard form agreements, which are either entered into by the Seller directly or assigned to the Seller by the relevant broker, in each case, to be appended to the Receivables Sale Agreement (including any data tape or computer disk containing such agreement).
<b>Standby Cash/Bond Administration Agreement</b>	means the agreement so named dated on or about the Issue Date between, inter alios, the Issuer and the Standby Cash/Bond Administrator.
<b>Standby Cash/Bond Administrator</b>	means Wells Fargo Bank International.
<b>Standby Receivables Servicing Agreement</b>	means the agreement so named dated on or about the Issue Date between, inter alios, the Issuer and the Standby Servicer.
<b>Standby Servicer</b>	means Virtual Lease Services Limited.
<b>Standby Servicer Replacement Event</b>	means the occurrence of either: <ul style="list-style-type: none"> <li>(a) an increase by the Seller or any of its Affiliates of its shareholding in the Standby Servicer; or</li> <li>(b) the Seller or any of its Affiliates agreeing to provide any debt facility to the Standby Servicer.</li> </ul>

<b>Start-Up Costs Ledger</b>	means the ledger of such name created for the purpose of meeting the costs and expenses arising in respect of the purchase of Receivables and the issuance of the Notes and maintained by the Cash/Bond Administrator as a ledger of the Transaction Account.
<b>Sundry Servicer Fees</b>	means any sums representing fees and expenses charged by the Servicer to a Customer in respect of collection activities (which include, without limitation, annual servicing fees, new business documentation fees and arrears and recovery fees).
<b>Swap Collateral</b>	means any collateral which may be provided by the Swap Counterparty in accordance with the terms of the Balance Guaranteed Swap Agreement.
<b>Swap Collateral Account</b>	<p>means the following accounts of the Issuer held with the Custodian to which any Swap Excluded Amounts are credited:</p> <p>(a) Account name: Temese Funding 1 plc swap collateral custody account GCS 799020 currency &amp; cash:</p> <p>Sort code 40-05-15 Account number GBP - 74159473</p> <p>Sort code 40-05-15 Account Number EUR – 74159481</p> <p>Sort code 40-05-15 Account Number USD – 74159508</p> <p>(b) Account name: Temese Funding 1 plc swap collateral cash accounts GCS currency &amp; cash:</p> <p>Sort code 40-05-15 Account number GBP - 74159516</p> <p>Sort code 40-05-15 Account Number EUR – 74159524</p> <p>Sort code 40-05-15 Account Number USD – 74159532,</p> <p>or, in the case of (a) or (b), any replacement therefor.</p>
<b>Swap Counterparty</b>	means Lloyds Bank plc or such replacement, transferees, novatees or assignees from time to time.
<b>Swap Excluded Amounts</b>	means Swap Collateral (including any interest and other income deriving therefrom), any Tax Credits (as defined in the Balance Guaranteed Swap Agreement) and any swap replacement premiums received by the Issuer from a replacement swap counterparty.
<b>Swap Excluded Payments</b>	means any amounts payable by the Issuer to the Swap Counterparty (i) that represent Return Amounts; (ii) that are termination payments or (iii) that are Tax Credits (as defined in the Balance Guaranteed Swap Agreement).
<b>Swap Payment Date</b>	means each Interest Payment Date.
<b>Swap Replacement Costs Ledger</b>	means the ledger of such name and maintained by the Cash/Bond Administrator in the Transaction Account.
<b>Swap Subordinated Amounts</b>	means any termination payment due to the Swap Counterparty which arises due to the early termination of the Balance Guaranteed Swap Transaction as a result of either (i) an Event of Default (as defined in the Balance Guaranteed Swap Agreement) where the Swap Counterparty is the Defaulting Party (as defined in the Balance Guaranteed

Swap Agreement) or (ii) an Additional Termination Event (as defined in the Balance Guaranteed Swap Agreement) which is designated as a result of the Swap Counterparty not taking certain remedial actions required pursuant to the terms of the Balance Guaranteed Swap Agreement following a downgrade of the credit ratings assigned to the Swap Counterparty by any of the Rating Agencies (but excluding any Swap Excluded Amounts).

**Temporary Global Notes** means the A Temporary Global Note, the B Temporary Global Note, the C Temporary Global Note, the D Temporary Global Note and the E Temporary Global Note.

**Transaction Account** means the account in the name of the Issuer at the Account Bank, sort code 40-05-15, account number 74159465, or such other replacement account as may be established from time to time in accordance with the Transaction Documents.

**Transaction Documents** means the Master Definitions Schedule, the Bank Agreement, the Cash/Bond Administration Agreement, the Standby Cash/Bond Administration Agreement, the Corporate Services Agreement, the Custody Agreement, the Deed of Charge, each Scottish Transfer, each Scottish Supplemental Security, the Balance Guaranteed Swap Agreement, the Receivables Servicing Agreement, the Standby Receivables Servicing Agreement, the Replacement Standby Servicer Facilitation Agreement, the Receivables Sale Agreement, the Paying Agency Agreement, the Trust Deed and the Issuer/ICSD Agreement and any other document agreed between the Issuer and the Trustee to be a Transaction Document.

**Transaction Parties** means each of the following:

- (a) the Trustee;
- (b) the Agents;
- (c) the Cash/Bond Administrator;
- (d) the Standby Cash/Bond Administrator;
- (e) the Servicer;
- (f) the Standby Servicer;
- (g) the Replacement Standby Servicer Facilitator;
- (h) the Account Bank;
- (i) the Custodian;
- (j) the Swap Counterparty;
- (k) the Corporate Services Provider; and
- (l) the Seller.

**Treaty** means the Treaty on the functioning of the European Union (as amended).

**Trust Deed** means the trust deed to be entered into between the Issuer and the Trustee on or about on or about the Issue Date.

**Trustee** means:

- (a) in the context of the Notes, HSBC Corporate Trustee Company (UK) Limited



in its capacity as trustee for the Noteholders; and

- (b) in the context of the Security created pursuant to the Deed of Charge, HSBC Corporate Trustee Company (UK) Limited in its capacity as security trustee for the Secured Creditors.

**Underlying Agreement** means any Hire Purchase Agreement or any Lease Agreement from which any Purchased Receivable derives, in each case, as amended, varied and/or supplemented from time to time.

**VAT** shall be construed as a reference to value added tax as that term is used in the Value Added Tax Act 1994 and all subsequent amendments thereto, and shall include any similar tax which may be imposed in addition thereto or in place thereof from time to time.

**Verified Noteholder** means a Noteholder which has satisfied the Cash/Bond Administrator that it is a Noteholder in accordance with Condition 11(h) (*Evidence of Notes*).

**Warranties** means the representations, warranties and undertakings referred to in clause 7 (Warranties and Representations) of the Receivables Sale Agreement.

**Warranty Repurchase Event** means a breach of Warranty made by the Seller which, if capable of remedy, is not so remedied by the Seller within 21 days of notification of such breach to the Seller by the Servicer on behalf of the Issuer.

**Yield Reduction Contingency Reserve** means the fund established by the Issuer from part of the proceeds from the E Notes on the Issue Date in an amount equal to the Yield Reduction Contingency Reserve Required Amount for the purposes of holding an amount to cover, on any date, yield reductions as a consequence of a reschedule of a Receivables Payment Date and/or a reduction in the rate of interest payable in respect of a Purchased Receivable.

**Yield Reduction Contingency Reserve Ledger** means the ledger of such name created for the purpose of depositing the Yield Reduction Contingency Reserve Required Amount and maintained by the Cash/Bond Administrator in the Transaction Account.

**Yield Reduction Contingency Reserve Required Amount** means an amount equal to £100,000.

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