

IMPORTANT NOTICE

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

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are reminded that this prospectus has been delivered to you on the basis that you are a person into whose possession this prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of the issuer in such jurisdiction.

By accessing this prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of this prospectus by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (d) if you are a person in the United Kingdom, then you are a person who (i) is an investment professional within the meaning of article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “FPO”) or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the FPO.

This prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, Citigroup Global Markets Limited or any person who controls it nor any director, officer, employee nor agent of it (or parties of any such person) accepts any liability or responsibility whatsoever in respect of any difference between this prospectus distributed to you in electronic format and the hard copy version available to you on request from Citigroup Global Markets Limited.

THRONES 2015-1 PLC

(incorporated in England and Wales with limited liability under registered number 9687653)

Notes	Initial Principal Amount Outstanding	Issue Price	Interest Reference Rate	Initial Margin	Portfolio Call/ Optional Redemption Date	Pre-Call Redemption Profile	Final Maturity Date	Ratings (Fitch/S&P)
Class A Notes	£144,550,000	97.481%	Three-month Sterling LIBOR	1.2000 per cent.	June 2020	Pass-through amortisation	March 2050	AAA(sf)/AAA(sf)
Class B Notes	£30,970,000	93.042%	Three-month Sterling LIBOR	1.4000 per cent.	June 2020	Pass-through amortisation	March 2050	AA(sf)/AA(sf)
Class C Notes	£22,120,000	90.237%	Three-month Sterling LIBOR	1.7000 per cent.	June 2020	Pass-through amortisation	March 2050	A(sf)/A(sf)
Class D Notes	£22,120,000	89.777%	Three-month Sterling LIBOR	2.2500 per cent.	June 2020	Pass-through amortisation	March 2050	BBB(sf)/BBB(sf)
Class E Notes	£13,270,000	87.659%	Three-month Sterling LIBOR	2.9500 per cent.	June 2020	Pass-through amortisation	March 2050	BB-(sf)/BB(sf)
Class Z1 Notes	£14,759,000	N/A	N/A	N/A	N/A	Pass-through amortisation	March 2050	N/A
Class Z2 Notes	£14,759,000	N/A	N/A	N/A	N/A	Pass-through amortisation	March 2050	N/A
Class Z3 Notes	£17,709,000	N/A	N/A	N/A	N/A	Pass-through amortisation	March 2050	N/A
Class Z4 Notes	£14,759,000	N/A	N/A	N/A	N/A	Pass-through amortisation	March 2050	N/A

Prospectus dated 18 August 2015

Arranger

Joint Lead Manager (in relation to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes)

Citigroup

Joint Lead Manager (in relation to the Class D Notes and Class E Notes only)

Bank of America Merrill Lynch

Issue Date	The Issuer expects to issue the Notes described above on 21 August 2015.
Standalone/ programme issuance	Stand alone issuance.
Underlying Assets	<p>The Issuer will make payments on the Notes from, <i>inter alia</i>, payments of principal and interest received from a portfolio comprising mortgage loans originated by Heritable Bank Public Limited Company (in administration), Edeus Mortgage Creators Limited (in liquidation), Victoria Mortgage Funding Limited (dissolved), Mortgages PLC, Mortgages 1 Limited, Wave Lending Limited, Amber Homeloans Limited, Associates Capital Corporation plc (now CitiFinancial Europe plc), Citibank Trust Limited (closed), Future Mortgages Limited, Rooftop Mortgages Limited, Southern Pacific Mortgage Limited and the Legal Title Holder (trading as Magellan Homeloans) (each, an “Originator”) to borrowers secured on Properties in England, Wales, Scotland and Northern Ireland to be acquired by the Issuer from the Beneficial Title Seller on the Closing Date.</p> <p>See the section entitled “<i>The Mortgage Portfolio and the Mortgage Loans</i>” for further details.</p>
Credit Enhancement	<ul style="list-style-type: none"> • Aggregate Principal Outstanding Balance of the Mortgage Loans on the Cut-Off Date will exceed the aggregate Principal Amount Outstanding of the Notes on the Closing Date by approximately £61,986,421.50. • Principal Losses will be allocated first to the Class Z4 Principal Deficiency Sub-Ledger, second to the Class Z3 Principal Deficiency Sub-Ledger, third to the Class Z2 Principal Deficiency Sub-Ledger, fourth to the Class Z1 Principal Deficiency Sub-Ledger, fifth to the Class E Principal Deficiency Sub-Ledger, sixth to the Class D Principal Deficiency Sub-Ledger, seventh to the Class C Principal Deficiency Sub-Ledger, eighth to the Class B Principal Deficiency Sub-Ledger and lastly to the Class A Principal Deficiency Sub-Ledger. • General Reserve Fund will be initially funded by way of the Reserve Subordinated Loan, and thereafter from Available Revenue Funds, and applied to reduce or eliminate, among other things, any debit balance of the Class A Principal Deficiency Sub-Ledger, the Class B Principal Deficiency Sub-Ledger, the Class C Principal Deficiency Sub-Ledger, the Class D Principal Deficiency Sub-Ledger and the Class E Principal Deficiency Sub-Ledger. • Principal Reallocation Amounts and Liquidity Reallocation Amounts will be applied to the Principal Deficiency Sub-Ledgers in reverse sequential order: first to the Class Z4 Principal Deficiency Sub-Ledger, second to the Class Z3 Principal Deficiency Sub-Ledger, third to the Class Z2 Principal Deficiency Sub-Ledger, fourth to the Class Z1 Principal Deficiency Sub-Ledger, fifth to the Class E Principal Deficiency Sub-Ledger, sixth to the Class D Principal Deficiency Sub-Ledger, seventh to the Class C Principal Deficiency Sub-Ledger, eighth to the Class B Principal Deficiency Sub-Ledger and lastly to the Class A Principal Deficiency Sub-Ledger. • Revenue Reallocation Amounts will be credited to the sub-ledgers of the Principal Deficiency Ledger in sequential order in accordance with the Pre-Enforcement Revenue Payments Priorities: first to the Class A Principal Deficiency Sub-Ledger, second to the Class B Principal Deficiency Sub-Ledger, third to the Class C Principal Deficiency Sub-Ledger, fourth to the Class D Principal Deficiency Sub-Ledger, fifth to the Class E Principal Deficiency Sub-Ledger, sixth to the Class Z1 Principal Deficiency Sub-Ledger, seventh to the Class Z2 Principal Deficiency Sub-Ledger, eighth to the Class Z3 Principal Deficiency Sub-Ledger and lastly to the Class Z4 Principal Deficiency Sub-Ledger.

- Available Revenue Funds will be applied to replenish the General Reserve Fund and the Liquidity Reserve Fund, and Available Principal Funds will also be applied, in certain circumstances, to replenish the Liquidity Reserve Fund on each Interest Payment Date in accordance with the applicable Payments Priorities.
- At any time when the Notes remain outstanding and the Principal Outstanding Balance of the Mortgage Loans which have an arrears balance greater than three Monthly Subscriptions exceeds 45 per cent. of the Principal Outstanding Balance of all Mortgage Loans, Principal Addition Amounts will be applied as Available Principal Funds.

See the section entitled “*Credit Enhancement and Liquidity Support*” for further details.

Liquidity Support

- Liquidity Reserve Fund will be applied to reduce or eliminate, among other things, any shortfall in Available Revenue Funds (without taking into account any General Reserve Drawing or Principal Reallocation Amounts) to pay Interest Amounts in respect of the Most Senior Class of Notes or, in certain circumstances, prior to the redemption in full of the Class A Notes, the Class A Notes and the Class B Notes.
- General Reserve Fund will be applied to reduce or eliminate, among other things, any shortfall in Available Revenue Funds (after the application of any Liquidity Reserve Drawing in respect of the Class A Notes and Class B Notes but without taking into account Principal Reallocation Amounts) to pay Interest Amounts in respect of all Classes of Notes.
- Available Principal Funds will be applied to reduce or eliminate, among other things, any shortfall in Available Revenue Funds (after the application of any General Reserve Drawing and Liquidity Reserve Drawing) (i) to pay Interest Amounts in respect of the Class A Notes and, if the debit balance on the Class B Principal Deficiency Sub-Ledger is less than or equal to 80 per cent. of the Principal Amount Outstanding of the Class B Notes on the relevant Interest Payment Date, the Class B Notes, or (ii) after the redemption in full of the Class A Notes, to pay Interest Amounts in respect of the Most Senior Class of Notes.
- Available Revenue Funds will be applied to replenish the General Reserve Fund and the Liquidity Reserve Fund, and Available Principal Funds will also be applied, in certain circumstances, to replenish the Liquidity Reserve Fund on each Interest Payment Date in accordance with the applicable Payments Priorities.

See the section entitled “*Credit Enhancement and Liquidity Support*” for further details.

Redemption Provisions

Repayment of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (the “Notes”) with Available Principal Funds. Available Principal Funds includes, among other things, principal receipts from any disposal of the Mortgage Portfolio. Redemption to occur no later than the Final Maturity Date.

See the sections entitled “*Summary of the Terms and Conditions of the Notes*” and Note Condition 8 (*Final Redemption, Mandatory Redemption in part and Cancellation*).

Credit 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 Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended (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.

Each of Fitch and S&P is a credit rating agency established in the European Community

and registered under the CRA Regulation.

The European Securities and Markets Authority (“ESMA”) is obliged to maintain on its website, www.esma.europa.eu, a list of credit rating agencies registered and certified in accordance with the CRA Regulation. This list must be updated within five working days of ESMA’s adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. Therefore, such list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Each of Fitch and S&P are included on the list of registered and certified credit rating agencies that is maintained by ESMA.

Credit Ratings

Ratings are expected to be assigned to the Notes as set out above on or before the Closing Date.

The ratings assigned by Fitch for the Notes address the likelihood of (i) interest due on each Interest Payment Date and (ii) principal on a date that is not later than the Final Maturity Date.

The ratings assigned by S&P to the Notes address the likelihood of full and timely payment to the holders of the Class A Notes of: (i) interest due on each Interest Payment Date and (ii) principal on a date that is not later than the Final Maturity Date. The ratings assigned by S&P to the Notes address the likelihood of payment to the holders of the Notes except Class A Notes of ultimate interest and full principal on a date that is not later than the Final Maturity Date.

The assignment of ratings to the Notes is not a recommendation to invest in the Notes. Any credit rating assigned to the Notes may be revised or withdrawn at any time.

Listing

This document comprises a prospectus (the “**Prospectus**”), for the purpose of Directive 2003/71/EC as amended (the “**Prospectus Directive**”). The Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”) as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to The Irish Stock Exchange p.l.c. (the “**Stock Exchange**”) for the Notes to be admitted to the Official List (the “**Official List**”) and trading on its regulated market. The regulated market (the “**Main Securities Market**”) of the Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”). The Issuer is not and will not be regulated by the Central Bank as a result of issuing the Notes.

Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Stock Exchange or other regulated markets for the purposes of the Markets in Financial Instruments Directive or which are to be offered to the public in any Member State of the European Economic Area.

Eurosystem Eligibility

The Notes at issuance are not intended to be held in a manner which will allow Eurosystem eligibility.

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 any Seller, their affiliates or any other party named in the Prospectus.

Retention Undertaking

Pursuant to Articles 404 to 410 of Regulation (EU) No. 575/2013, referred to as the Capital Requirements Regulation (“**CRR**”), Article 51 of Regulation (EU) No. 231/2013 (“**Article 51**”), referred to as the Alternative Investment Fund Managers Regulation (“**AIFMR**”), and Article 254 of Commission Delegated Regulation (EU) 2015/35 (“**Solvency II Regulation**”), the Beneficial Title Seller will undertake to the

Issuer and the Trustee, for the benefit of the Noteholders, that it will retain at all times until the redemption of the last of the Notes, a material net economic interest of not less than 5 per cent. in the nominal value of the securitised exposures (representing downside risk and economic outlay) in accordance with the text of Article 405 of the CRR, Article 51 of the AIFMR and Article 254 of the Solvency II Regulation. As at the Closing Date, such interest will be comprised of an interest in the first loss tranche as contemplated by Article 405(1)(d) of the CRR, Article 51(1)(d) of the AIFMR and paragraph 2(d) of Article 254 of the Solvency II Regulation. Such holding will be achieved by the overcollateralisation of the Notes and by holding a sufficient amount of Class Z4 Notes. The overcollateralisation of the Notes will satisfy the requirements of Article 405(1)(d) of the CRR, Article 51(1)(d) of the AIFMR and paragraph 2(d) of Article 254 of the Solvency II Regulation as it acts as a “first loss” cushion protecting the Notes against the credit risk of the first losses on the securitised exposures, i.e. the Mortgage Loans. The Principal Outstanding Balance of the Mortgage Loans as at the Cut-Off Date was £295,016,421.50, while the initial Principal Amount Outstanding of the Notes on the Closing Date will be £233,030,000. Therefore, the Principal Outstanding Balance of the Mortgage Loans that is referable to overcollateralisation of the Notes will, as at the Closing Date, be higher than 5 per cent. of the aggregate of the Principal Outstanding Balance of all Mortgage Loans to be sold by the Beneficial Title Seller to the Issuer. The Beneficial Title Seller holding the Class Z4 Notes will satisfy the requirements of Article 405(1)(d) of the CRR, Article 51(1)(d) of the AIFMR and paragraph 2(d) of Article 254 of the Solvency II Regulation since the Class Z4 Notes are the first loss tranche since: (a) the Class Z4 Notes are the lowest ranking instrument in the Pre-Enforcement Principal Payments Priorities and no payments may be made in respect of the Class Z4 Notes until all of the Notes, the Class Z1 Notes, the Class Z2 Notes and the Class Z3 Notes have been redeemed in full, (b) no payments may be made in respect of the Class Z4 Notes under the Pre-Enforcement Revenue Payments Priorities under any circumstances, and (c) no payments may be made in respect of the Class Z4 Notes under the Post-Enforcement Payments Priorities until all of the Notes, the Class Z1 Notes, the Class Z2 Notes and the Class Z3 Notes have been redeemed in full. The Trustee shall have the benefit of certain protections contained in the Trust Deed in relation to the compliance of the Beneficial Title Seller with such undertaking. For more information please refer to the section entitled “*Trust Deed – Conflicts / Relationship with Noteholders, Subordinated Noteholders and Certificateholders*”.

The Beneficial Title Seller’s assets and funds are limited and will include the Certificates and some or all of the Subordinated Notes (payments in respect of which are subject to the Payments Priorities – the Beneficial Title Seller will covenant not to sell the Class Z4 Notes but may sell the Class Z1 Notes, Class Z2 Notes and Class Z3 Notes subject to compliance with the risk retention requirements discussed in the section of this Prospectus entitled “*Regulatory Disclosure*”). The Beneficial Title Seller will create security over all of its assets under the STID.

If the Class Z4 Notes are disposed of pursuant to an enforcement under the STID, the Beneficial Title Seller will not be able to comply with Article 401(1)(d) of the CRR, Article 51(1)(d) of the AIFMR and paragraph 2(d) of Article 254 of the Solvency II Regulation and therefore may not be able to comply with its undertaking to retain a material net economic interest of not less than 5 per cent. of the securitised exposure.

See the sections entitled “*Regulatory Disclosure*” and “*Regulatory Initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*”.

Significant investor The Class B Notes and Class C Notes will initially be held by the Beneficial Title Seller.

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.

IMPORTANT NOTICE

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

Dominions Mortgages Limited (the “**Beneficial Title Seller**”) accepts responsibility for the information set out in the sections headed “*The Mortgage Portfolio and the Mortgage Loans*”, “*Characteristics of the Provisional Mortgage Portfolio*”, and “*Description of the Beneficial Title Seller*”. To the best of the knowledge and belief of the Beneficial Title Seller (having taken all reasonable care to ensure that such is the case), the information contained in the sections referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

Mars Capital Finance Limited (the “**Legal Title Holder**”, the “**Servicer**” and the “**Market Portfolio Purchase Agent**”) accepts responsibility for the information set out in the section headed “*Description of the Legal Title Holder, the Servicer and the Market Portfolio Purchase Agent*”. To the best of the knowledge and belief of Mars Capital Finance Limited (having taken all reasonable care to ensure that such is the case), the information contained in the sections referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

Homeloan Management Limited (the “**Back-Up Servicer**”) accepts responsibility for the information set out in the section headed “*Description of the Back-Up Servicer*”. To the best of the knowledge and belief of Homeloan Management Limited (having taken all reasonable care to ensure that such is the case), the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

Citibank, N.A., London Branch (the “**Transaction Account Bank**”) accepts responsibility for the information set out in the section headed “*Description of the Transaction Account Bank*”. To the best of the knowledge and belief of Citibank, N.A., London Branch (having taken all reasonable care to ensure that such is the case), the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

Barclays Bank PLC (the “**Collection Account Bank**”) accepts responsibility for the information set out in the section headed “*Description of the Collection Account Bank*”. To the best of the knowledge and belief of Barclays Bank PLC (having taken all reasonable care to ensure that such is the case), the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

Citicorp Trustee Company Limited (the “**Trustee**”) accepts responsibility for the information set out in the section headed “*Description of the Trustee*”. To the best of the knowledge and belief of Citicorp Trustee Company Limited (having taken all reasonable care to ensure that such is the case), the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

Elavon Financial Services Limited, UK Branch (the “**Cash Manager**”) accepts responsibility for the information set out in the section headed “*Description of the Cash Manager*”. To the best of the knowledge and belief of Elavon Financial Services Limited, UK Branch (having taken all reasonable care to ensure that such is the case), the information contained in the section referred to in this paragraph is in accordance with the facts and does not omit anything likely to affect the import of such information.

Citigroup Global Markets Limited and Merrill Lynch International are acting exclusively for the Issuer and no one else in relation to the offer of the Notes (the “**Offer**”). Citigroup Global Markets Limited and Merrill Lynch International will not regard any other person as their client in relation to the Offer and will not be responsible to any person, other than the Issuer, for providing the protections afforded to clients or for the giving of advice in relation to the contents of this document or the Offer or any transaction, arrangement or other matter referred to herein.

The distribution of this Prospectus or any part hereof, and any offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by any Transaction Party that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, save for obtaining the approval of this prospectus as a Prospectus for the purposes of the Prospectus Directive by the Central Bank of Ireland, no action has been or will be taken by any Transaction Party which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer, Citigroup Global Markets Limited (the “**Arranger**” and a “**Joint Lead Manager**” in relation to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes) and Merrill Lynch International (a “**Joint Lead Manager**” in relation to the Class D Notes and Class E Notes only and, together with Citigroup Global Markets Limited, the “**Joint Lead Managers**”) to inform themselves about and to observe any such restriction. For a further description of certain restrictions on offers and sales of the Notes and distribution of this document (or any part hereof), see the section entitled “*Placement and Sale*” below.

Neither the delivery of this Prospectus nor any sale or allotment made in connection with any offering of any of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change in the information contained in this Prospectus since the date of this Prospectus.

None of the Arranger, the Joint Lead Managers, the Trustee, the Beneficial Title Seller, the Legal Title Holder, the Cash Manager, the Corporate Services Provider or the Servicer makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus or part thereof or any other information provided by the Issuer in connection with the Notes, other than as expressly set out above. None of the Arranger, the Joint Lead Managers, the Trustee, the Beneficial Title Seller, the Legal Title Holder, the Cash Manager, the Corporate Services Provider or the Servicer accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes, other than as expressly set out above. Each potential purchaser of Notes should determine the relevance of the information contained in this Prospectus or part hereof and the purchase of Notes should be based upon such investigation as each purchaser deems necessary. None of the Arranger, the Joint Lead Managers, the Trustee, the Beneficial Title Seller, the Legal Title Holder, the Cash Manager, the Corporate Services Provider or the Servicer undertakes or shall undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to their attention (other than as expressly required by the Transaction Documents).

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and the Notes are subject to U.S. tax law requirements. The Notes may not be sold or

delivered, directly or indirectly, in the United States or to any U.S. persons (see the section entitled “*Placement and Sale*” below) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

None of the Issuer, the Trustee, the Arranger, the Joint Lead Managers, the Beneficial Title Seller, the Legal Title Holder, the Cash Manager, the Corporate Services Provider or the Servicer 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.

No person has been authorised to give any information or to make any representation other than as contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Trustee, the directors of the Issuer, the Arranger or the Joint Lead Managers.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. No action has been taken by the Issuer, the Arranger or the Joint Lead Managers other than as set out in the paragraph headed “*Listing*” on page iv of this Prospectus that would permit a public offer of the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any part hereof nor any other prospectus, form of application, advertisement or other offering material may be issued, distributed or published in any country or jurisdiction (including the United Kingdom and Ireland), except in circumstances that will result in compliance with applicable laws, orders, rules and regulations.

Each Class of Note will be represented initially by a temporary global note in bearer form, without Coupons (a “**Temporary Global Note**”), which will be deposited with a common depository (the “**Common Depository**”) for Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and Euroclear Bank SA / NV (“**Euroclear**”) on the Closing Date. Each Temporary Global Note will be exchangeable not earlier than 40 days after the Closing Date (provided that certification of non-U.S. beneficial ownership has been received) for interests in a permanent global note in bearer form, without Coupons, for the relevant Class (each, a “**Permanent Global Note**” and, together with each Temporary Global Note, the “**Global Notes**”). The Permanent Global Notes will also be deposited with the Common Depository.

References in this Prospectus to “£” or “**Sterling**” are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

Forward Looking Statements and Statistical Information

Certain matters contained in this Prospectus 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 Mortgage Loans, 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 residential mortgage industry in the United Kingdom. This Prospectus also contains certain tables and other statistical analyses (the “**Statistical Information**”) which have been prepared in reliance on information provided by the Issuer. Numerous assumptions have been used in preparing the Statistical Information, which may or may not be reflected in the material. As such, no assurance can be given as to the Statistical Information’s accuracy, appropriateness or completeness in any particular context, or as to whether the Statistical Information and/or the assumptions upon which they are

based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. The average life of or the potential yields on any security cannot be predicted, because the actual rate of repayment on the underlying assets, as well as a number of other relevant factors, cannot be determined. No assurance can be given that the assumptions on which the possible average lives of or yields on the securities are made will prove to be realistic. None of the Issuer, the Arranger or the Joint Lead Managers has attempted to verify any forward-looking statements or Statistical Information, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward looking statements or Statistical Information. None of the Issuer, the Arranger or the Joint Lead Managers assumes any obligation to update these forward looking statements or Statistical Information or to update the reasons for which actual results could differ materially from those anticipated in the forward looking statements or Statistical Information, as applicable.

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 (without limitation):

- (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 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 assets of the type comprising the Mortgage Portfolio, the market for securities of the type represented by the Notes, and the financial markets generally; 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, 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.

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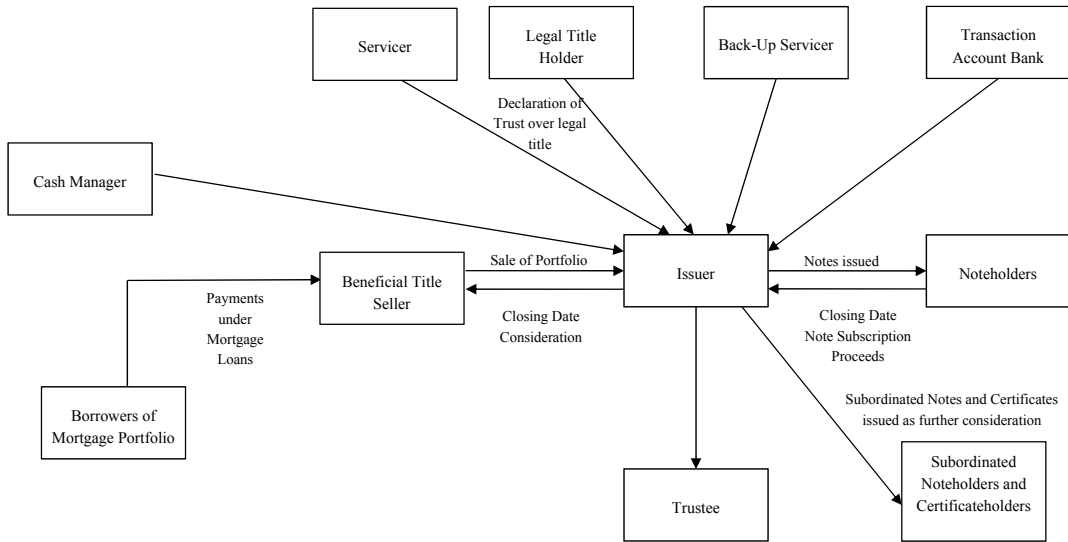
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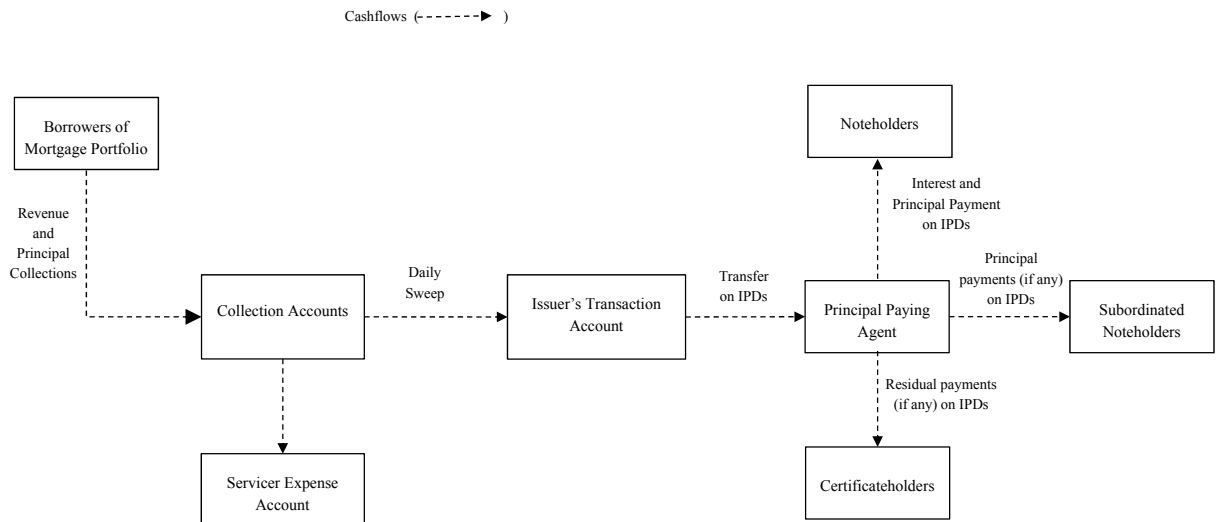
OVERVIEW

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

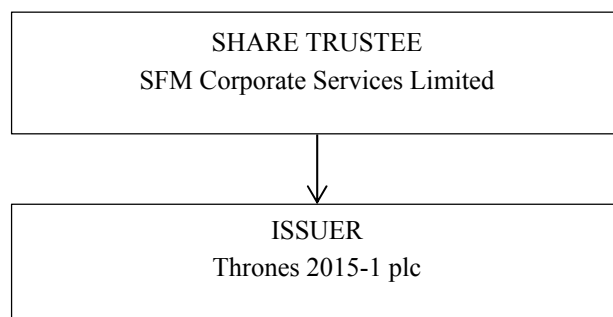
(A) DIAGRAMMATIC OVERVIEW OF THE TRANSACTION



(B) DIAGRAMMATIC OVERVIEW OF ON-GOING CASH FLOW



(C) OVERVIEW OF THE OWNERSHIP STRUCTURE



The entire issued share capital of the Issuer is held on trust by SFM Corporate Services Limited as share trustee (the “**Share Trustee**”) under the terms of a discretionary trust, established for the benefit of non-U.S. charitable institutions.

(D) TRANSACTION PARTIES AND OTHER RELATED PARTIES ON THE CLOSING DATE

Party	Name	Address	Document under which appointed/Further Information
Issuer	Thrones 2015-1 plc	35 Great St. Helen’s London EC3A 6AP	N/A See the section entitled “ <i>The Issuer</i> ”
Legal Title Holder	Mars Capital Finance Limited (the “ Legal Title Holder ”)	Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY	Mortgage Sale Agreement. See the section entitled “ <i>Description of the Legal Title Holder</i> ”
Beneficial Title Seller	Dominions Mortgages Limited (the “ Beneficial Title Seller ”)	3 rd Floor Kilmore House Park Lane Spencer Dock Dublin 1 Ireland	Mortgage Sale Agreement. See the section entitled “ <i>Description of the Beneficial Title Seller</i> ”
Reserve Subordinated Loan Provider	Dominions Mortgages Limited	3rd Floor Kilmore House Park Lane Spencer Dock Dublin 1 Ireland	Subordinated Loan Agreement

Party	Name	Address	Document under which appointed/Further Information
Originators	Heritable Bank PLC (in administration)	G1 5 George Square Glasgow G2 1DY	N/A See the section entitled “ <i>Description of the Originators</i> ”
	Edeus Mortgage Creators Limited (in liquidation)	KPMG LLP One Snowhill Queensway Birmingham B4 6GH	
	Victoria Mortgage Funding Limited (dissolved)	N/A	
	Mortgages PLC	2 King Edward Street London EC1A 1 HQ	
	Mortgages 1 Limited	2 King Edward Street London EC1A 1HQ	
	Wave Lending Limited	2 King Edward Street London EC1A 1HQ	
	Amber Homeloans Limited	The Bailey Skipton North Yorkshire BD23 1DN	
	Associates Capital Corporation plc (now CitiFinancial Europe plc)	Citigroup Centre Canada Square Canary Wharf London E14 5LB	
	Citibank Trust Limited (closed)	N/A	
	Future Mortgages Limited	Citigroup Centre Canada Square Canary Wharf London E14 5LB	
	Rooftop Mortgages Limited	25 Bank Street Canary Wharf London E14 5JP	
	Southern Pacific Mortgage Limited	10-18 Union Street London SE1 1SZ	

Party	Name	Address	Document under which appointed/Further Information
	Mars Capital Finance Limited (trading as Magellan Homeloans)	Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY	
Interim Sellers	Magellan Funding No2 Limited	3rd Floor Kilmore House Park Lane Spencer Dock Dublin 1 Ireland	N/A See the sections entitled “ <i>Knowledge of matters represented in Asset Warranties and Legal Title Holder Asset Warranties</i> ” and “ <i>Description of the Interim Sellers</i> ”
	Cherub Funding Limited	3rd Floor Kilmore House Park Lane Spencer Dock Dublin 1 Ireland	
	Raphael Mortgages Limited	3rd Floor Kilmore House Park Lane Spencer Dock Dublin 1 Ireland	
	Intaglio Funding Limited	3rd Floor Kilmore House Park Lane Spencer Dock Dublin 1 Ireland	
	Empyrean Mortgages Limited	3rd Floor Kilmore House Park Lane Spencer Dock Dublin 1 Ireland	

Party	Name	Address	Document under which appointed/Further Information
	Seraphina Mortgages Limited	3rd Floor Kilmore House Park Lane Spencer Dock Dublin 1 Ireland	
	Future Mortgages Limited	Citigroup Centre Canada Square Canary Wharf London E14 5LB	
	Canada Square Operations Limited	Citigroup Centre Canada Square Canary Wharf London E14 5LB	
Servicer	Mars Capital Finance Limited	Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY	Servicing Agreement. See the sections entitled “ <i>Description of the Legal Title Holder, the Servicer and the Market Portfolio Purchase Agent</i> ” and “ <i>Servicing of the Mortgage Portfolio</i> ”
Back-Up Servicer	Homeloan Management Limited	The Pavilions Bridgwater Road Bristol Avon BS13 8AE	Back-Up Servicing Agreement. See the sections entitled “ <i>Description of the Back-Up Servicer</i> ” and “ <i>Servicing of the Mortgage Portfolio</i> ”
Market Portfolio Purchase Agent	Mars Capital Finance Limited	Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY	Market Portfolio Purchase Agreement See the section entitled “ <i>Description of the Legal Title Holder, the Servicer and the Market Portfolio Purchase Agent</i> ”

Party	Name	Address	Document under which appointed/Further Information
Cash Manager	Elavon Financial Services Limited, UK Branch	5th Floor 125 Old Broad Street London EC2N 1AR	Cash Management Agreement. See the sections entitled “ <i>Description of the Cash Manager</i> ” and “ <i>Cash Management</i> ”
Collection Account Bank	Barclays Bank PLC	1 Churchill Place London E14 5HP	Collection Account Agreement. See the section entitled “ <i>Description of the Collection Account Bank</i> ”
Transaction Account Bank	Citibank, N.A., London Branch	Citigroup Centre Canada Square Canary Wharf London E14 5LB	Transaction Account Agreement. See the sections entitled “ <i>Description of the Transaction Account Bank</i> ” and “ <i>Credit Enhancement and Liquidity Support</i> ”
Trustee	Citicorp Trustee Company Limited	Citigroup Centre Canada Square Canary Wharf London E14 5LB	Trust Deed. See the sections entitled “ <i>Description of the Trustee</i> ” and “ <i>The Trust Deed</i> ”
Principal Paying Agent / Agent Bank	Citibank, N.A., London Branch	Citigroup Centre Canada Square Canary Wharf London E14 5LB	Agency Agreement.
Registrar	Citigroup Global Markets Deutschland AG	Reuterweg 16, 60323, Frankfurt, Germany	Agency Agreement.
Corporate Services Provider	Structured Finance Management Limited	35 Great St. Helen’s, London EC3A 6AP	Corporate Services Agreement. See the section entitled “ <i>The Issuer</i> ”
Competent Authority for the purposes of the Prospectus Directive	Central Bank of Ireland	Iveagh Court Block D Harcourt Road Dublin 2 Ireland	N/A

Party	Name	Address	Document under which appointed/Further Information
Listing Authority and Stock Exchange	The Irish Stock Exchange p.l.c.	28 Anglesea Street Dublin 2 Ireland	N/A
Clearing Systems	Euroclear Bank SA / NV	1, Boulevard du Roi Albert II B-1210 Brussels Belgium	N/A
	Clearstream Banking, <i>société anonyme</i>	42 Avenue JF Kennedy L-1855 Luxembourg	N/A
Rating Agencies	Fitch Ratings Limited	30 North Colonnade Canary Wharf E14 5GN	N/A
	Standard & Poor's Credit Market Services Europe Limited	20 Canada Square Canary Wharf London E14 5LH	N/A

RISK FACTORS

The following is a summary of the principal risks (including all material risks of which the Issuer is presently aware) associated with an investment in the Notes about which prospective investors should be aware. It is not intended to be exhaustive as to all the matters about which prospective investors should be aware.

All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In evaluating whether to purchase the Notes, prospective investors should not only consider the risk factors set out in this summary, but should also ensure that they carefully review this Prospectus in full and seek professional advice as each investor deems necessary.

Risks Related to the Notes

Obligations of Issuer only

The Notes represent obligations of the Issuer, and do not constitute obligations or responsibilities of, or guarantees by, any other person.

Limited source of funds

The ability of the Issuer to meet its obligations to pay (a) amounts under the Notes and (b) its operating and administrative expenses will be dependent solely on the extent of monies received or recovered by or on behalf of the Issuer. Such monies consist solely of (i) monies received or recovered on the Mortgage Loans (whether by way of monthly payments, enforcement, disposal of the Mortgage Loans or otherwise), (ii) amounts of interest received from the Transaction Account Bank under the Transaction Account Agreement and (iii) amounts available in the General Reserve Fund and the Liquidity Reserve Fund. Other than the foregoing, the Issuer will not have any other funds available to it to make payments under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes under the applicable Payments Priorities. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Payments Priorities. Other than as provided in the Mortgage Sale Agreement, the Issuer and the Trustee will have no recourse to the Beneficial Title Seller, the Legal Title Holder or any other entity (see “*Risks Related to the Mortgage Loans – Limitation of Liability of the Beneficial Title Seller and Legal Title Holder*” below).

Deferral of interest payments on certain Classes of Notes

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) payable in respect of each Class of Notes other than the Most Senior Class of Notes after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Payments Priorities, then that amount shall not be due and payable and the Issuer will be entitled under Note Condition 7.10 (*Interest Deferred*) to defer payment of that amount (to the extent of the insufficiency) until the earlier of (a) the first Interest Payment Date thereafter on which funds are available to the Issuer to make such payments in accordance with the Note Conditions, (b) the Final Maturity Date, (c) the date on which such Class of Notes is redeemed in full and (d) the date on which amounts cease to be payable by the Issuer following the application of the Post-Enforcement Payments Priorities. Such deferral shall not constitute an Event of Default.

Limited recourse

The Notes will be limited recourse obligations of the Issuer. If, and to the extent that, after the Charged Property has been realised and the proceeds thereof have been applied in accordance with the applicable

Payments Priorities, 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, the amounts will cease to be due and payable by the Issuer.

Credit risk

The Issuer is subject to the risk of default in payment by the Borrowers and the risk of failure by the Servicer (or, if at any time applicable, the Back-Up Servicer) on behalf of the Issuer, to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant Mortgage Loan and Related Security in order to discharge all amounts due and owing by the relevant Borrowers under the relevant Mortgage Loans. This risk may affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by certain credit enhancement features which are described in the section entitled "*Credit Enhancement and Liquidity Support*". However, no assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the Noteholders from all risk of loss.

Liquidity risk

The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of various reasons including (i) payments being made late by Borrowers after the end of the relevant Calculation Period, (ii) contractual interest rates of the Mortgage Loans being lower than required by the Issuer in order to meet its commitments to pay interest on the Notes, and (iii) the risk that any cash held by or on behalf of the Issuer may earn a rate of return below the rate of interest payable on the Notes. This risk may adversely affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by the provision of liquidity from alternative sources as described in the section entitled "*Credit Enhancement and Liquidity Support*".

Subordination

Pursuant to the Pre-Enforcement Revenue Payments Priorities, (a) the Class B Notes are subordinated in right of payment of interest to the payment of interest under the Class A Notes, (b) the Class C Notes are subordinated in right of payment of interest to the payment of interest under the Class A Notes and the Class B Notes, (c) the Class D Notes are subordinated in right of payment of interest to the payment of interest under the Class A Notes, the Class B Notes and the Class C Notes, (d) the Class E Notes are subordinated in right of payment of interest to the payment of interest under the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and (e) the Certificates are subordinated in right of any payment to the payment of interest under the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. See the section entitled "*Cashflows*".

Pursuant to the Pre-Enforcement Principal Payments Priorities, (a) the Class B Notes are subordinated in right of payment of principal to the Class A Notes, (b) the Class C Notes are subordinated in right of payment of principal to the Class A Notes and the Class B Notes, (c) the Class D Notes are subordinated in right of payment of principal to the Class A Notes, the Class B Notes and the Class C Notes, (d) the Class E Notes are subordinated in right of payment of principal to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and (e) the Subordinated Notes are subordinated in right of payment of principal to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. See the section entitled "*Cashflows*".

Pursuant to the Post-Enforcement Payments Priorities, (a) the Class B Notes are subordinated in right of payment of principal and interest to the Class A Notes, (b) the Class C Notes are subordinated in right of payment of principal and interest to the Class A Notes and the Class B Notes, (c) the Class D Notes are subordinated in right of payment of principal and interest to the Class A Notes, the Class B Notes and the Class C Notes, (d) the Class E Notes are subordinated in right of payment of principal and interest to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, (e) the Subordinated Notes are subordinated in right of payment of principal to the Class A Notes, the Class B Notes, the Class C Notes, the

Class D Notes and the Class E Notes and (f) the Certificates are subordinated in right of payment to the payment of principal and interest on the Notes and payment of principal on the Subordinated Notes. See the section entitled “*Cashflows*”.

To the extent that the Issuer does not have sufficient funds to satisfy its obligations to all its creditors, the holders of the lower ranking Notes will be the first to see their claims against the Issuer unfulfilled. However, there is no assurance that these subordination provisions will protect the holders of the higher ranking Notes from all or any risk of loss.

Yield and Prepayment Considerations

The yield to maturity of the Notes will depend on, among other things, the extent and timing of payments of principal (including full and partial prepayments, proceeds of disposal of Mortgage Loans or proceeds of enforcement of Mortgage Loans) on the Mortgage Loans and the price paid by the Noteholders for the Notes. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

The rate of prepayment of the Mortgage Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing, local and regional economic conditions and homeowner mobility. Subject to the terms and conditions of the Mortgage Loans, a Borrower may “overpay” or prepay principal at any time. No assurance can be given as to the level of prepayments that the Mortgage Portfolio will experience. Accelerated prepayments will lead to a reduction in the average weighted life of the Notes. See also the section entitled “*The Mortgage Portfolio and the Mortgage Loans*”.

Pursuant to the Deed Poll, the Portfolio Option Holder has the option to purchase the Mortgage Portfolio and its Related Security, which may be exercised by notice at any time in the period from the Business Day falling 20 Business Days prior to the Optional Redemption Date until the Business Day falling 10 Business Days prior to the Optional Redemption Date for a purchase price (the “**Portfolio Option Consideration**”) which shall be the higher of (i) the aggregate market value of the Mortgage Portfolio as at the Class Z4 Portfolio Purchase Completion Date, and (ii) an amount equal to the aggregate Principal Amount Outstanding of the Notes as at the Class Z4 Portfolio Purchase Completion Date plus an amount not less than the amount required to satisfy items (a) to (m) (excluding items (f), (h), (j) and (l)) and (u)(ii) of the Pre-Enforcement Revenue Payments Priorities on the Interest Payment Date immediately following the Class Z4 Portfolio Purchase Completion Date, less (y) Available Principal Funds (without taking into account any amounts included under limb (a)(v) of the definition of Available Principal Funds) and Available Revenue Funds (without taking into account any amounts included under limb (e) of the definition of Available Revenue Funds) as applied in accordance with the Pre-Enforcement Principal Payments Priorities and the Pre-Enforcement Revenue Payments Priorities on the Interest Payment Date immediately following the Class Z4 Portfolio Purchase Completion Date and (z) the credit balance of the General Reserve Fund and the Liquidity Reserve Fund.

If the option referred to above is not exercised by the Portfolio Option Holder prior to the Optional Redemption Date, the Market Portfolio Purchase Agent must (subject to obtaining a Satisfactory Tax Opinion) seek offers and may itself offer to purchase the Mortgage Portfolio for a purchase price (the “**Market Portfolio Purchase Price**”) not less than the higher of (i) the aggregate market value of the Mortgage Portfolio as at the Market Portfolio Purchase Completion Date, and (ii) an amount equal to the aggregate Principal Amount Outstanding of the Notes as at the Market Portfolio Purchase Completion Date plus an amount not less than the amount required to satisfy items (a) to (m) (excluding items (f), (h), (j) and (l)), and (u)(ii), (u)(iii) and (u)(iv) of the Pre-Enforcement Revenue Payments Priorities on the Interest Payment Date on or immediately following the Market Portfolio Purchase Completion Date, less (y) Available Principal

Funds (without taking into account any amounts included under limb (a)(v) of the definition of Available Principal Funds) and Available Revenue Funds (without taking into account any amounts included under limb (e) of the definition of Available Revenue Funds) as applied in accordance with the Pre-Enforcement Principal Payments Priorities and the Pre-Enforcement Revenue Payments Priorities on the Interest Payment Date on or immediately following the Market Portfolio Purchase Completion Date and (z) the credit balance of the General Reserve Fund and the Liquidity Reserve Fund.

If such purchase under the Market Portfolio Purchase Agreement does not occur on or prior to the Interest Payment Date falling in December 2020, the Market Portfolio Purchase Agent must (subject to obtaining a Satisfactory Tax Opinion) appoint a third party agent (being a major accounting firm, bank or brokerage with reasonable experience in seeking offers to purchase mortgage portfolios) which will, at least once every six months, seek offers to purchase the Mortgage Portfolio for the Market Portfolio Purchase Price.

In addition, the Issuer has an option to redeem the Notes and the Subordinated Notes on the Interest Payment Dates falling in June 2020, September 2020 and December 2020, subject to certain conditions. The Issuer Call Option may be exercised by notice to the Trustee at any time in the period from the Business Day falling 10 Business Days prior to the Optional Redemption Date until the Business Day falling 5 Business Days prior to the Interest Payment Date falling in December 2020. The Issuer Call Option may only be exercised if the Issuer has sufficient available funds (including any Available Principal Funds, Available Revenue Funds and the credit balance of the General Reserve Fund and the Liquidity Reserve Fund) in an amount at least equal to the aggregate Principal Amount Outstanding of the Notes and the Subordinated Notes as at the Issuer Call Option Completion Date plus an amount not less than the amount required to satisfy items (a) to (m) (excluding items (f), (h), (j) and (l)) and (u)(ii) of the Pre-Enforcement Revenue Payments Priorities on the Issuer Call Option Completion Date.

On the Reserve Release Date, all amounts standing to the credit of the General Reserve Ledger and the Liquidity Reserve Ledger shall be credited to the Principal Ledger. Such amounts shall be applied in accordance with the Pre-Enforcement Payments Priorities as Available Principal Funds to the extent necessary to redeem the Notes in full, and any excess shall be applied as Available Revenue Funds.

The occurrence of the Class Z4 Portfolio Purchase, the Market Portfolio Purchase, the Issuer Call Option or the Reserve Release Date will lead to a reduction in the average weighted life of the Notes. See also the section entitled "*Early redemption of Notes*".

Conflicts between Classes of Noteholders and Subordinated Noteholders and Noteholders, Subordinated Noteholders and Certificateholders

In respect of the interests of Noteholders, the Trust Deed contains provisions requiring the Trustee to have regard to the interests of the holders of all the Classes of Notes as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise) and, to the extent of any conflict between the interests of any Classes of Noteholders, requiring the Trustee, other than in relation to a Reserved Matter, to have regard only to the interests of Noteholders of the Most Senior Class. There may be circumstances, however, where the interests of one Class of Noteholders conflict with the interests of another Class or Classes of the Noteholders. In general, the Trustee will give priority to the interests of the Noteholders of the Most Senior Class such that:

- (a) the Trustee is to have regard only to the interests of the Class A Noteholders in the event of a conflict between the interests of the Class A Noteholders on the one hand and the other Noteholders on the other hand;

- (b) (if there are no Class A Notes outstanding) the Trustee is to have regard only to the interests of the Class B Noteholders in the event of a conflict between the interests of the Class B Noteholders on the one hand and the other Noteholders on the other hand;
- (c) (if there are no Class B Notes outstanding) the Trustee is to have regard only to the interests of the Class C Noteholders in the event of a conflict between the interests of the Class C Noteholders on the one hand and the other Noteholders on the other hand;
- (d) (if there are no Class C Notes outstanding) the Trustee is to have regard only to the interests of the Class D Noteholders in the event of a conflict between the interests of the Class D Noteholders on the one hand and the other Noteholders on the other hand; and
- (e) (if there are no Class D Notes outstanding) the Trustee is to have regard only to the interests of the Class E Noteholders in the event of a conflict between the interests of the Class E Noteholders on the one hand and Subordinated Noteholders and the Certificateholders on the other hand.

In respect of the interests of the Subordinated Noteholders and the Certificateholders, the Trust Deed contains provisions requiring the Trustee not to have regard to the interests of the Subordinated Noteholders and the Certificateholders as regards all powers, trusts, authorities, duties and discretions of the Trustee and requiring the Trustee, other than in limited circumstances, to have regard only to the interest of the Noteholders, so long as there are any Notes outstanding. Please see the section below entitled “*Risks Related to the Notes - Meetings of Noteholders, Modification and Waivers*”.

Interest Rate Variation Risk

Fluctuations in the value or the method of calculation of LIBOR could potentially result in (a) the contractual interest rates on the Mortgage Loans being lower than that required by the Issuer in order to meet its commitments under the Notes and its other obligations and (b) the risk that any cash held by or on behalf of the Issuer may earn a rate of return below the rate of interest payable on the Notes.

If the Sterling Screen Rate is not available, there can be no guarantee that the Issuer shall be able to appoint one or more Reference Banks to provide quotations in order to determine the Sterling Reference Rate. If the Sterling Reference Rate is unavailable and the Issuer is unable to appoint one or more Reference Banks to provide quotations, the Sterling Reference Rate in respect of such Interest Payment Date will be determined to be the most recent Sterling Reference Rate that was determined by reference to the Sterling Screen Rate or through deposit rate quotations provided by four major banks. To the extent interest amounts in respect of the Notes are determined by reference to a previously calculated Sterling Reference Rate, Noteholders may be adversely affected. In such circumstances, neither the Agent Bank nor the Trustee shall have any obligation to determine a Note Rate on any other basis.

Failure in performance of the repurchase obligation by the Beneficial Title Seller

If the Legal Title Holder breaches its undertaking not to accept a request from a Borrower for, or issue an offer of, a Further Advance or Cash Flow Port prior to the repurchase of a Mortgage Loan by the Beneficial Title Seller, the Legal Title Holder will not have any recourse for additional funds to be advanced to the relevant Borrower against the Issuer and shall only have recourse to the Beneficial Title Seller. However if the Borrower does not receive those funds and sets off any payment to the Legal Title Holder against the Legal Title Holder’s obligation to advance amounts, the rate of repayment of the Mortgage Portfolio may be affected which in turn may adversely affect the average weighted life of the Notes and their yield to maturity.

Certain material interests

Certain of the advisers and other parties to the transaction have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and the Sellers in the ordinary

course of business. The Arranger and/or its affiliates may hold some of the Notes from time to time. Other parties to the transaction may also perform multiple roles. Accordingly, conflicts of interest may exist or may arise as a result of parties having previously engaged (including certain affiliates of the Arranger being an Originator or an Interim Seller in respect of a part of Tempest Pool, certain affiliates of Merrill Lynch International being an Originator or a Relevant Seller in respect of a part of the Seraph Pool and the Legal Title Holder (trading as Magellan Homeloans) being an Originator in respect of the Magellan Pool) or in the future engaging in transactions with other parties, having multiple roles or carrying out other transactions for third parties. The parties to the transaction may pursuant to the Transaction Documents be replaced by one or more new parties. It cannot be excluded that such a new party also could have a potential conflicting interest.

Meetings of Noteholders, Modification and Waivers

The Note Conditions contain provisions for calling meetings of Noteholders to consider matters relating to the Notes. These provisions permit decisions of defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. Such binding decisions of defined majorities may also occur by way of a sufficient number of Noteholders providing their consent either in writing or by way of electronic consents submitted through the electronic communications systems of the clearing system(s).

The Note Conditions further provide that, without the consent or sanction of the Instrumentholders or any of the other Secured Creditors, the Trustee may at any time and from time to time:

- (a) agree with the Issuer and any other relevant parties in making:
 - (i) any modification to the Note Conditions, the Subordinated Note Conditions, the Certificate Conditions, the Trust Documents, the Instruments or the Transaction Documents in relation to which its consent is required which, in the opinion of the Trustee, is made to correct a manifest error or is of a formal, minor or technical nature; or
 - (ii) any modification to the Note Conditions, the Subordinated Note Conditions, the Certificate Conditions, the Trust Documents (other than in respect of a Reserved Matter or any provision of the Trust Documents referred to in the definition of Reserved Matter), the Instruments or the Transaction Documents in relation to which its consent is required which, in the opinion of the Trustee, will not be materially prejudicial to the interests of the holders of the Most Senior Class;
- (b) in its sole discretion concur with the Issuer or any other relevant parties in authorising or waiving any breach or proposed breach of the covenants or provisions contained in the Trust Documents, the Instruments or any other Transaction Documents, if in the Trustee's sole opinion, the interests of the Most Senior Class will not be materially prejudiced thereby; and
- (c) in its sole discretion determine that any Event of Default or Potential Event of Default shall not be treated as such if, in the Trustee's sole opinion, the interests of the Most Senior Class will not be materially prejudiced thereby,

provided always that the Trustee shall not exercise any powers under paragraphs (b) or (c) in contravention of any express direction given by an Extraordinary Resolution, or by a request in writing of the holders of more than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class then outstanding (but no such direction or request (a) shall affect any modification, waiver, authorisation or determination previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Reserved Matter unless (in the case of (b)) the holders of each Class of outstanding Notes, the holders of each Class of outstanding Subordinated Notes and the holders of the outstanding Certificates have, by Extraordinary Resolution, so authorised its exercise).

Unless the Trustee otherwise agrees, the Issuer shall cause any such modification, waiver, authorisation or determination to be notified to the Noteholders, the Subordinated Noteholders, the Certificateholders and the other Secured Creditors in accordance with the Notices Condition for the Notes, the Subordinated Notes and the Certificates and the Transaction Documents as soon as practicable thereafter.

Any authorisation, waiver, determination or modification referred to above is binding on the Instrumentholders and other Secured Creditors.

Additionally, the Trustee shall be obliged, in certain circumstances, to agree to amendments to the Note Conditions and/or the Transaction Documents for the purpose of (i) complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, (ii) complying with certain risk retention legislation, regulations or official guidance in relation thereto, (iii) enabling the Notes to be (or to remain) listed on the Irish Stock Exchange, (iv) enabling the Issuer or any of the other Transaction Parties to comply with FATCA and (v) complying with any changes in the requirements of the CRA Regulation after the Closing Date (each a “**proposed modification**”), without the consent of Noteholders pursuant to and in accordance with the detailed provisions of Note Condition 16.6 (*Additional Right of Modification*).

In relation to any such proposed modification, the Issuer is required to give at least 30 calendar days’ notice to the Noteholders of each Class of the proposed modification in accordance with the Notices Condition. Noteholders should be aware that, in relation to each proposed modification, unless Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have contacted the Issuer and the Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer and the Trustee that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have notified the Issuer and the Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class then outstanding is passed in favour of such modification in accordance with Note Condition 15 (*Meetings of Noteholders, Subordinated Noteholders and Certificateholders*).

The full requirements in relation to the modifications discussed above are set out in Note Condition 16.6 (*Additional Right of Modification*).

Ratings of the Notes

A rating issued by a Rating Agency is not a recommendation to buy, sell or hold securities and there is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by one or both of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgment of the Rating Agencies, circumstances so warrant such revision, suspension or withdrawal of the rating of the Notes.

At any time, a Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Notes may be lowered. A qualification, downgrade or withdrawal of any of the ratings mentioned above may adversely impact the market value of the Notes.

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.

Ratings confirmation in relation to the Notes in respect of certain actions

The terms of certain Transaction Documents require that certain action proposed to be taken by the Issuer and/or the Trustee may only occur if the Rating Agencies have been notified of such proposed action and have not indicated that such proposed action will have an adverse effect on the then current rating of the Notes (a “**Rating Confirmation**”).

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

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

Risks Associated with Rising Mortgage Rates

The Mortgage Rate payable under the SVR Mortgage Loans is calculated by reference to the Legal Title Holder’s applicable prevailing published standard variable rate (“**SVR**”) for the relevant portfolio. The Mortgage Rate payable under the Bank of England Base Rate-Linked Mortgage Loans is calculated by reference to the Bank of England base rate. The Mortgage Rate payable under the LIBOR-Linked Mortgage Loans is calculated by reference to the London inter bank offered rate (“**LIBOR**”). Each of SVR, the Bank of England base rate and LIBOR may be subject to variations. The Issuer could be subject to a higher risk of default in payment by a Borrower under their Mortgage Loan as a result of an increase in the applicable rate.

Limited Liquidity

There is not, at present, an active and liquid secondary market for the Notes. There can be no assurance that a secondary market for the Notes will develop or, if a secondary market does develop, that it will provide Noteholders with liquidity of investment or that it will continue for the life of the Notes. To date, the Joint Lead Managers have not indicated that they intend to establish a secondary market in the Notes. Any investor in the Notes must be prepared to hold their Notes for an indefinite period of time or until their Final Maturity Date or alternatively such investor may only be able to sell the Notes at a discount to the original purchase price of those Notes.

Moreover, at the date of this Prospectus, the secondary market for mortgage-backed securities is experiencing disruptions resulting from reduced investor demand for such securities. This has had a material adverse

impact on the market value of mortgage-backed securities and resulted in the secondary market for mortgage-backed securities similar to the Notes experiencing limited liquidity. Limited liquidity in the secondary market may have an adverse effect on the market value of mortgage-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.

There can be no assurance that the market for mortgage-backed securities will recover from these disruptions at all, or, if it does begin to recover, to what degree or how quickly it will do so.

Whilst central bank schemes such as the Bank of England's Discount Window Facility, Sterling Monetary Framework and Funding for Lending Scheme and the European Central Bank Liquidity Scheme provide an important source of liquidity in respect of eligible securities, further restrictions in respect of the relevant eligibility criteria for eligible collateral in the future are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities.

Denominations

The Notes are issued in the denominations of £100,000 (or, after the Redenomination Date, €100,000) per Note. However, for so long as the Notes are represented by Global Notes, and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable in minimum nominal amounts of £100,000 (or, after the Redenomination Date, €100,000) and integral multiples of £1,000 (or, after the Redenomination Date, €1,000) thereafter. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum authorised denomination of £100,000 (or, after the Redenomination Date, €100,000) in his account with the relevant clearing system at the relevant time will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of the relevant class of Notes such that it holds an amount equal to one or more minimum authorised denominations.

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

Book-Entry Interests

Unless and until Definitive Notes are issued in exchange for Book-Entry Interests (in the limited set of circumstances described under Note Condition 3 (*Form, Denomination and Title*) of the Notes), holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of Notes under the Trust Deed. After payment to the Principal Paying Agent, the Issuer will not have responsibility or liability for the payment of interest, principal or other amounts to Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of Book-Entry Interests.

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

Unlike Noteholders, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by or on behalf of the Issuer for consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default, holders of Book-

Entry Interests will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the relevant provisions described herein under “*Terms and Conditions of the Notes*” below. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among participants of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, or any of their 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.

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

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

Risks Related to the Mortgage Loans

Limitation of Liability of the Beneficial Title Seller and the Legal Title Holder

None of the Arranger, the Joint Lead Managers, the Issuer nor the Trustee has undertaken or will undertake any investigations, searches or other actions in respect of the Mortgage Loans and their Related Security and will rely instead on, *inter alia*, the warranties given by the Beneficial Title Seller and by the Legal Title Holder in relation to the Mortgage Loans to the Issuer in the Mortgage Sale Agreement (respectively, the “**Asset Warranties**” and the “**Legal Title Holder Asset Warranties**”). The sole remedy provided for in the Mortgage Sale Agreement (subject to the relevant cure period as set out in the Mortgage Sale Agreement and save as described below) of the Issuer in respect of a Relevant Breach of an Asset Warranty in relation to a Mortgage Loan shall be the requirement that the Beneficial Title Seller repurchase the beneficial title in any Mortgage Loan which is the subject of the Relevant Breach, and (subject to certain conditions as more particularly described herein under “*Assignment of the Mortgage Loans and Related Security – Purchase by Legal Title Holder*”) the requirement that the Legal Title Holder purchase any Mortgage Loan which is the subject of a Relevant Breach of Legal Title Holder Asset Warranty by it, in each case provided that this shall not limit any other remedies available to the Issuer if the Beneficial Title Seller or the Legal Title Holder fails to repurchase or purchase (as the case may be) a Mortgage Loan when obliged to do so.

There can be no assurance that the Beneficial Title Seller or the Legal Title Holder will honour or have the financial resources to honour such obligations under the Mortgage Sale Agreement or the obligation to repurchase or purchase (as the case may be) Mortgage Loans pursuant to the terms of the Mortgage Sale Agreement. The consideration for the repurchase or purchase (as the case may be) of any Mortgage Loan shall be payable by the Beneficial Title Seller or the Legal Title Holder.

In particular, the Beneficial Title Seller is a special purpose entity established for the purpose of holding beneficial title to the Mortgage Loans and their Related Security and other assets. The Beneficial Title Seller’s assets and funds are limited and will consist primarily of the Certificates and some or all of the Subordinated Notes (payments in respect of which are subject to the Payments Priorities - the Beneficial Title Seller will covenant not to sell the Class Z4 Notes but may sell the Class Z1 Notes, Class Z2 Notes and Class Z3 Notes subject to compliance with the risk retention requirements discussed in the section of this Prospectus entitled “*Regulatory Disclosure*”), contractual rights under certain transaction documents, other mortgage loans and

their related security that were part of the Tempest Pool, the Seraph Pool, the Empyrean Pool, the Victoria Pool or the Edeus Pool (each as defined in the below risk factor) and are not being sold by the Beneficial Title Seller to the Issuer, the shares in Cherub Funding Limited (“**Cherub**”), Raphael Mortgages Limited (“**Raphael**”), Intaglio Funding Limited (“**Intaglio**”), Empyrean Mortgages Limited (“**Empyrean**”) and Seraphina Mortgages Limited (“**Seraphina**”) and, through the shares in Cherub and Raphael, the residual interests in the Thrones 2013-1 and Thrones 2014-1 securitisations. The Beneficial Title Seller will create security over all of its assets under the STID.

The repurchase obligations of the Beneficial Title Seller will be limited recourse obligations of the Beneficial Title Seller, pursuant to a security trust and intercreditor deed entered into between, amongst others, the Beneficial Title Seller, the Joint Lead Managers and the Legal Title Holder (the “**STID**”). If, and to the extent that, after the property charged by the Beneficial Title Seller in favour of such creditors pursuant to the STID has been realised and the proceeds thereof have been applied in accordance with the agreed priority of payments (under which the repurchase obligation in respect of a Relevant Breach of Asset Warranty ranks as a senior item in order of priority), the amounts recovered on realisation of such property are insufficient to pay or discharge amounts due from the Beneficial Title Seller to the Issuer in full for any reason, the amounts will cease to be due and payable by the Beneficial Title Seller. Such obligations are not guaranteed by nor will they be the responsibility of any person other than the Beneficial Title Seller and neither the Issuer nor the Trustee will have recourse to any other person in the event that the Beneficial Title Seller, for whatever reason, fails to meet such payment or repurchase obligations.

Further, the Legal Title Holder has limited assets and cash resources with which to meet its obligation to purchase a Mortgage Loan and its Related Security, in the event of a breach of a Legal Title Holder Asset Warranty in circumstances in which the Beneficial Title Seller does not meet its obligation to repurchase the relevant Mortgage Loan and its Related Security. One of the conditions (which are more particularly described in the section of this Prospectus entitled “*Assignment of the Mortgage Loans and Related Security – Purchase by Legal Title Holder*”) that must be satisfied before a purchase obligation of the Legal Title Holder is triggered is that it must have sufficient unencumbered available cash to make the purchase. If it does not have such resources, then the purchase obligation is not triggered.

In circumstances in which the conditions for a purchase of the relevant Mortgage Loan by the Legal Title Holder are not met, this may result in no recourse being available to the Issuer or the Trustee for the redress of the Relevant Breach.

If the Class Z4 Notes are disposed of pursuant to an enforcement under the STID, the Beneficial Title Seller will not be able to comply with Article 401(1)(d) of the CRR, Article 51(1)(d) of the AIFMR and paragraph 2(d) of Article 254 of the Solvency II Regulation and therefore may not be able to comply with its undertaking to retain a material net economic interest of not less than 5 per cent. of the securitised exposure.

Knowledge of matters represented in Asset Warranties and Legal Title Holder Asset Warranties

Although each of the Beneficial Title Seller and the Legal Title Holder will give certain warranties in respect of the Mortgage Loans sold by it to the Issuer, neither the Beneficial Title Seller nor the Legal Title Holder were the originator of any of the Mortgage Loans (except for the Mortgage Loans purchased from Magellan Funding No2 Limited (“**Magellan**”) (the “**Magellan Pool**”), which were originated by the Legal Title Holder (trading as Magellan Homeloans)).

Interim Sellers

Prior to the Closing Date, each of Cherub, Raphael, Intaglio, Empyrean and Seraphina became a subsidiary of the Beneficial Title Seller.

The Beneficial Title Seller purchased or will, on or prior to the Closing Date, purchase the beneficial title to the Mortgage Loans and Related Security from each of Magellan, Cherub, Raphael, Intaglio, Emyrean, Seraphina, Future Mortgages Limited and Canada Square Operations Limited (each an “**Interim Seller**” and together the “**Interim Sellers**”).

Originators

The Beneficial Title Seller will purchase from Magellan under a mortgage sale agreement dated on or about the Closing Date beneficial title to the Magellan Pool (the “**Magellan Pool MSA**”).

The Legal Title Holder purchased legal and beneficial title to a portfolio of Mortgage Loans and Related Security originated by Heritable Bank PLC (in administration) (the “**Empyrean Pool**”) from Heritable Bank PLC (in administration) under an asset sale agreement dated 8 May 2013 (the “**Empyrean Pool ASA**”) and declared trusts over some of such Mortgage Loans and Related Security pursuant to a declaration of trust in favour of Cherub and over the remainder of such Mortgage Loans and Related Security pursuant to a declaration of trust in favour of Emyrean (the “**Empyrean Pool Declarations of Trust**”).

The Legal Title Holder purchased legal and beneficial title to a portfolio of Mortgage Loans and Related Security originated by Victoria Mortgage Funding Limited (dissolved) (the “**Victoria Pool**”) from UBS AG, London Branch (as legal title seller) and SNB Stabfund Kommanditgesellschaft für Kollektive Kapitalanlagen (as beneficial title seller) under a mortgage sale agreement dated 24 September 2013 (the “**Victoria Pool MSA**”), and declared trusts over some of such Mortgage Loans and Related Security pursuant to a declaration of trust in favour of Raphael and over the remainder of such Mortgage Loans and Related Security pursuant to a declaration of trust in favour of Seraphina (the “**Victoria Pool Declarations of Trust**”).

Raphael purchased the beneficial title and the Legal Title Holder purchased the legal title to a portfolio of Mortgage Loans and Related Security originated by Edeus Mortgage Creators Limited (in liquidation) (the “**Edeus Pool**”) from DB UK Bank Limited (as legal title seller) and Odin Mortgages Limited (as beneficial title seller) under a mortgage sale agreement dated 16 July 2014 (the “**Edeus Pool MSA**”).

Intaglio purchased the beneficial title to a portfolio of Mortgage Loans and Related Security originated by Mortgages PLC, Mortgages 1 Limited, Edeus Mortgage Creators Limited (in liquidation) and Wave Lending Limited (the “**Seraph Pool**”) from VP Resi Limited under a mortgage sale agreement dated 21 January 2013 and Intaglio purchased the beneficial title and the Legal Title Holder purchased the legal title to a portfolio of Mortgage Loans and Related Security originated by the same originators from Merrill Lynch International Bank Limited, Wave Lending Limited, Mortgages 1 Limited under a mortgage sale agreement dated 31 May 2013 (the “**Seraph Pool MSAs**”).

The Beneficial Title Seller purchased beneficial title to and the Legal Title Holder purchased the legal title to a portfolio of Mortgage Loans and Related Security originated by Amber Homeloans Limited, Associates Capital Corporation plc (now CitiFinancial Europe plc), Citibank Trust Limited (closed), Future Mortgages Limited, Rooftop Mortgages Limited and Southern Pacific Mortgage Limited (the “**Tempest Pool**”) from Future Mortgages Limited and Canada Square Operations Limited under a mortgage transfer agreement dated 17 December 2014 (the “**Tempest Pool MTA**”).

Warranties given to the Interim Sellers

The Victoria Pool MSA, the Tempest Pool MTA, the Seraph Pool MSAs and the Edeus Pool MSA contain limited warranties in respect of the relevant Mortgage Loans and such warranties do not in all circumstances cover all of the same matters which are covered by the warranties given by the Beneficial Title Seller and the Legal Title Holder to the Issuer under the Mortgage Sale Agreement.

In addition, it should be noted that the Legal Title Holder acquired the Emyrean Pool from Heritable Bank PLC (in administration) while it was in administration. Accordingly, under the terms of the Emyrean Pool ASA, Heritable Bank PLC (in administration) made no warranties to the Legal Title Holder in respect of the Mortgage Loans in the Emyrean Pool. In particular, no warranties were given by Heritable Bank PLC (in administration) as to the origination history of such Mortgage Loans and whether this was conducted in accordance with applicable lending criteria, applicable regulation and legislation or applicable market standards. In turn, the warranties which the Legal Title Holder was able to make to Cherub and Emyrean when transferring the beneficial title to such Mortgage Loans to them were extremely limited.

As noted above, the Mortgage Loans in the Magellan Pool were originated by the Legal Title Holder (trading as Magellan Homeloans) on behalf of Magellan. The origination arrangements include the following conditions to Magellan acquiring the beneficial title of these Mortgage Loans from the Legal Title Holder:

- (a) the Mortgage Loans are in compliance with Magellan's underwriting criteria; and
- (b) the Mortgage Loans are in compliance with certain eligibility criteria.

Recourse for Interim Sellers

Investors should note that the warranty claim limitation periods against the sellers of the Seraph Pool under the Seraph Pool MSAs and the sellers of the Victoria Pool under the Victoria Pool MSA have expired. The warranty claim limitation period against the sellers of the Edeus Pool under the Edeus Pool MSA will expire on 16 July 2016. The notice period in which to submit a warranty claim against the sellers of the Tempest Pool under the Tempest Pool MTA will expire substantially before the expiry of the limitation period applicable to claims by the Issuer against the Beneficial Title Seller or Legal Title Holder for a Relevant Breach. Any claim for a breach of warranty thereunder would be undertaken by the Beneficial Title Seller (in the case of the Tempest Pool MSA), with the proceeds of any such claim being applied to satisfy the obligations of the Beneficial Title Seller to pay to the Issuer the repurchase price due from it under the Mortgage Sale Agreement.

Recourse for the Issuer

The Issuer has no right of recourse against the sellers of the Magellan Pool under the Magellan Pool MSA, the sellers of the Seraph Pool under the Seraph Pool MSAs, the sellers of the Emyrean Pool under the Emyrean Pool ASA, the sellers of the Victoria Pool under the Victoria Pool MSA and the sellers of the Edeus Pool under the Edeus Pool MSA and no direct right of recourse against the sellers of the Tempest Pool under the Tempest MTA in the event of a Relevant Breach under the Mortgage Sale Agreement.

Recourse for the Beneficial Title Seller

The Beneficial Title Seller may claim against the Interim Sellers for a breach of warranty under a mortgage sale agreement between the Beneficial Title Seller, the Legal Title Holder, Cherub, Emyrean, Intaglio, Magellan, Raphael and Seraphina to be dated on or prior to the Closing Date in respect of the Mortgage Loans (the "**Interim Seller MSA**").

The Beneficial Title Seller has no right of recourse against the sellers of the Seraph Pool under the Seraph Pool MSAs, the sellers of the Emyrean Pool under the Emyrean Pool ASA, the sellers of the Victoria Pool under the Victoria Pool MSA, the sellers of the Edeus Pool under the Edeus Pool MSA or the sellers of the Tempest Pool under the Tempest MTA in the event of a Relevant Breach under the Mortgage Sale Agreement.

Knowledge

Neither of the Legal Title Holder (other than in the case of the Magellan Pool) nor the Beneficial Title Seller has any direct knowledge as to whether an Asset Warranty or Legal Title Holder Asset Warranty which relates to the origination process is correct or not or (where a warranty is qualified by reference to the awareness of

the Beneficial Title Seller or the Legal Title Holder) it may not have actual knowledge of any relevant matters which give rise to a breach of warranty. The Asset Warranties are given merely to allow the Issuer to require the Beneficial Title Seller or the Legal Title Holder to repurchase or purchase (as applicable) the relevant Mortgage Loan in the case of a Relevant Breach. No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee would normally be expected to carry out have been or will be made by the Issuer or the Trustee, each of whom is relying entirely upon the Asset Warranties and the Legal Title Holder Asset Warranties.

To the extent that an Asset Warranty or Legal Title Holder Asset Warranty is not expressed to be limited by reference to the awareness of the Beneficial Title Seller or the Legal Title Holder, the Beneficial Title Seller or the Legal Title Holder (as applicable) will nevertheless be liable to repurchase a Mortgage Loan in relation to which there has been a Relevant Breach of warranty subject, in the case of the Legal Title Holder, to any limitations in time set forth in the Mortgage Sale Agreement, including a limitation that no claim for a Relevant Breach of a Legal Title Holder Asset Warranty may be made after the date which falls 60 months after the Closing Date.

Claims against third parties

The Legal Title Holder has assigned any causes and rights of actions that it has against solicitors and valuers to the Issuer pursuant to the Mortgage Sale Agreement, to the extent that they are assignable. However, the Legal Title Holder was not the originator of the related Mortgage Loans (other than the Magellan Pool), and such rights may not have been legally assigned to the Legal Title Holder by the related Originator or seller of such Mortgage Loan. The Issuer may therefore not have any direct rights against any solicitors or valuers who, when acting for the relevant Originator or seller in relation to the origination of any Mortgage Loan, may have been negligent or fraudulent.

Enforcement

In relation to enforcement generally, even assuming that the Properties provide adequate security for the Mortgage Loans, costs and delays could be encountered in connection with enforcement of the Mortgages and recovery of the Mortgage Loans with corresponding delays in the receipt of related proceeds by the Issuer.

In order to realise its security in respect of a Property, the relevant mortgagee will need to obtain possession. In England and Wales, there are two means of obtaining possession for this purpose: first, by taking physical possession (seldom done in practice) and secondly, by applying for, obtaining and enforcing a court order. In Northern Ireland, the applicable Pre-Action Protocol for possession proceedings based on mortgage arrears in respect of residential property must first be followed. After that, possession can only be obtained by applying for, obtaining and enforcing a court order.

The courts in England, Wales and Northern Ireland have a very wide discretion and may adopt a sympathetic attitude towards a Borrower at risk of eviction. If a possession order in favour of the relevant mortgagee is granted, it may be suspended to allow the Borrower more time to pay. Once possession of the Property has been obtained, the relevant mortgagee has a duty to the Borrower to take reasonable care to obtain a proper price for the Property. Any failure to do so will put the relevant mortgagee at risk of an action for breach of such duty by the Borrower, although it is for the Borrower to prove breach of such duty. There is also a risk that a Borrower may also take court action to force the relevant mortgagee to sell the Property within a reasonable time.

If a mortgagee takes physical possession it will, as mortgagee in possession, have an obligation to account to the Borrower for the income obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property and may incur certain financial liabilities in respect of the Property. Actions for possession are regulated by statute and the courts have certain powers to adjourn possession

proceedings, to stay any possession order or postpone the date for delivery of possession. The court will exercise such powers in favour of a Borrower, broadly, where it appears to the court that such Borrower is likely to be able, within a reasonable period, to pay any sums due under the Mortgage or to remedy any default consisting of a breach of any other obligation arising under or by virtue of the Mortgage.

In Scotland, the position is broadly equivalent to that in England, Wales and Northern Ireland (although references in this Prospectus to a "mortgagee" or "mortgagees" are to be read as "heritable creditor" or "heritable creditors" (being the Scottish equivalent of mortgagees) in relation to Scottish Mortgages).

Some of the Borrowers are overseas, which could make the enforcement process more protracted.

The Trustee has the absolute discretion, at any time, to refrain from taking any action under the Trust Deed or the Security Deed or any of the Transaction Documents including becoming a mortgagee in possession in respect of any property contained within the Mortgage Portfolio, unless it is satisfied at that time that it is indemnified and/or secured and/or prefunded to its satisfaction against any liability which it may incur by so acting.

Collection of amounts due under Mortgage Loans

The collection of amounts due under the Mortgage Loans is subject to credit, liquidity and interest rate risks and will generally vary in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other similar factors. Other factors (including factors which may not affect real estate values) may have an impact on the ability of the Borrowers to repay the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay Mortgage Loans.

In addition, the ability of the Issuer to dispose of a Property, in the event of enforcement against a Borrower at a price sufficient to repay the amounts outstanding under the relevant Mortgage Loan will depend upon a number of factors including the availability of buyers for the Property.

Risk of Losses Associated with Declining Property Values

The Security for the Notes consists of the Charged Property and may be affected by, among other things, a decline in the value of the Properties. No assurance can be given that the values of the Properties have remained or will remain at the level at which they were on the dates of origination of the related Mortgage Loans. Declines in property values could in certain circumstances result in the value of the Mortgages supporting the Mortgage Loans being significantly reduced and, ultimately, may result in losses to the Noteholders if the Security is required to be enforced.

Prospective investors should be aware that, other than the valuation of Properties undertaken as at origination (including valuations using automated valuation models), no other full revaluation of any Property to a similar standard to that undertaken as at origination has been undertaken by any Seller, the Issuer, the Trustee or any other person in respect of the transactions described in this document.

Lending Criteria

The Mortgage Portfolio comprises mortgage loans secured on:

- (a) residential properties; and
- (b) properties which are used predominantly for residential, but also for commercial purposes ("Semi-Commercial" properties).

The Mortgage Portfolio comprises mortgage loans made to Borrowers that include borrowers who are self-employed individuals or have self-certified their income or are otherwise considered by banks and building

societies to be non-prime borrowers or are applying the mortgage loan to purchase buy to let properties (such borrowers, “**Non-Conforming Borrowers**”) and includes Borrowers who are individuals and who may previously have been subject to a county court judgment, or the Scottish equivalent, an individual voluntary arrangement, debt arrangement scheme or bankruptcy or sequestration order. Mortgage Loans made to Non-Conforming Borrowers may experience higher rates of delinquency, write-offs, enforcement and bankruptcy than have historically been experienced by mortgage loans made to prime borrowers and therefore carry a higher degree of risk.

Risk of Losses Associated with high LTV Mortgage Loans

As of the Provisional Cut-Off Date, approximately 36.97 per cent. of the loans in the Provisional Mortgage Portfolio by value have a current loan to value ratio (being the current balance made divided by original valuation) in excess of 100 per cent. There can be no assurance that mortgage loans with higher loan to value ratios will not experience higher rates of delinquency, write offs, enforcement and bankruptcy than mortgage loans with lower loan to value ratios.

Risk of Losses Associated with Interest Only Mortgage Loans

As of the Provisional Cut-Off Date, approximately 75.37 per cent. of the loans in the Provisional Mortgage Portfolio by value constitute Interest Only Mortgage Loans. Interest Only Mortgage Loans are originated with a requirement that the Borrower pay scheduled interest payments only and, as such, there is no scheduled amortisation of principal. Consequently, upon the maturity of an Interest Only Mortgage Loan, the Borrower will be required to make a bullet payment that will represent the entirety of the Principal Outstanding Balance. The ability of such Borrower to repay an Interest Only Mortgage Loan at maturity frequently depends on such Borrower’s ability to refinance the Property, to sell the Property, or to obtain funds from another source such as pension policies, personal equity plans or endowment policies (the “**Policies**”). No Originator has represented that it required that such Policies be established with respect to any Interest Only Mortgage Loans, nor has the benefit of any such Policies been assigned to the Legal Title Holder or the Beneficial Title Seller. The only security that exists will therefore be the Mortgage covering the Property. The ability of a Borrower to refinance the Property will be affected by a number of factors, including the value of the Property, the Borrower’s equity in the Property, the financial condition and payment history of the Borrower, tax laws and general economic conditions at that time. In recent times, mortgage lenders have maintained stricter conditions to the advancing of interest only and other mortgage loans than applied when the Originators (other than the Legal Title Holder) originated the Interest Only Mortgage Loans. Investors should note, however, that the Legal Title Holder retains the ability to agree to product switches (subject to certain conditions), including any variation of a Mortgage Loan to amend its repayment terms from an interest only repayment to a capital repayment, as more particularly described under ‘*Assignment of the Mortgage Loans and Related Security – Permitted Variations to Mortgage Loans*’ below.

Risk of Losses Associated with Non-Owner Occupied Properties

As of the Provisional Cut-Off Date, approximately 12.35 per cent. of the loans in the Provisional Mortgage Portfolio by value are secured by non owner occupied freehold or leasehold properties or (if located in Scotland) the heritable or long lease property charged as security for the repayment of a Mortgage Loan (each a “**Property**”) (such Mortgage Loans, “**Buy-to-Let Mortgage Loans**”). These Properties are generally rented to tenants by the relevant Borrowers.

As such, the security for the Notes will also from time to time be affected by the condition of the private residential rental market in England and Wales, Scotland and Northern Ireland and, in particular, the condition of the private rental market within the various regional areas in England and Wales, Scotland and Northern Ireland where the relevant Properties are located. The condition of the rental market will influence both the

ability of Borrowers to find tenants and the amount of rental income which may be achieved by the relevant Borrower in any letting.

There can be no guarantee that each Property will be tenanted throughout the life of the Mortgage Loan, that the rental income achievable from the tenancies of the relevant Property will be sufficient to provide the Borrower with sufficient income to meet the Borrower's obligations in respect of the Mortgage Loan during the life of such Mortgage Loan, that the tenancies will be on market terms, that a tenant will always be able to pay their rent and that a Borrower will always respect the terms of such tenancy relating to the maintenance of the relevant Property. The obligations of a Borrower to make payments under a Mortgage Loan are without regard to whether the relevant Property is let and without regard to the amount of rent received from the relevant tenant however these factors may affect the Borrower's ability to satisfy its obligations under the Mortgage Loans.

Upon enforcement of a non-owner occupied Mortgage Loan in respect of a related Property, which is the subject of an existing tenancy, the Servicer may not be able to obtain vacant possession of that Property until the end of the tenancy. If the Servicer enforces while the tenancy is continuing and sells the relevant Property as an investment property with one or more sitting tenants, it may affect the amount which may be realised in the sale. However, because the terms of most tenancies that are assured shorthold tenancies are for up to a maximum of twelve months, a tenanted property will often be vacated sooner than an owner occupied property. Enforcement in such circumstances can be by appointment of a receiver who can sell a Property without the need to take possession (as described in the section entitled "*Enforcement*" above). Additionally, a receiver has a right to collect rents payable in respect of such Property (although not in relation to Properties located in Scotland). Under Scots law, a receiver cannot be appointed under a standard security, and the only enforcement which may be carried out is a full enforcement of the charge.

On 8 July 2015, the UK Government announced plans to restrict the amount of income tax relief that individual landlords can claim for residential property finance costs (such as mortgage interest) to the basic rate of tax. Such restriction will be introduced gradually from 6 April 2017. The introduction of these restrictions may adversely affect the private residential rental market in England, Wales, Scotland or Northern Ireland in general, or the ability of individual Borrowers of Buy-to-Let Mortgage Loans to meet their obligations under those Mortgage Loans.

Risk of Losses and Delays Associated with Arrears Loans

As of the Provisional Cut-Off Date, approximately 25.93 per cent. of the loans in the Provisional Mortgage Portfolio by value are in arrears of at least three months. In addition, approximately 51.12 per cent. and 71.30 per cent. of the loans in the Provisional Mortgage Portfolio by value had been in arrears of at least three months by value at some point during the past two years and five years respectively.

Some Borrowers may have breached payment or non-payment obligations under the Mortgage Loans during the period since they were originated. Some breaches (including payment arrears) have been remedied, but some breaches and arrears remain outstanding. Mortgage Loans in arrears or formerly in arrears may experience higher rates of delinquency, write offs, enforcements and bankruptcy than mortgage loans without such arrears or breaches.

The amount of and timing of receipt by the Issuer of Receivables in respect of Mortgage Loans which are in arrears is, in part, determined by the Servicer's ability to negotiate restructurings or discounted pay-offs with the relevant Borrowers or, in the case of Borrowers who are unwilling or unable to enter into such transactions, the ability to enforce the related Mortgages. If the Servicer is unable to reach agreement with Borrowers whose loans are in arrears, this may delay receipt by the Issuer of Receivables, which may in turn affect the ability of the Issuer to make payments on the Notes.

Risk of Losses Associated with Loans with Properties in possession

As of the Provisional Cut-Off Date, approximately 0.35 per cent. of the loans in the Provisional Mortgage Portfolio by value are secured by mortgage loans with Properties in possession. As a result of a breach of payment or non-payment obligations under the Mortgage Loans during the period since they were originated, the mortgagee under the Mortgage Loans may take physical possession of the related Properties. The proceeds of the sale of a Property in possession may not cover the Principal Outstanding Balance of the related Mortgage Loan.

Risk of Losses Associated with Self Certified Loans

As of the Provisional Cut-Off Date, approximately 39.32 per cent. of the loans in the Provisional Mortgage Portfolio by value constitute mortgage loans in relation to which income and employment details of the Borrower are not substantiated by supporting documentation. The rate of delinquencies, write offs, enforcements and losses on such mortgage loans may be higher from those in respect of mortgage loans where supporting documentation has been provided in respect of the income or employment details of the Borrower.

Geographic Concentration of Properties

Certain geographic regions will from time to time experience weaker regional economic conditions and housing markets than other regions and, consequently, will experience higher rates of loss and delinquency on mortgage loans generally.

There are concentrations of Properties within certain regional areas which may present risk considerations in addition to those generally present for similar mortgage loan asset backed securities without such concentrations. See the section entitled “*Characteristics of the Provisional Mortgage Portfolio*”.

Realisation of Charged Property and Liquidity Risk

The ability of the Issuer to redeem all the Notes in full and to pay amounts to the Noteholders including after the occurrence of an Event of Default, may depend upon whether the Mortgage Loans can be realised to obtain an amount sufficient to redeem the Notes. There may not be an active and liquid secondary market in the United Kingdom for loans with characteristics similar to the Mortgage Loans. It may not, therefore, be possible for the Issuer or, as the case may be, the Trustee or a Receiver to sell the Mortgage Loans on appropriate terms should such a course of action be required.

Servicing of the Mortgage Loans and Reliance on Third Parties

If the appointment of the Servicer is terminated under the Servicing Agreement, it would be necessary for the Back-Up Servicer (in accordance with the Back-Up Servicing Agreement), or a substitute servicer with experience of servicing residential property mortgage loans in the United Kingdom, to be appointed. Such appointment would be made on the terms of the Back-Up Servicing Agreement (in the case of the Back-Up Servicer) or (in the case of a substitute servicer which is not the Back-Up Servicer) on substantially the same terms as those set out in the Servicing Agreement. Where the substitute servicer is not the Back-Up Servicer, it will also be a requirement either that the Rating Agencies do not indicate (within a period of 30 days) that such appointment would result in negative action in relation to the then current ratings of the Notes, or that such appointment is ratified by an Extraordinary Resolution of the holders of the Most Senior Class.

The ability of the Back-Up Servicer or a substitute servicer fully to perform the required services would depend on the information, software and records available at the time of the relevant appointment. Further, no assurance can be given that upon termination, the Back-Up Servicer will be able to perform its duties under the Back-Up Servicing Agreement or that the Issuer will be able to appoint a suitable substitute servicer and the Trustee has no obligation to act as servicer in such event.

At all times the Back-Up Servicer will require at least 60 days' notice before it is obliged to assume the servicing.

It should also be noted that, under the Servicing Agreement, the Servicer may resign at any time with effect on or after the Optional Redemption Date upon giving 120 days' notice (which may expire sooner if the designated Back-Up Servicer or other replacement is in place prior to the expiry of this time and is fully operational). See the section entitled "*Servicing of the Mortgage Portfolio*".

The Servicer has the ability under the Servicing Agreement to sub-contract its obligations. Notwithstanding any such sub-contracting to any party or delegation of the performance of any of its obligations under the Servicing Agreement, the Servicer will remain responsible for the performance of such obligations under the Servicing Agreement.

The Servicer has no obligation to advance payments that Borrowers fail to make in a timely fashion.

It should also be noted that, unless a Perfection Event is continuing, the Servicer will take instructions from the Legal Title Holder in relation to the services to be provided by it under the Servicing Agreement, and not from the Issuer or the Trustee. Only if a Perfection Event is continuing and has been notified to the Servicer will the Servicer take instructions from the Issuer (or, if an Enforcement Notice has been served and notified to the Servicer, the Trustee).

The Issuer is party to contracts with a number of other third parties who have agreed to perform services in relation to the Notes. In particular, but without limitation, the Cash Manager under the Cash Management Agreement, the Transaction Account Bank under the Transaction Account Agreement, the Principal Paying Agent, the Agent Bank and the Registrar under the Agency Agreement and the Corporate Services Provider under the Corporate Services Agreement have all agreed to provide services with respect to the Notes. If any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party or were to resign from their appointment or if their appointment under the agreements to which they are a party were to be terminated (in each case, without being replaced), Noteholders may be adversely affected. It should also be noted that the liability of a number of these parties, including the Servicer, the Back-Up Servicer and the Cash Manager, is limited in accordance with the terms of their relevant agreements.

Role of the Legal Title Holder in Servicing

For so long as a Perfection Event is not continuing, the Servicer will take instructions from the Legal Title Holder in relation to certain actions in relation to the Mortgage Loans and the Related Security. These are more particularly described in the section entitled "*Servicing of the Mortgage Portfolio*". In the event of an insolvency of the Legal Title Holder, leading to a Perfection Event, the Issuer or the Trustee (acting upon the instructions of the Most Senior Class by way of Extraordinary Resolution) will have sole discretion to appoint an appropriate service provider to perform (or provide instructions in relation to procuring performance of) these actions. There can be no assurance that the Issuer or the Trustee will be able to appoint a suitable replacement to perform these actions. In the event of a failure to do so, the rate of repayment of the Mortgage Portfolio may be affected which in turn may adversely affect the average weighted life of the Notes and their yield to maturity.

Buildings Insurance Policy

If a Borrower does not have building insurance and where the Legal Title Holder is not aware of that failure to insure, the beneficial owner of the relevant Mortgage Loan will have the benefit of a contingency policy (the "**Contingency Policy**").

There is no guarantee that the insurer under the Contingency Policy will be able to meet its obligations to pay amounts due under the Contingency Policy in all circumstances.

Title of the Issuer

Legal title to all of the Mortgage Loans and (subject to registration or recording at the Land Registry of England and Wales, the Land Registry or the Registry of Deeds in Northern Ireland (together, the “**Land Registers of Northern Ireland**”) or the Land Register of Scotland or the General Register of Sasines (together, the “**Registers of Scotland**”)) their related Mortgages are currently vested in the Legal Title Holder.

Legal title to the Mortgage Loans and their related Mortgages will only be transferred to the Issuer in the limited circumstances described in the section entitled “*Assignment of the Mortgage Loans and Related Security*”. Prior to the Issuer obtaining legal title to the Mortgage Loans and Mortgages, a bona fide purchaser from the Legal Title Holder for value of any of such Mortgage Loans without notice of any of the interests of the Issuer or the Trustee might obtain a good title free of any such interest. However, the risk of third party claims obtaining priority to the interests of the Issuer or the Trustee in this way is likely to be limited to circumstances arising from a breach by the Legal Title Holder of its contractual obligations or fraud, gross negligence or mistake on the part of the Legal Title Holder or the Issuer or their respective personnel or agents. Further, the rights of the Issuer and the Trustee may be or become subject to the direct rights of the Borrowers against the Legal Title Holder. Such rights may include the rights of set off which arise in relation to transactions made between certain Borrowers and the Legal Title Holder and the right of the relevant Borrowers to redeem their Mortgage Loans by repaying the relevant Mortgage Loan directly to the Legal Title Holder. These rights may result in the Issuer receiving less monies than anticipated from the Mortgage Loans. In respect of Scottish Mortgage Loans, references in this Prospectus to “set off” are to be read as analogous rights in Scotland.

Until the Issuer obtains legal title to the Mortgage Loans and their related Mortgages, the sale of the English and Northern Irish Mortgage Loans and their related Mortgages will take effect in equity only. The sale of Scottish Mortgage Loans and their related Mortgages will take effect as a contractual sale only on the Closing Date. The transfer of such Scottish Mortgage Loans and their related Mortgages from the Beneficial Title Seller to the Issuer will be given effect by the Scottish Declaration of Trust (as described in the section entitled “*Assignment of the Mortgage Loans and Related Security*”) by which the beneficial interest in such Scottish Mortgage Loans and their related Mortgages will be granted in favour of the Issuer. The holding of a beneficial interest under a Scottish trust has (broadly) equivalent legal consequences in Scotland to the holding of an equitable interest in England and Wales, as described in the paragraph above (namely, the Issuer's interest in the property held on trust may become subject to the interests of bona fide third party purchasers who have completed title to the relevant property). Similarly, prior to notice of the trust being given to a Borrower, there is a risk that the Borrower may exercise certain rights of set-off against the Legal Title Holder.

In all cases, this means that in order for legal title to be transferred to the Issuer, transfers, conveyances, assignments and assignations would have to be registered or recorded at the Land Registry of England and Wales, the Land Registers of Northern Ireland or the Registers of Scotland, as the case may be, and notice would have to be given to Borrowers of the transfer.

Land Registration Reform in Scotland

The Land Registration etc. (Scotland) Act 2012 (the “**2012 Act**”) came into force in Scotland on 8 December 2014. One of the policy aims of the 2012 Act is to encourage the transfer of property titles recorded in the historic General Register of Sasines to the more recently established Land Register of Scotland with the aim of eventually closing the General Register of Sasines.

At present, title to a residential property that is recorded in the General Register of Sasines will usually only require to be moved to the Land Register of Scotland (a process known as ‘first registration’) when that

property is sold or if the owner decides voluntarily to commence first registration. However, the 2012 Act sets out additional circumstances which, when the relevant provisions are brought into effect, will trigger first registration of properties recorded in the General Register of Sasines, including (i) the recording of a standard security (which would extend to any standard security granted by the Issuer in favour of the Trustee over Scottish Mortgages in the Portfolio which are recorded in the General Register of Sasines, pursuant to the terms of the Security Deed following a Perfection Event (a "**Scottish Sasine Sub-Security**")) or (ii) the recording of an assignation of a standard security (which would extend to any assignation granted by the relevant Seller in favour of the Issuer in respect of Scottish Mortgages in the Portfolio recorded in the General Register of Sasines, pursuant to the terms of the relevant Mortgage Sale Agreement following a Perfection Event (a "**Scottish Sasine Transfer**")).

The commencement date of the relevant provisions of the 2012 Act relating to the recording of standard securities has been confirmed as being 1 April 2016 (the "**Commencement Date**"). The advance announcement of the Commencement Date is intended to allow lenders and their advisers time to plan for the change in the registration system and only standard securities created over properties recorded in the General Register of Sasines after the Commencement Date will be affected. As the transaction contemplated by the Transaction Documents involves the sale of a static pool of mortgages and standard securities, these changes should not have any immediate effect in relation to the Scottish Mortgages contained in the Portfolio at the Closing Date.

However, if a Perfection Event occurs following the Commencement Date then an application to record a Scottish Sasine Sub-Security in relation to Scottish Mortgages in the Portfolio (following the transfer of legal title to such Scottish Mortgages by way of a Scottish Sasine Transfer) could trigger a first registration in the Land Register of Scotland of the underlying Scottish Properties secured by the relevant Scottish Mortgages.

The Registers of Scotland published a report on the consultation on 15 February 2015 stating that for the time being, other deeds such as assignations of standard securities (including Scottish Sasine Transfers) will continue to be accepted in the General Register of Sasines indefinitely although the Registers of Scotland have reserved the right to consult further on this issue in the future.

The impact of these changes to the Scottish land registration system is unlikely to be of material detriment to the Trustee or to the Noteholders for the following reasons: (i) the Registers of Scotland report on the consultation process indicated that whilst these changes are likely to prolong completion of the registration process, where possible they will take a pragmatic view and not burden parties (such as the Issuer, Trustee or the Borrower who owns the underlying Scottish Property) with unreasonable or arbitrary costs; and (ii) whilst the prolonged registration process is likely to be of practical inconvenience to the Trustee and Noteholders, the validity and effectiveness of any Scottish Sasine Sub-Security would be unaffected by the change to the registration system (and the relevant Scottish Mortgages would in any event continue to be covered by the floating charge granted by the Issuer under the Security Deed). However, it is likely that, were a Perfection Event to occur after the Commencement Date, the parties involved would encounter increased legal and other third party costs relating to the first registration process and additional administrative burden.

As noted above, no indication has been given as to when or if the above provisions may be extended to other types of dealing with a standard security, such as assignations. However, if the General Register of Sasines becomes closed to assignations of standard securities under the same provisions at any time subsequent to the Closing Date then this would also have an impact on the registration of Scottish Sasine Transfers executed following a Perfection Event in a manner similar to Scottish Sasine Sub-Securities, with the probability of higher legal costs and a longer period required to complete registration than would currently be the case.

As noted above, such events will only occur following a Perfection Event and given that the proportion of residential properties in Scotland which remain recorded in the General Register of Sasines continues to

decline (Registers of Scotland estimate that in December 2013 57.18% of property titles in Scotland were registered in the Land Register of Scotland) it is likely that, in relation to the current Portfolio where (as at the Provisional Cut-Off Date) 5.90 per cent. of the Properties (representing 4.37 per cent. of the current balance of the Mortgage Portfolio) are located in Scotland, only a minority of the Scottish Mortgages will be recorded in the General Register of Sasines.

General Regulatory Considerations

No assurance can be given that any relevant regulatory authority will not in the future take action or that future adverse regulatory developments will not arise with regard to the mortgage market in the United Kingdom generally, or specifically in relation to the Servicer, the Legal Title Holder or the Back-Up Servicer. Any such action or developments may have a material adverse effect on the Mortgage Loans, the Issuer, the Servicer, the Legal Title Holder or the Back-Up Servicer (as the case may be) and their respective businesses and operations. In particular, the cost of compliance with any such regulation, action or requirement may adversely affect the ability of the Issuer to meet its financial obligations under the Transaction Documents.

Changes to the UK regulatory structure

The way in which providers of mortgage loans are licensed and regulated has been changed as a result of two developments.

First, the Financial Services Act 2012 came into force on 1 April 2013 and established a new regulatory body, the Financial Conduct Authority (the “**FCA**”). The FCA commenced its regulatory responsibilities as the new regulator on that date. The FCA has power to render unenforceable contracts made in contravention of its product intervention rules. The Financial Services Act 2012 also formalises cooperation between the FCA and the Financial Ombudsman Service, particularly where issues identified have potentially wider implications. The Financial Services Act 2012 also created the Prudential Regulation Authority (the “**PRA**”), which is responsible for the prudential supervision of deposit takers, insurers and a small number of significant investment firms.

Secondly, the way in which providers of credit and related companies are licensed was changed in the United Kingdom. On 1 April 2014, the scope of the Financial Services and Markets Act 2000 (“**FSMA**”) was extended, by amendment to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (the “**Regulated Activities Order**”) *inter alia*, to include regulation of certain credit agreements (“**Regulated Credit Agreements**”) which were previously regulated primarily under the Consumer Credit Act 1974 (“**CCA**”). Responsibility for the regulation of consumer credit was transferred from the Office of Fair Trading (“**OFT**”) to the FCA with effect from 1 April 2014. The FCA is now responsible for the conduct of business and ensuring that business across financial services and markets is conducted in a way which advances the interests of all users and participants.

As a result of the above developments, the FCA now regulates under FSMA loans falling within either the Regulated Mortgage Contracts (as defined below) regime or the Regulated Credit Agreements regime. To avoid duplication, Regulated Mortgage Contracts are excluded from the definition of Regulated Credit Agreements such that a given mortgage loan cannot fall within both of the Regulated Mortgage Contracts and Regulated Credit Agreements regimes under FSMA.

Whilst the licensing regime under the CCA has been repealed and replaced by a similar regime under FSMA, other parts of the CCA remain in force and continue to regulate agreements which are Regulated Credit Agreements under FSMA and, in some cases, regulate contracts which are Regulated Mortgage Contracts under FSMA.

At this stage it is still not certain what effect these changes in regulatory structure will have on the Mortgage Loans, the Legal Title Holder, the Beneficial Title Seller and the Issuer and their respective businesses and operations, which may affect the Issuer's ability to make payments in full on the Notes when due.

Mortgages Regulated under FSMA

In the United Kingdom, regulation of certain residential mortgage business under FSMA came into force on 31 October 2004 (the "**Mortgage Regulation Date**"). This regulatory power is exercised by the FCA as of 1 April 2013. Prior to that date this power was exercised by the previous regulator, the Financial Services Authority ("**FSA**"). Subject to certain exemptions, entering into, arranging or advising in respect of or administering Regulated Mortgage Contracts (as defined below) (or agreeing to do any of these things) are regulated activities under FSMA requiring authorisation or exemption under FSMA when carried out in the United Kingdom.

A credit agreement is a "**Regulated Mortgage Contract**" under FSMA if, at the time it is entered into on or after the Mortgage Regulation Date (a) the borrower is an individual or trustee, (b) the contract provides for the obligation of the borrower to repay to be secured by (in England and Wales) a first ranking legal mortgage or (in Scotland) a first ranking standard security or (in Northern Ireland) a valid and subsisting first ranking charge or legal mortgage on land (other than timeshare accommodation) in the United Kingdom and (c) at least 40 per cent. of that land is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust or by a related person.

The Servicer holds authorisation and permission to enter into and to administer Regulated Mortgage Contracts. The Issuer is not and does not propose to be an authorised person under FSMA. The Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not require authorisation to carry on the regulated activity of administering Regulated Mortgage Contracts because the Mortgage Loans are administered pursuant to the Servicing Agreement by the Servicer, which has the required FCA authorisation and permission. If the Servicing Agreement terminates, however, the Issuer will have a period of not more than one month in which to arrange for mortgage administration to be carried out by the Back-Up Servicer or a replacement servicer having the required FCA authorisation and permission.

Given that the Issuer will not itself be an authorised person under FSMA, in the event that an agreement for a Mortgage Loan is varied such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an entity such as the Legal Title Holder or the Servicer or a replacement servicer (as appropriate) having the required FCA authorisation and permission.

Any credit agreement intended to be a Regulated Mortgage Contract under FSMA might instead be wholly or partly regulated by the CCA or treated as such, or unregulated, and any credit agreement intended to be regulated by the CCA or treated as such, or unregulated, might instead be a Regulated Mortgage Contract under FSMA, because of technical rules on (a) determining whether the credit agreement or any part of it falls within the definition of Regulated Mortgage Contract and (b) changes to credit agreements.

The FCA's Mortgages and Home Finance: Conduct of Business sourcebook ("**MCOB**") sets out the FCA's rules for regulated mortgage activities. The original version of these rules came into force on 31 October 2004, under the handbook of the previous regulator, the FSA. Since 1 April 2013, these rules are located in the FCA's handbook. These rules cover, among other things, certain pre-origination matters such as financial promotion and pre-application illustrations, pre-contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossessions.

If requirements as to authorisation and permission of lenders and brokers or as to issue and approval of financial promotions are not complied with, the mortgage loan will be unenforceable against the relevant borrower except with the approval of a court. In addition, a borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of an FCA rule (including the rules in MCOB), and may set off the amount of the claim (or exercise analogous rights in Scotland or Northern Ireland) against the amount owing by the borrower under the loan or any other loan that the borrower has taken. Any such set-off in relation to a loan in the Mortgage Portfolio may adversely affect the Issuer's ability to make payments on the Notes. An unauthorised person who administers a Regulated Mortgage Contract entered into on or after the Mortgage Regulation Date may commit a criminal offence, but this will not render the Regulated Mortgage Contract unenforceable against the borrower.

Contracts that were entered into before the Mortgage Regulation Date would not have been regulated by the Regulated Mortgage Contract regime. They may or may not have been regulated by the CCA depending on their terms and other relevant circumstances. Such pre Mortgage Regulation Date contracts may now be regulated by the Regulated Credit Agreement regime under FSMA (which broadly covers those contracts previously primarily regulated under the CCA). Further, if such contracts (whether or not formerly subject to the CCA) were or are subsequently changed such that a new contract is entered into on or after the Mortgage Regulation Date, that contract will be regulated under the Regulated Mortgage Contract regime where it falls within the definition of "Regulated Mortgage Contract", in which case it would have ceased to be regulated by the CCA (in the case of new contracts entered into prior to 1 April 2014 and which were previously regulated under the CCA) or by the Regulated Credit Agreement regime under FSMA (in the case of new contracts entered into on or after 1 April 2014 and which were previously regulated under the Regulated Credit Agreement regime).

In June 2010 the previous regulator, the FSA, made changes to MCOB which effectively converted previous guidance on the policies and procedures to be applied by authorised firms with respect to forbearance in the context of Regulated Mortgage Contracts into formal mandatory rules. Under the new rules, a firm is restricted from repossessing a property unless all other reasonable attempts to resolve the position have failed and, in complying with such restriction, a firm is required to consider whether, given the relevant borrower's circumstances, it is appropriate to take certain actions. Such actions refer to (amongst other things) the extension of the term of the mortgage, product type changes and deferral of interest payments. While the FSA had previously indicated that it did not expect each forbearance option referred to in the new rules to be explored at every stage of interaction with the borrower, it is clear that the new rules impose mandatory obligations on firms without regard to any relevant contractual obligations or restrictions. These rules are currently effective under the FCA handbook. As a result, the new rules may operate in certain circumstances to require the Servicer to take certain forbearance-related actions which do not comply with the Transaction Documents (and, in particular, the asset servicing arrangements contemplated by such Transaction Documents) in respect of one or more Mortgage Loans. No assurance can be made that any such actions will not impact adversely on the Issuer's ability to make payments on the Notes, although the impact of this will depend on the number of Mortgage Loans which involve a Borrower who experiences payment difficulties. It remains to be seen if the FCA, will adopt a more stringent approach towards the regulation of residential mortgage business than that adopted by the FSA.

Recent changes to United Kingdom mortgage regulation

In November 2009, the government of the United Kingdom launched a consultation on mortgage regulation, which set out proposals to extend the scope of the powers of the previous regulator, the FSA, to include buy-to-let mortgages and introduce a regulated activity of managing Regulated Mortgage Contracts which is intended to protect consumers when mortgage loans are sold. If put into effect such regulatory powers would now be exercised by the FCA. The consultation followed the announcements on mortgage regulation made in

the July 2009 “*Reforming financial markets*” consultation paper, which set out the Government’s proposals for reform of the financial system.

In its follow-up paper “*Mortgage regulation: summary of responses*”, published in March 2010, the Treasury acknowledged an industry concern that the proposed regulated activity of managing Regulated Mortgage Contracts was drawn too widely and could potentially extend to include the activities of special purpose vehicles (such as the Issuer) used in the wholesale mortgage markets. On 26 January 2011, the Treasury announced revised proposals on the sale of mortgage books. In a related impact assessment, the Treasury has indicated that rather than creating a new regulated activity of ‘managing’ a Regulated Mortgage Contract, the definition of the existing regulated activity of ‘administering’ Regulated Mortgage Contracts will be extended to cover unregulated mortgage holders who exercise specified rights (such as changing interest rates) under mortgage contracts. This is considered to be the most effective way to ensure consumer protection without affecting lenders’ ability to securitise their mortgage loans. However, until the statutory instruments introducing the Treasury’s proposals are published, it is not certain what effect the expansion of the regulated activity of administering Regulated Mortgage Contracts would have on the Legal Title Holder, the Issuer and/or the Servicer and their respective business and operations. The relevant statutory instruments are yet to be published.

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

Key changes include a requirement for lenders to undertake affordability assessments at origination (including verifying income in all cases) and undertake stress tests to ensure mortgages remain affordable when interest rates increase. For interest-only mortgages, lenders must check that borrowers have a credible plan to repay the capital at the end of the loan. There are also changes to disclosure requirements (the initial disclosure document is replaced with the requirement for firms to disclose key messages to customers), arrears management and the sales process. The FCA started to track firms’ progress towards implementation of the mortgage market review from the second quarter of 2013, and mortgages entered into on or after 26 April 2014 must comply with these new rules.

Given that all of the Mortgage Loans (other than the Magellan Pool) will have been entered into prior to 26 April 2014, these new rules will only apply to a Mortgage Loan (other than the Magellan Pool) if (i) it is varied so as to increase the principal amount outstanding under the relevant Loan (e.g. by way of further advance) on or after 26 April 2014; and (ii) MCOB applies to the Mortgage Loan generally. However, to the extent that the new rules do apply to any of the Mortgage Loans, failure to comply with these rules may entitle a Borrower to claim damages for loss suffered or set-off the amount of the claim against the amount owing under the Mortgage Loan. Any such claim or set-off may adversely affect the Issuer’s ability to make payment on the Notes.

Any further changes to MCOB arising from the FCA’s mortgage market review, or to MCOB or FSMA arising from HM Treasury’s proposals to change mortgage regulation or changes in the regulatory framework, may adversely affect the Loans, the Legal Title Holder and/or the Servicer and their respective businesses and operations.

The Regulated Credit Agreement Regime under FSMA

As noted above, any credit agreement intended to be a Regulated Mortgage Contract under FSMA might instead be wholly or partly regulated by the CCA or treated as such, or unregulated, and any credit agreement intended to be regulated by the CCA or treated as such, or unregulated, might instead be a Regulated Mortgage Contract under FSMA, because of technical rules on (a) determining whether the credit agreement or any part of it falls within the definition of Regulated Mortgage Contract and (b) changes to credit agreements.

As also noted above, on 1 April 2014, responsibility for the regulation of consumer credit was transferred from the OFT to the FCA. As part of this transfer, the CCA licensing provisions have been repealed and replaced by corresponding provisions in the FSMA framework. The majority of the current conduct of business rules in the CCA will remain, with a number being transferred into the Consumer Credit sourcebook (“CONC”) in the FCA’s handbook. This means that from 1 April 2014 credit agreements previously regulated by the CCA have become subject to both the CCA and FSMA (and its associated secondary legislation and the FCA’s handbook).

Before 1 April 2014, a credit agreement was regulated by the CCA where (a) the Borrower was or included an “individual” as defined in the CCA; (b) if the credit agreement was made before the financial limit was removed pursuant to the Consumer Credit Act 2006, the amount of “credit” as defined in the CCA did not exceed the financial limit of £25,000 for credit agreements made on or after 1 May 1998 or lower amounts for credit agreements made before that date; and (c) the credit agreement was not an exempt agreement under the CCA. After 1 April 2014, a credit agreement is regulated by both FSMA and the CCA where it is an agreement between an individual or relevant recipient of credit (“A”) and any other person (“B”) under which B provides A with credit of any amount and is not an exempt agreement under Articles 60C to 60H of the Regulated Activities Order. For this purpose, a “relevant recipient of credit” is (a) a partnership consisting of two or three persons not all of whom are bodies corporate, or (b) an unincorporated body of persons which does not consist entirely of bodies corporate and is not a partnership.

Any credit agreement that is wholly or partly regulated by the CCA or treated as such has to comply with the requirements as to authorisation of, *inter alios*, lenders and brokers now set out in FSMA and the Regulated Activities Order, documentation and procedures of credit agreements, and (in so far as applicable) pre-contract disclosure. If it does not comply with those requirements then, to the extent that the credit agreement is regulated by the CCA or treated as such, it is unenforceable against the borrower: (a) without an order of the FCA or the court, if the lender or broker did not hold the required licence or authorisation at the relevant time; (b) totally, for agreements entered into before 6 April 2007, if the form to be signed by the borrower was not signed by the borrower personally or omits or misstates a “prescribed term”; or (c) without a court order in other cases and, in exercising its discretion whether to make the order, the court would take into account any prejudice suffered by the borrower and any culpability by the lender.

A court order under section 126 of the CCA is necessary to enforce a land mortgage securing a loan or further advance to the extent that the credit agreement is a Regulated Mortgage Contract or regulated by the CCA or treated as such. In dealing with such an application, the court has the power, if it appears just to do so, to amend the credit agreement or to impose conditions upon its performance or to make a time order (for example, giving extra time for arrears to be cleared).

Under section 75 of the CCA, in certain circumstances the lender is liable to the borrower in relation to misrepresentation and breach of contract by a supplier in a transaction financed by a credit agreement that is wholly or partly regulated by the CCA or treated as such. In addition, a borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of a rule under FSMA. The borrower may set off the amount of the claim against the lender under section 75 of

the CCA, or for contravention of CONC, against the amount owing by the borrower under the loan or under any other loan that the borrower has taken with the lender. Any such set-off in relation to a Mortgage Loan in the Mortgage Portfolio may adversely affect the Issuer's ability to make payments on the Notes.

A Regulated Credit Agreement is unenforceable for any period when the lender fails to comply with requirements as to default notices. A Regulated Credit Agreement is also unenforceable for any period when the lender fails to comply with further requirements as to annual statements and arrears notices. The borrower is not liable to pay interest or, in certain cases, default fees for any period when the lender fails to comply with further requirements as to post-contract disclosure. Interest upon default fees is restricted to nil until the 29th day after the day on which a prescribed notice is given and then to simple interest. Early repayment charges are restricted by a formula under the CCA. A more restrictive formula applies from 11 June 2010. If a Mortgage Loan is a credit agreement which is regulated by the CCA, any failure to comply with the requirements of the CCA may result in adverse effects on the Issuer's ability to make payment in full on the Notes when due.

The Issuer does not intend to obtain authorisation under FSMA. As a consequence thereof, if a Perfection Event occurs and legal title to the Mortgage Loans transfers to the Issuer (or a nominee of the Issuer) for as long as the Issuer (or such nominee) does not have appropriate authorisation under FSMA any Mortgage Loan regulated by FSMA would be unenforceable against the relevant Borrower.

The CCA 2006

The Beneficial Title Seller has represented to the Issuer in the Mortgage Sale Agreement that no Mortgage Loan is or includes a regulated credit agreement within the meaning of the Regulated Activities Order or constitutes any other agreement (other than a Regulated Mortgage Contract) regulated or partly regulated by the CCA (other than Sections 137 to 140 of the CCA) or, to the extent that it is so regulated, all the requirements of the CCA have been met in full. Should this Asset Warranty be incorrect in respect of any Mortgage Loan, the following considerations need to be taken into account.

The Consumer Credit Act 2006 (the “**CCA 2006**”), which amends and updates the CCA, was enacted on 30 March 2006 and was fully implemented by 31 October 2008. For example, the “extortionate credit” regime was replaced by an “unfair relationship” test. The “unfair relationship” test applies to all existing and new credit agreements except Regulated Mortgage Contracts under FSMA, whether or not they were regulated under the CCA and/or are regulated under the Regulated Credit Agreement regime. The new test explicitly imposes liability to repay amounts received from a borrower on both the originator and any assignee (such as the Legal Title Holder or the Beneficial Title Seller).

In applying the “unfair relationship” test, the courts will be able to consider a wider range of circumstances surrounding the transaction, including the creditor's conduct before and after making the agreement. There is no statutory definition of the word “unfair” as the intention is for the test to be flexible and subject to judicial discretion. The courts may, but are not obliged to, look solely to the CCA 2006 for guidance. The FCA “Principles for Businesses” may also be relevant and apply to the way contract terms are used in practice and not just the way they are drafted. Once the debtor alleges that an “unfair relationship” exists, the burden of proof is on the creditor to prove the contrary. It is unclear how the “unfair relationship” test will be interpreted by the courts. However, the word “unfair” is not an unfamiliar term in UK legislation due to the UTCCR (as defined below).

An alternative dispute resolution scheme for consumer credit matters is run by the Ombudsman and was established on 6 April 2007. The responsibility for regulating consumer credit matters was transferred from the OFT to the FCA from 1 April 2014. FCA has many of the same powers formerly exercised by the OFT under CCA 2006 as well as certain further powers. However, it has been indicated that the regulation of consumer credit matters by the FCA in the future will differ from the regulatory practices of the OFT.

EU Mortgage Credit Directive changes

The Mortgage Credit Directive (2014/17/EU) (“**MCD**”) on credit agreements for consumers relating to residential immovable property was adopted on 4 February 2014. This directive aims to create an EU-wide mortgage credit market with a high level of consumer protection. It applies to both secured credit and home loans, to both first and second charge lending (as well as certain unsecured lending) and to both residential and buy-to-let mortgages (but see further below as to buy-to-let). Member States will have to transpose its provisions into their national law by March 2016.

The main provisions include consumer information requirements (including a European Standard Information Sheet), principle based rules and standards for the performance of services (e.g. conduct of business obligations, competence and knowledge requirements for staff), a consumer creditworthiness assessment obligation, provisions on early repayment, provisions on foreign currency loans, provisions on tying practices, provisions on clarity and objectivity of variable rate credits linked to an index or reference rate, some high-level principles (e.g. those covering financial education, restriction of remuneration linked to sales targets, property valuation and arrears and foreclosures) and a passport for credit intermediaries who meet the admission requirements in their home Member State.

The FCA published its final rules on the implementation of the MCD in respect of both first and second charge mortgages in Policy Statement 15/9 on 27 March 2015. In the UK, many of the protections required by the MCD already apply to regulated mortgage contracts (i.e., first charge mortgages) under MCOB and FCA will extend these to second charge consumer residential mortgages by extending the definition of regulated mortgage contract to cover most types of second charge residential mortgages. Where requirements of the MCD are not already reflected in MCOB, MCOB will be amended to apply these provisions both to first and second charge lending. FCA is also taking the opportunity to make certain other changes to MCOB not required by the MCD. New rules in respect of disclosure of alternative finance options, and rules on information sharing, shared equity credits, the charges and the amount of charges that may be imposed and the treatment of vulnerable customers in arrears apply from 21 March 2016. The application of such rules may affect the business of the Legal Title Holder and the Servicer insofar as it may result in delayed recoveries and delay payments by the Issuer on the Notes.

The UK Government has sought to put in place what it has described as the minimum requirements to meet its legal obligations under the Mortgage Directive in respect of buy-to-let mortgages. The UK Government has, accordingly, made use of an optional exemption in the MCD which allows member states, in their discretion to exclude buy-to-let credit agreements from the main requirements of the MCD. Member States utilising such exemption must, instead, ensure the application of an appropriate framework at a national level for this type of credit. Accordingly, the UK Government established in legislation a framework for ‘consumer buy-to-let’ mortgages (“**CBTL**”) via the Mortgage Credit Directive Order 2015 which was made on 25 March 2015. In parallel, the FCA consulted on the implementation of this new framework, making its Mortgage Credit Directive Instrument 2015, also on 25 March 2015. The legislation will come into force from 21 March 2016, creating a new distinction between buy-to-let activity involving consumers (“**CBTL Agreements**”) and buy-to-let mortgage agreements wholly or predominantly for the purposes of a business carried on, or intended to be carried on, by the borrower (“**Unregulated BTL Agreements**”). The legislation sets out a series of circumstances which would constitute a buy-to-let customer acting by way of business. The UK Treasury has stated that they would expect CBTL activity to represent a small proportion of total buy-to-let transactions. A firm acting as a lender, administrator, intermediary, arranger or carrying out advisory services in relation to CBTL Agreements must be registered by the FCA and will be subject to conduct of business rules in respect of both the origination and servicing of CBTL Agreements. The Legal Title Holder and the Servicer will be subject to the conduct of business rules in respect of any CBTL Agreements in the mortgage portfolios and no assurance can be given that the implementation of the CBTL rules from 21 March 2016 will

not have a material adverse effect on the Mortgage Loans or the manner in which they are serviced and accordingly on the ability of the Issuer to make payments to Noteholders.

That said, it is still too early to tell what effect the implementation of the Mortgage Directive into UK law would have on the Legal Title Holder, the Issuer and/or the Servicer and their respective businesses and operations.

European Banking Authority consultation

The FCA has announced that it proposes to consider whether there is a need to change its rules to reflect the outcome of the EBA's consultation on assessment of credit-worthiness and on arrears and foreclosure.

Repossessions policy

A new protocol for mortgage re-possession cases in England and Wales came into force on 19 November 2008 and a new protocol for mortgage re-possession cases in Northern Ireland came into force on 30 August 2011 (the "**Pre-Action Protocols**"), which sets out the steps that judges will expect any lender to take before starting a claim. In response to this, a number of mortgage lenders have confirmed that they will delay the initiation of repossession action for at least three (or, in the case of some lenders, six) months after a borrower, who is an owner-occupier, is in arrears. The application of such a moratorium is subject to the wishes of the relevant borrower and may not apply in cases of fraud. In addition, the Mortgage Repossession (Protection of Tenants etc.) Act 2010 (the "**Repossession Act 2010**") came into force in England and Wales in October, 2010. The Repossession Act 2010 introduces new powers for courts hearing a mortgage repossession case where the property is occupied by unauthorised tenants, including powers to delay a repossession order and suspend a warrant of eviction on application by an unauthorised tenant.

As noted above, amendments to Chapter 13 of MCOB, which came into force on 25 June 2010, prevent, in relation to Regulated Mortgage Contracts: (a) repossessing the property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of term or a product switch and (b) automatically capitalising a payment shortfall. Formerly, these were the subject of non-binding guidance only.

The Pre-Action Protocols and MCOB requirements for mortgage possession cases and the Repossession Act 2010 may have adverse effects in markets experiencing above average levels of possession claims. Delays in the initiation of responsive action in respect of the Mortgage Loans may result in delayed recoveries and delayed payments on the Notes.

Home Owner and Debtor Protection (Scotland) Act 2010

Part 1 of the Home Owner and Debtor Protection (Scotland) Act 2010 (the "**2010 Act**") contains provisions imposing additional requirements on heritable creditors (the Scottish equivalent to mortgagees) in relation to the enforcement of standard securities over residential property in Scotland. In terms of the 2010 Act the heritable creditor is now required to obtain a court order to exercise its power of sale (in addition to initiating the enforcement process by the service of a two month "calling up" notice), unless the borrower and any other occupier have surrendered the property voluntarily. In addition, the 2010 Act requires the heritable creditor in applying for a court order to demonstrate that it has taken various preliminary steps to resolve the borrower's position, as well as imposing further procedural requirements. This may restrict the ability of the Legal Title Holder (or if it has taken legal title, the Issuer) as heritable creditor of the Scottish Mortgages to exercise its power of sale and this could affect the Issuer's ability to make payments on the Notes.

Unfair Terms in Consumer Contracts Regulations 1994 and 1999

In the United Kingdom, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the "**1999 Regulations**"), together with (in so far as applicable) the Unfair Terms in Consumer Contracts Regulations

1994 (together with the 1999 Regulations, the “UTCCR”), currently apply to agreements made on or after 1 July, 1995 and affect all or almost all of the Mortgage Loans. See below in relation to the Consumer Rights Act 2015 which, when in force, will replace the UTCCR with a substantially similar but extended regime.

The UTCCR provide that a consumer (which would include a Borrower under all or almost all of the Mortgage Loans) may challenge a standard term in an agreement on the basis that it is “unfair” within the UTCCR and therefore not binding on the consumer (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term).

The UTCCR will not affect terms which define the main subject matter of the contract, such as the Borrower’s obligation to repay the principal (provided that these terms are written in plain and intelligible language and are drawn adequately to the consumer’s attention), but may affect terms that are not considered to be terms which define the main subject matter of the contract, such as the lender’s power to vary the interest rate and certain terms imposing mortgage exit administration fees. If any term of the Mortgage Loans is found to be unfair for the purpose of the UTCCR, this may adversely affect the ability of the Issuer to make payments under the Notes.

In May 2005 the previous regulator, the FSA, issued a statement of good practice on fairness of terms in consumer contracts, which is relevant to firms authorised by the FCA in relation to products and services within the FCA’s regulatory scope. This statement provides that, for locked-in Borrowers, a lender may consider drafting the contract to permit a change in the contract to be made only where any lock-in clause is not exercised. In January 2007 the previous regulator, the FSA, issued a statement of good practice on mortgage exit administration fees. This statement provides that the lender should ensure that the fee represents in fact the cost of the administration services that the lender provides when a Borrower exits the mortgage. The previous regulator, the FSA, issued a follow-up communication in November 2007 emphasising that this statement should not be interpreted narrowly and, where appropriate, firms should consider applying its principles to other charges. In August 2007, the Unfair Contract Terms Regulatory Guide (previously in the FSA handbook and now in the FCA handbook) came into force. This guide is designed to explain the FCA’s policy on how it will use its powers under the 1999 Regulations. In January 2012, the previous regulator, the FSA, published finalised guidance entitled “*Unfair contract terms: improving standards in consumer contracts*” and “*Statement on using Switching Terms in mortgage contracts under the Unfair Terms in Consumer Contracts Regulations 1999*”. Under the later guidance the FSA considered that terms in interest-only mortgage contracts that allow firms to switch consumers from an interest-only mortgage to a repayment mortgage may be regarded as unfair if they give the firm too broad a discretion to determine when such switching terms will apply. Further, where switching terms are determined to be unfair by a court, the firms will be unable to switch the consumer from an interest-only mortgage to a repayment mortgage, as such switching terms will not bind that consumer.

The May 2005, January 2007 and January 2012 guidance has recently been removed from the FCA's website because they no longer reflect the FCA's current view on unfair contract terms pending new guidance on the Consumer Rights Act 2015 and in light of wider legal developments. The FCA has not indicated how it considers the material it has removed to be inconsistent with its current views, and it is not clear when the FCA expects to be in a position to update the withdrawn material. However, even with changes in regulatory structure in the United Kingdom that came into effect on 1 April 2013, the guidance issued by the FSA previously remains the most specific guidance on this topic.

Whilst the FCA has powers to enforce the UTCCR, it would be for a court to determine their proper interpretation. The extremely broad and general wording of the UTCCR makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Mortgage Loans which have been made to Borrowers covered by the UTCCR may contain unfair terms which may result in the possible unenforceability of the terms of the

underlying loans. If any term of the Mortgage Loans is found to be unfair for the purpose of the UTCCR, this may adversely affect the ability of the Issuer to make payments under the Notes.

New guidance is expected to be issued by the FCA. No assurance can be given that any changes in such guidance on the UTCCR, will not have a material adverse effect on the Legal Title Holder, the Issuer and their respective businesses and operations.

Consumer Rights Act 2015

The Consumer Rights Act 2015 (the “**CRA 2015**”) is expected to come fully into force in October 2015 and contains provisions which will, if and when brought into force, repeal and replace the Unfair Terms in Consumer Contracts Regulations 1999 with a regime under Part 2 of that Act. The regime under the CRA 2015 is substantially similar to that under the UTCCR but differs in certain detail and is extended in certain respects both in scope and content. In particular, the CRA 2015 contains a list of terms which may be regarded as unfair, which is substantially similar to that applicable under the UTCCR but slightly reworded and with the addition of three new categories. To avoid assessment for fairness as being the main subject matter of the contract or relating to appropriateness of consideration, a term will, in addition to being “transparent” (which adopts the current concept of plain and intelligible language), also need to meet a new requirement to be “prominent”. For this purpose, a term is prominent if it is brought to the consumer's attention in such a way that an average consumer would be aware of the term (for this purpose, "average consumer" means a consumer who is reasonably well-informed, observant and circumspect). Terms falling within the list of potential unfair terms may be assessed for fairness whether or not they relate to the main subject matter of the contract or the adequacy of consideration. Further, a term will not escape assessment for fairness on the basis that it has been individually negotiated. More generally, the CRA 2015 applies to notices as well as terms. Written terms must be legible. Terms in secondary contracts (i.e., ones which affect the rights and obligations of the consumer and trader under the main contract, but excluding a contract settling a claim under the main contract) may be reviewed for fairness even if the secondary contracts is not itself a consumer contract. There will be an express duty on a court to consider the fairness of terms in a consumer contract even if the parties to the case do not raise it as an issue, provided that the court has sufficient legal and factual information to allow it to do so. This reflects decisions of the Court of Justice of the European Union about the duties of national courts. No assurance can be given that any such changes in regulation of unfair terms will not have a material adverse effect on the Legal Title Holder, the Issuer and their respective businesses and operations.

Consumer Protection from Unfair Trading Regulations 2008

On 11 May 2005, the European Parliament and Council adopted a directive on unfair business-to-consumer commercial practices (the “**Unfair Practices Directive**”). The Unfair Practices Directive was implemented into United Kingdom law through the Consumer Protection from Unfair Trading Regulations 2008 (“**CPUTRs**”). The CPUTRs came into effect on 26 May 2008 and affect all contracts entered into with persons who are natural persons and acting for purposes outside their respective business. Although the CPUTRs are not concerned solely with financial services, they do apply to the residential mortgage market. Under the CPUTRs a commercial practice is to be regarded as unfair and prohibited if it is:

- (a) contrary to the standard of special skill and care which a trader may reasonably be expected to exercise towards consumers, commensurate with honest market practice and/or general principles of good faith in the trader's field of activity; and
- (b) materially distorts or is likely to materially distort the economic behaviour of the average consumer (who is reasonably well-informed and reasonably observant and circumspect, and taking into account social, cultural and linguistic factors) who the practice reaches or to whom it is addressed (or where a

practice is directed at or is of a type which may affect a particular group of consumers, the average consumer of that group).

In addition to the general prohibition on unfair commercial practices, the CPUTRs contain provisions aimed at aggressive and misleading practices (including, but not limited to: (i) pressure selling; (ii) misleading marketing (whether by action or omission); and (iii) falsely claiming to be a signatory to a code of conduct) and a list of practices which will in all cases be considered unfair. The effect (if any) of the CPUTRs on the Mortgage Loans, the Legal Title Holder or the Issuer and their respective businesses and operations will depend on whether those entities engage in any of the practices described in the CPUTRs. Whilst engaging in an unfair commercial practice does not render a contract void or unenforceable, to do so is an offence punishable by a fine and/or imprisonment. In practical terms, the CPUTRs have not added much to the regulatory requirements already in place, such as treating customers fairly and conduct of business rules. Breach of the CPUTRs could initiate intervention by a regulator.

The CPUTRs do not provide consumers with a private act of redress. Instead, consumers must rely on existing private law remedies based on the law of misrepresentation and duress. The Consumer Protection (Amendment) Regulations 2014 (SI No.870/2014) was laid before Parliament on 1 April 2014 and came into force on 1 October 2014. These amendments to the CPUTR give consumers a right to redress for misleading or aggressive commercial practices (as defined in the CPUTR), including a right to unwind agreements. This will apply to any unregulated buy-to-let contracts in the Mortgage Portfolio and any debt collection activity with regard to demands for repayment.

In addition, the FCA has taken the Unfair Practices Directive into account in reviewing its relevant rules, such as MCOB. For example, MCOB rules for regulated mortgage contracts from 25 June 2010 (formerly these were matters of non-binding guidance) prevent the lender from: (a) repossessing the property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of term, or conversion to interest-only for a period, or a deferral of interest payments, and (b) automatically capitalising a payment shortfall.

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

Distance Marketing

The Financial Services (Distance Marketing) Regulations 2004 apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower). The Distance Marketing Disclosure Rules contained in the FCA's Conduct of Business Sourcebook ("COBS") apply specifically to regulated mortgage contracts under FSMA, if made by a UK originator from an establishment in the UK. Under these regulations and COBS, if the borrower does not receive prescribed information at the prescribed time the credit agreement or regulated mortgage contract will be cancellable. If the borrower does not receive the prescribed information, he may send notice of cancellation at any time before he receives the last of the prescribed information. Where the contract has been concluded at the consumer's request using a means of distance communication which does not enable provision of the prescribed information before the conclusion day of the credit agreement or regulated mortgage contract, the borrower may send notice of cancellation before the end of the fourteenth day after the day on which the cancellable agreement is made or, if later, the borrower

receives the last of the prescribed information. Some of the Mortgage Loans may have been originated on the basis of distance marketing and are therefore subject to the requirements and risks set out in this paragraph.

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

- (a) the borrower is liable to repay the principal and any other sums paid by the originator to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower's sending notice of cancellation or, if later, the originator receiving notice of cancellation;
- (b) the borrower is liable to pay interest, or any early repayment charge or other charge for credit under the cancelled agreement, only if the borrower received certain prescribed information at the prescribed time and if other conditions are met; and
- (c) any security is to be treated as never having had effect for the cancelled agreement.

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

Financial Ombudsman Service

Under FSMA, the Financial Ombudsman Service (the "**Ombudsman**") is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance. Transitional provisions exist by which certain complaints relating to breach of the Mortgage Code (the "**CML Code**") issued by the Council of Mortgage Lenders occurring before the Mortgage Regulation Date may be dealt with by the Financial Ombudsman Service. Complaints brought before the Ombudsman for consideration must be decided on a case by case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman. As the Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a money award to a complaining borrower, it is not possible to predict whether any future decision of the Ombudsman may have an adverse effect on the Mortgage Loans, the Issuer, the Servicer and their respective businesses and operations and such decision may affect the ability of the Issuer to make payments to Noteholders.

Implementation of, and amendments to, the Basel II framework may affect the regulatory capital and liquidity treatment of the Notes

The Basel Committee on Banking Supervision (the "**Basel Committee**") approved significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as "**Basel III**"). In particular, Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). Basel Committee member countries agreed to implement Basel III from 1 January 2013, subject to transitional and phase-in arrangements for certain requirements (e.g. the implementation of the Liquidity Coverage Ratio from the start of 2015, with full implementation by January 2019 and the implementation of the Net Stable Funding Ratio from January 2018). Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation. The Basel Committee has also published a consultative document setting out certain proposed revisions to the securitisation framework, including proposed new hierarchies of approaches to calculating risk weights and a new risk weight floor of 20 per cent and the European Union is in the

process of considering changes to the regulatory capital treatment of securitisations. It should also be noted that changes to the regulatory capital requirements are coming for insurance and reinsurance undertakings through national initiatives, such as the Solvency II framework in Europe.

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

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

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

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

Investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor.

In particular, investors should be aware of Articles 404 to 410 of Regulation (EU) No. 575/2013 referred to as the Capital Requirements Regulation (“CRR”) which apply, in general, to newly issued securitisations after 1 January 2014. Article 405 of the CRR restricts an EU regulated credit institution and consolidated group affiliates thereof from investing in a securitisation unless the originator, sponsor or original lender in respect of that securitisation has explicitly disclosed to the EU regulated credit institution that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in that securitisation as contemplated by Article 405. Article 406 also requires an EU regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, the notes it has acquired and the underlying exposures and that procedures have been established for such due diligence to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in Articles 404 to 410 may result in the imposition of a penal capital charge with respect to the investment made in the securitisation by the relevant investor.

Investors should also be aware of Section 5 of Regulation (EU) No 231/2013 (“**AIFMR**”), the provisions of which section introduced risk retention and due diligence requirements (which took effect from 22 July 2013 in general) in respect of alternative investment fund managers that are required to become authorised under EU Directive 2011/61/EC on Alternative Investment Fund Managers and which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds. While the requirements under Section 5 of the AIFMR are similar to those which apply under Articles 404 to 410 (including in relation to the requirement to disclose to alternative investment fund managers that the originator, sponsor or original lender will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures), they are not identical and, in particular, additional due diligence obligations apply to relevant alternative investment fund managers.

Investors should also be aware of Chapter VIII of Title I of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 (the “**Solvency II Regulation**”). Article 254 of the Solvency II Regulation, which will take effect on 1 January 2016, restricts an EU regulated insurance or reinsurance undertaking from investing in a securitisation unless the originator, sponsor or original lender has explicitly disclosed that it shall retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in that securitisation. The requirements under Chapter VIII of Title I of the Solvency II Regulation are similar, but not identical to, the requirements under Articles 404 and 410 of the CRR. In particular, additional due diligence obligations apply to relevant EU regulated insurance or reinsurance undertakings.

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

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. Relevant investors are required to independently assess and determine (i) whether the transaction complies with any relevant requirements, and (ii) the sufficiency of the information described in this Prospectus and in any investor reports provided in relation to the transaction for the purposes of complying with any relevant requirements and none of the Issuer, the Arranger, the Joint Lead Managers or any Transaction Party makes any representation that the information described above is sufficient in all circumstances for such purposes or that the transaction complies with any relevant requirements.

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

CRA3

Prospective investors are responsible for ensuring that an investment in the Notes is compliant with all applicable investment guidelines and requirements and in particular any requirements relating to ratings. In this context, prospective investors should note the provisions of Regulation 462/2013 (EU) which amends Regulation (EC) 1060/2009 on Credit Rating Agencies (together, “**CRA3**”) which became effective on 20 June 2013. CRA3 requires, among other things, issuers or related third parties intending to solicit a credit

rating of a structured finance instrument to appoint at least two credit rating agencies to provide credit ratings independently of each other and, of the two credit rating agencies to be appointed, to consider appointing at least one credit rating agency with no more than 10 per cent. of the total market share in the European Union and which could be evaluated by the Issuer or a related third party as capable of rating the relevant issuance.

Additionally, CRA3 requires certain additional disclosure to be made in respect of structured finance transactions. The scope, extent and manner in which such disclosure should be made is detailed in the Commission Delegated Regulation 2015/3 on disclosure requirements for structured finance instruments that was published in the Official Journal on 6 January 2015. This Delegated Regulation contains technical standards specifying the information that issuers, originators and sponsors must publish to comply with the CRA Regulation, the frequency with which this information should be updated and a standardised disclosure template for the disclosure of this information. The Delegated Regulation will apply from 1 January 2017 to structured finance instruments issued after the entry into force of the Delegated Regulation on 26 January 2015.

The Issuer and the Beneficial Title Seller (as originator for the purposes of the CRA Regulation) have appointed the Servicer to act as the designated reporting entity for the purposes of complying with any applicable requirements under Article 8b of CRA3.

Potential effects of any additional regulatory changes

No assurance can be given that further changes will not be made to the regulatory regime and developments described above in respect of the mortgage market in the United Kingdom generally, or specifically in relation to the Legal Title Holder. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Legal Title Holder, the Issuer and/or the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments on the Notes.

Tax Considerations

UK Special Regime for the Taxation of Securitisation Companies

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. Based on advice received, the Issuer considers 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 advisers 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 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

Council Directive 2003/48/EC (the “**Savings Directive**”) requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or secured by such a person for the benefit of) an individual resident, or to (or secured for) certain other types of entity established, in that other EU Member State, except that Austria will instead impose a withholding system for a transitional period (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 it elects otherwise.

The Council of the European Union has adopted a Council Directive amending the Savings Directive on 24 March 2014 (the “**Amending Directive**”) which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

The European Commission has published a proposal for a Council Directive repealing the Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to transitional arrangements). The proposal also provides that if it is adopted, EU Member States will not be required to implement the Amending Directive.

Withholding Tax under the Notes

In the event that withholding taxes are imposed in respect of payments due in respect of the Notes, neither the Issuer nor any Paying Agent nor any other person is obliged to gross up or otherwise compensate Noteholders for the lesser amounts received as a result of the imposition of such withholding taxes.

U.S. Foreign Account Tax Compliance

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 the new reporting regime and potential withholding tax imposed by Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”) will affect the amount of any payment received by the Clearing Systems (see the section entitled “*Taxation – U.S. Foreign Account Tax Compliance*”). Further, non-U.S. financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an “**IGA**”) are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make on securities such as the Notes. However, if FATCA withholding were relevant with respect to payments on the Notes, FATCA could affect payments made to custodians or intermediaries (including any clearing system other than Euroclear or Clearstream, Luxembourg in the 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 could 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 their custodians and 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.

If any amount were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and

Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Legal Considerations

European Monetary Union

It is possible that prior to the maturity of the Notes, the United Kingdom may become a participating Member State in the European economic and monetary union and the euro may become the lawful currency of the United Kingdom. Adoption of the euro by the United Kingdom may have the following consequences: (i) all amounts payable in respect of the Notes may become payable in euro; (ii) applicable provisions of law may allow or require the Notes to be redenominated into euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in Sterling used to determine the rates of interest on the Notes or changes in the way those rates are calculated, quoted and published or displayed.

The introduction of the euro could also be accompanied by a volatile interest rate environment which could adversely affect a Borrower's ability to repay its Mortgage Loan as well as adversely affect investors. It cannot be said with certainty what effect, if any, adoption of the euro by the United Kingdom will have on investors in the Notes.

Change of Law

The structure of the transaction as described in this Prospectus and, among other things, the issue of the Notes and the ratings which are to be assigned to the Notes are based on English, Scots and Northern Irish law, tax, accounting, regulatory and administrative practice in effect as at the date hereof as it affects the parties to the transaction and the Mortgage Portfolio, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any change to such laws (including any change in regulation which may occur without a change in primary legislation) and practice or tax treatment after the date hereof 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.

Further Scottish Devolution

On 18 September 2014, a referendum was held in Scotland on the issue of Scottish independence from the rest of the United Kingdom. The result of the referendum was a majority 'no' vote against Scottish independence. However, in the run-up to the referendum, the main Westminster political parties promised (in the event of a no vote) to devolve to the Scottish Parliament additional legislative powers currently reserved to the UK Parliament, such as welfare and income tax raising powers.

A White Paper on the additional devolved powers was published on 27 November 2014, and on 22 January 2015, the UK Government published a Command Paper outlining proposed clauses for a draft Scotland Bill. The Scotland Bill 2015 was introduced into Parliament on 28 May 2015. Whilst the majority of the provisions in this Bill (if enacted) are not expected to have an adverse impact on the Scottish economy or on mortgage origination in Scotland, increased powers for the Scottish Parliament to control income tax (by having the ability to raise or lower the rate of income tax and thresholds for non-dividend and non-savings income of Scottish residents) could mean that borrowers in Scotland are subject to a different rate of income tax from borrowers in the same income bracket in England, Wales and Northern Ireland, which may affect some Borrowers' ability to pay amounts when due on the Loans originated in Scotland, and which, in turn, may adversely affect payments on the Notes.

European Matters

Recent European elections have seen an increase in support for Eurosceptic parties. This, coupled with generally poor economic conditions in Europe, could pose a threat to the United Kingdom's continued economic recovery. In May 2015, the EU Referendum Bill was introduced into the UK Parliament, which confirms that a referendum on the UK's membership of the EU will be held by 31 December 2017. The outcome of such a referendum is not known and there is considerable uncertainty as to the impact of either a "yes" or a "no" vote on the general economic condition in the UK and the UK housing market. As such, no assurance can be given as to the impact of the referendum on the UK's membership of the EU and in particular, no assurance can be given that such matters would not adversely affect the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Additionally, whilst the United Kingdom is not a member of the euro, instability within the currency union could also provide a source of risk to both United Kingdom economic performance and financial markets which, in turn, may adversely affect payments on the Notes.

Liquidation Expenses

Prior to the House of Lords' decision in the case of *Re Leyland Daf* in 2004, the general position was that, in a liquidation of a company, the liquidation expenses ranked ahead of unsecured debts and floating chargees' claims. *Re Leyland Daf* reversed this position so that liquidation expenses could no longer be recouped out of assets subject to a floating charge.

On 6 April 2008, Section 176ZA of the Insolvency Act 1986 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 Security Deed 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.

Insolvency Act 2000

The Insolvency Act 2000 (the "IA 2000") has amended the Insolvency Act 1986 with effect from 1 January 2003 so as to allow certain "small companies", as part of the company voluntary arrangement procedure, to seek court protection from their creditors by way of a moratorium for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the Secretary of State for Trade and Industry may, by order, extend or reduce the duration of either period).

The Insolvency Act 1986 defines a "small company" by reference to whether the company meets certain tests contained in section 382(3) of the Companies Act 2006, relating to a company's balance sheet total, turnover and average number of employees in a particular period. The position as to whether or not a company is a "small company" may change from financial period to financial period, depending on its financial position and average number of employees during that particular period. The Secretary of State for Trade and Industry may, by regulations, also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a "small company". Accordingly, the Issuer may, at any given time, come

within the ambit of the “small companies” provisions, such that the Issuer may (subject to the exemptions referred to below) be eligible to seek a moratorium, in advance of a company voluntary arrangement.

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

Certain companies which qualify as small companies for the purposes of these provisions may be, nonetheless, excluded from being so eligible for a moratorium under the provisions of the Insolvency Act 1986 (Amendment No. 3) Regulations 2002, which were made on 25 July 2002 and came into force on 1 January 2003. Companies excluded from eligibility for a moratorium include those which are party to a capital market arrangement, under which a debt of at least £10,000,000 is incurred and which involves the issue of a capital market investment. The definitions of “capital market arrangement” and “capital market investment” are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10,000,000 of debt, the granting of security to a trustee, and the issue of a rated, listed or traded debt instrument, is excluded from being eligible for a moratorium. The Secretary of State may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible.

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

The Enterprise Act 2002

On 15 September 2003, the corporate insolvency provisions of the Enterprise Act 2002 (the “**Enterprise Act**”) came into force, amending certain provisions of the Insolvency Act 1986 (as amended, the “**Insolvency Act**”). These provisions introduced significant reforms to corporate insolvency law. In particular, the reforms restrict the right of the holder of a floating charge to appoint an administrative receiver (unless the security was created prior to 15 September 2003 or an exception applies) and instead give primacy to collective insolvency procedures (in particular, administration). Previously, the holder of a floating charge over the whole or substantially the whole of the 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 chargeholder.

The Insolvency Act contains provisions which continue to allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. The relevant exception provides that the right to appoint an administrative receiver is retained for certain types of security which form part of a capital market arrangement (as defined in the Insolvency Act) and which involve indebtedness of at least £50,000,000 (or, when the relevant security document (being, in respect of the transactions described in this Prospectus, the Security Deed) was entered into, a party to the relevant transaction (such as the Issuer) was expected to incur a debt of at least £50,000,000) and the issue of a capital market investment (also defined but generally a rated, listed or traded bond). It is expected that the security which the Issuer will grant to the Trustee will fall within the capital markets exception. However, it should be noted that the Secretary of State could, by secondary legislation, modify the capital market exception and/or provide that the exception shall cease to have effect. No assurance can be given that any such modification or provision in respect of the capital market exception, or its ceasing to be applicable to the transactions described in this document, would not be detrimental to the interests of the Noteholders.

The Insolvency Act also contains a new out of court route into administration for a qualifying floating chargeholder, the directors or the relevant company itself. The relevant provisions provide for a notice period during which the holder of the floating charge can either agree to the appointment of the administrator proposed by the directors or the company or appoint an alternative administrator, although a moratorium on enforcement of the relevant security will take effect immediately after notice is given. If the qualifying floating chargeholder does not respond to the directors' or company's notice of intention to appoint, the directors' or, as the case may be, the company's appointee will automatically take office after the notice period has elapsed. Where the holder of a qualifying floating charge within the context of a capital market transaction retains the power to appoint an administrative receiver, such holder may prevent the appointment of an administrator (either by the new out of court route or by the court based procedure) by appointing an administrative receiver prior to the appointment of the administrator being completed.

During the period for which a moratorium is in force in relation to a company, *inter alia*, no winding up may be commenced (other than in a limited number of circumstances), no administrative receiver of that company may be appointed, no security created by that company over its property may be enforced (except with the leave of the court or the administrator) and no other proceedings or legal process may be commenced or continued in relation to that company (except with the leave of the court or the administrator). In addition, if the holder of security (the "**chargee**") created by that company consents or if the court gives leave, the administrator may dispose of the secured property as if it were not subject to the security. Where the property in question is subject to a floating charge, the chargee will have the same priority in respect of any property of the company directly or indirectly representing the property disposed of as he would have had in respect of the property subject to the floating charge. Where the security in question is not 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.

The provisions of the Insolvency Act (as amended) give primary emphasis to the rescue of a company as a going concern and achieving a better result for the creditors as a whole. The purpose of realising property to make a distribution to secured parties is secondary. No assurance can be given that the primary purpose of the new provisions would not conflict with the interests of Noteholders were the Issuer ever subject to administration.

The Enterprise Act also removed the Crown's preferential rights in all insolvencies (section 251) and makes provisions to ensure that unsecured parties take the benefits of this change (section 252) (although certain debts, including contributions to occupational and state pension schemes, retain preferential status and are

payable in priority to debts owed to floating chargeholders). Under this latter provision the unsecured parties will have recourse to the floating charge assets up to a fixed amount (the “**prescribed part**”) in priority to the holder of the floating charge concerned. The prescribed part will be 50 per cent. of the first £10,000 of net floating charge assets; then 20 per cent. of the remaining net floating charge assets until the prescribed part reaches a maximum of £600,000. The obligation on the insolvency officeholder to set aside the prescribed part for unsecured parties does not apply if the net floating charge realisations are less than £10,000 and the officeholder is of the view that the costs of making a distribution to unsecured parties would be disproportionate to the benefits. The prescribed part will apply to all floating charges created on or after 15 September 2003 regardless as to whether they fall within one of the exceptions or not.

Insolvency Legislation in Northern Ireland

The Insolvency Act 2000 and the corporate insolvency provisions of the Enterprise Act 2002 do not apply in Northern Ireland. The current law is contained in the Insolvency (Northern Ireland) Order 1989 (the “**1989 Order**”) as amended by the Insolvency (Northern Ireland) Order 2002. The 1989 Order is further amended by the provisions of the Insolvency (Northern Ireland) Order 2005 (the “**2005 Order**”) which came into force on 27 March 2006. The 2005 Order implemented in Northern Ireland corporate insolvency provisions which are identical to those introduced by the provisions of the Enterprise Act 2002 in England, Wales and Scotland. The changes introduced in England, Wales and Scotland by the Insolvency Act 2000 in relation to small companies are mirrored in the Insolvency (Northern Ireland) Order 2002.

Fixed Charges over Accounts May Take Effect under English Law and Northern Irish Law as Floating Charges

The Issuer will purport to grant, *inter alia*, fixed charges in favour of the Trustee over the Issuer’s interest in the Collection Accounts, the Transaction Account and any other bank account in which the Issuer has an interest.

The law in England and Wales and in Northern Ireland relating to the re-characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment in security) may take effect under English law and Northern Irish law as floating charges only, if, for example, it is determined that the Trustee does not exert sufficient control over the relevant account or the proceeds thereof for the security to be said to “fix” over those assets (although it should be noted that there is no equivalent concept of recharacterisation of fixed security as floating charges under Scots law). If the charges take effect as floating charges instead of fixed charges, then certain claims, which are given priority over the floating charge by law, would be given priority over the claims of the floating chargeholder. See the paragraph entitled “*The Enterprise Act 2002*” above.

The Issuer believes that the risks described above in this section titled “Risk Factors” are the principal risks for the Noteholders inherent in the transaction, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons. The Issuer does not represent that the above stated risk factors are exhaustive. The Issuer believes that the structural elements described elsewhere in this Prospectus go to mitigate a number of these risks for the Noteholders, nevertheless the Issuer cannot give any assurance that those will be sufficient to ensure timely payment of interest, principal or any other amounts on or in connection with the Notes to Noteholders.

MORTGAGE PORTFOLIO AND SERVICING

See the sections entitled “*The Mortgage Portfolio and the Mortgage Loans*”, “*Characteristics of the Provisional Mortgage Portfolio*”, “*Assignment of the Mortgage Loans and Related Security*” and “*Servicing of the Mortgage Portfolio*” for further detail in respect of the characteristics of the Mortgage Portfolio and the sale and the servicing arrangements in respect of the Mortgage Portfolio.

Sale of Portfolio

The Mortgage Portfolio will consist of the Mortgage Loans, the Related Security, and all monies derived therefrom from time to time after the Cut-Off Date, which will be sold to the Issuer on the Closing Date.

Each Mortgage Loan and Related Security (other than certain Scottish Mortgage Loans, certain Northern Irish Mortgage Loans, the Scottish Related Security and the Northern Irish Related Security) is governed by English law. The Scottish Mortgage Loans are governed by English law or Scots law and the Scottish Related Security is governed by Scots law. The Northern Irish Mortgage Loans are governed by English law or Northern Irish law and the Northern Irish Related Security is governed by Northern Irish law.

The Mortgage Portfolio comprises Mortgage Loans originated by the Legal Title Holder (trading as Magellan Homeloans), Heritable Bank PLC (in administration), Mortgages PLC, Mortgages 1 Limited, Wave Lending Limited, Amber Homeloans Limited, Associates Capital Corporation plc (now CitiFinancial Europe plc), Citibank Trust Limited (closed), Future Mortgages Limited, Rooftop Mortgages Limited, Southern Pacific Mortgage Limited, Edeus Mortgage Creators Limited (in liquidation) and Victoria Mortgage Funding Limited (dissolved).

See the sections entitled “*The Mortgage Portfolio and the Mortgage Loans*” and “*Assignment of the Mortgage Loans and Related Security*”.

Features of Mortgage Loans

Certain features of the loans in the Provisional Mortgage Portfolio as at the Provisional Cut-Off Date are set out in the table below and investors should refer to, and carefully consider, further details in respect of the loans in the Provisional Mortgage Portfolio set out in “*Characteristics of the Provisional Mortgage Portfolio*”.

Type of mortgage	repayment, interest only, part repayment and part interest only
Self-certified Mortgage Loans	Yes – approximately 39.32%
First time buyer Mortgage Loans	Yes – approximately 7.16% (with 0.22% unknown)
Buy-to-let Mortgage Loans	Yes – approximately 12.35%
Corporate Borrowers	Yes – approximately 0.68%
Semi-Commercial	Yes – approximately 0.92% (with 0.32% unknown)
Number of Mortgage Loans	2,276 (subject to removals due to repossession or redemption)
Number of Mortgage Loan Parts	2,284 (subject to removals due to

	repossession or redemption) Average / Weighted average
Current Balance	£302,031,664.91
Weighted Average Original LTV	84.88%
Weighted Average Current LTV ¹	95.10%
Weighted Average Indexed CLTV from updated valuations ²	88.75%
Weighted Average Seasoning	8.11 years
Weighted Average Remaining Term	14.95 years

Notes:

¹ Current LTV is calculated as the Current Balance on the Provisional Cut-Off Date divided by the updated valuation.

² Updated valuations refer to the most up-to-date valuation data available and may be in the form of a full valuation, drive-by, AVM or desktop.

Consideration

The consideration payable by the Issuer to the Beneficial Title Seller in respect of the sale of the Mortgage Loans and Related Security shall be £221,175,339 in cash consideration, plus the issue of the Subordinated Notes and the Certificates to the Beneficial Title Seller.

Representations and Warranties

The Beneficial Title Seller will make certain Asset Warranties regarding the Mortgage Loans and Related Security to the Issuer on the Closing Date. The Legal Title Holder will make certain Legal Title Holder Asset Warranties regarding the Mortgage Loans and Related Security to the Issuer on the Closing Date.

See the section entitled “*Assignment of the Mortgage Loans and Related Security*” for further details.

Repurchase of the Mortgage Loans and Related Security

The Issuer shall sell and the Beneficial Title Seller shall repurchase the relevant Mortgage Loans and their Related Security in each of the following circumstances:

- following a Relevant Breach of an Asset Warranty (which is either not capable of remedy or, if capable of remedy, the Beneficial Title Seller fails to remedy within the applicable grace period following such breach of an Asset Warranty); or
- the Legal Title Holder determines that it will accept a request from a Borrower for a Further Advance or a Cash Flow Port following the repurchase of the related Mortgage Loan and its Related Security.

In addition, the Legal Title Holder will have an obligation to purchase the relevant Mortgage Loans and their Related Security following a Relevant Breach of a Legal Title Holder Asset Warranty, subject to certain conditions as more particularly set out in “*Assignment of the Mortgage Loans and Related Security*” below. The consideration payable by the Legal Title Holder in such

a circumstance will be the same as that payable by the Beneficial Title Seller upon a Relevant Breach of Asset Warranty (as to which see ‘*Consideration for repurchase*’ immediately below).

The obligation to repurchase following a Relevant Breach is limited by time.

Under the Mortgage Sale Agreement, the Beneficial Title Seller shall have the ability to elect to repurchase from the Issuer any Mortgage Loan following completion of any Enforcement Procedures in relation to such Mortgage Loan (a “**Shortfall Account**”).

Consideration for repurchase

Where the Beneficial Title Seller is required to repurchase any Mortgage Loan, the consideration payable by the Beneficial Title Seller in respect thereof shall be equal to the Principal Outstanding Balance of such Mortgage Loan as at the close of business on the date immediately preceding the date of repurchase plus accrued but unpaid interest in relation to such Mortgage Loan plus an amount equal to the Issuer’s reasonable and proper third party costs and expenses incurred or payable in connection with such repurchase.

The consideration payable by the Beneficial Title Seller in relation to any Shortfall Account shall be deferred consideration in an amount equal to the net recoveries (if any) made in respect of the related Mortgage Loan and its Related Security (less any fees, costs and expenses (including any fee charged in respect of management time) incurred in connection with the making of such recoveries or incurred in connection with the repurchase).

Purchase of Mortgage Portfolio by Portfolio Option Holder

The Portfolio Option Holder may purchase all (but not part) of the Mortgage Loans and their Related Security at any time in the period from the Business Day falling 20 Business Days prior to the Optional Redemption Date until the Business Day falling 10 Business Days prior to the Optional Redemption Date (the “**Class Z4 Portfolio Purchase**”).

Consideration for purchase by Portfolio Option Holder

The purchase price payable by the Portfolio Option Holder in respect of the Class Z4 Portfolio Purchase shall be the higher of (i) the aggregate market value of the Mortgage Portfolio as at the Class Z4 Portfolio Purchase Completion Date, and (ii) an amount equal to the aggregate Principal Amount Outstanding of the Notes as at the Class Z4 Portfolio Purchase Completion Date plus an amount not less than the amount required to satisfy items (a) to (m) (excluding items (f) (h), (j) and (l)) and (u)(ii) of the Pre-Enforcement Revenue Payments Priorities on the Interest Payment Date immediately following the Class Z4 Portfolio Purchase Completion Date, less (y) Available Principal Funds (without taking into account any amounts included under limb (a)(v) of the definition of Available Principal Funds) and Available Revenue Funds (without taking into account any amounts included under limb (e) of the definition of Available Revenue Funds) as applied in accordance with the Pre-Enforcement Principal Payments Priorities and the Pre-Enforcement Revenue Payments Priorities on the Interest Payment Date immediately following the Class Z4 Portfolio Purchase Completion Date and (z) the credit balance of the General Reserve Fund and the Liquidity Reserve Fund.

Market sale of Mortgage Portfolio:

In the event that the Class Z4 Portfolio Purchase does not occur by the Optional Redemption Date, the Market Portfolio Purchase Agent must

(subject to obtaining a Satisfactory Tax Opinion) seek offers and may itself offer to purchase the Mortgage Portfolio (such purchase a “**Market Portfolio Purchase**”).

If such purchase under the Market Portfolio Purchase Agreement does not occur on or prior to the Interest Payment Date falling in December 2020, the Market Portfolio Purchase Agent must (subject to obtaining a Satisfactory Tax Opinion) appoint a third party agent (being a major accounting firm, bank or brokerage with reasonable experience in seeking offers to purchase mortgage portfolios) which will, at least once every six months, seek offers to purchase the Mortgage Portfolio for the Market Portfolio Purchase Price.

Consideration for purchase for market sale:

The purchase price payable in respect of such Market Portfolio Purchase shall be an amount which is not less than the higher of (i) the aggregate market value of the Mortgage Portfolio as at the Market Portfolio Purchase Completion Date, and (ii) an amount equal to the aggregate Principal Amount Outstanding of the Notes as at the Market Portfolio Purchase Completion Date plus an amount not less than the amount required to satisfy items (a) to (m) (excluding items (f) (h), (j) and (l)), and (u)(ii), (u)(iii) and (u)(iv) of the Pre-Enforcement Revenue Payments Priorities on the Interest Payment Date on or immediately following the Market Portfolio Purchase Completion Date, less (y) Available Principal Funds (without taking into account any amounts included under limb (a)(v) of the definition of Available Principal Funds) and Available Revenue Funds (without taking into account any amounts included under limb (e) of the definition of Available Revenue Funds) as applied in accordance with the Pre-Enforcement Principal Payments Priorities and the Pre-Enforcement Revenue Payments Priorities on the Interest Payment Date on or immediately following the Market Portfolio Purchase Completion Date and (z) the credit balance of the General Reserve Fund and the Liquidity Reserve Fund.

Issuer Call Option

In addition, the Issuer has an option (the “**Issuer Call Option**”) to redeem the Notes and the Subordinated Notes, subject to certain conditions. The Issuer Call Option may be exercised by notice to the Trustee at any time in the period from the Business Day falling 10 Business Days prior to the Optional Redemption Date until the Business Day falling 5 Business Days prior to the Interest Payment Date falling in December 2020.

Funds required for Issuer Call Option

The Issuer Call Option may only be exercised if the Issuer has sufficient available funds (including any Available Principal Funds, Available Revenue Funds and the credit balance of the General Reserve Fund and the Liquidity Reserve Fund) in an amount at least equal to the aggregate Principal Amount Outstanding of the Notes and the Subordinated Notes as at the Issuer Call Option Completion Date plus an amount not less than the amount required to satisfy items (a) to (m) (excluding items (f), (h), (j) and (l)) and (u)(ii) of the Pre-Enforcement Revenue Payments Priorities on the Issuer Call Option Completion Date.

Perfection Events:

Transfer of the legal title to the relevant Mortgage Loans and Related Security will be perfected if certain specified perfection events occur, which will include insolvency of the Legal Title Holder, an Enforcement Notice being issued or the Security or any material part thereof (in the opinion of the

Trustee) being in jeopardy.

Prior to the completion of the transfer of legal title to the relevant Mortgage Loans and Related Security to the Issuer (or a nominee of the Issuer), the Issuer will hold only the equitable or beneficial title to those Mortgage Loans and the Related Security and will therefore be subject to certain risks as set out in the risk factor entitled “*Title of the Issuer*” in the Risk Factors section.

**Servicing of the
Mortgage Portfolio:**

The Servicer will be appointed by the Legal Title Holder and the Issuer to service the Mortgage Portfolio on a day-to-day basis. The appointment of the Servicer may be terminated by the Issuer (with the prior written consent of the Trustee), by the Legal Title Holder or by the Trustee, upon the occurrence of certain events, as more particularly described in the section entitled “*Servicing of the Mortgage Portfolio*”.

The Servicer may also resign at any time with effect on or after the Optional Redemption Date upon giving 120 days’ notice (which may expire more quickly if the Back-Up Servicer or a replacement servicer has been appointed and is fully operational). In addition, there are certain other circumstances in which the Servicer may terminate its appointment under the Servicing Agreement, upon 120 days’ notice (which may expire more quickly if the Back-Up Servicer or a replacement servicer has been appointed and is fully operational), as more particularly described in the section entitled “*Servicing of the Mortgage Portfolio*”.

The appointment of the Back-Up Servicer as servicer or another replacement servicer will take effect upon any termination of the appointment of the Servicer as described above.

In the absence of a Servicer Termination Event, Noteholders have no right to instruct the Trustee to terminate the appointment of the Servicer. Once a Servicer Termination Event has occurred, Noteholders may, by Extraordinary Resolution, instruct the Trustee to terminate the appointment of the Servicer.

For so long as a Perfection Event has not occurred, the Servicer will be prevented from taking certain Restricted Actions without the consent of the Legal Title Holder, and will take instructions from the Legal Title Holder in relation to certain actions in relation to the Mortgage Loans and the Related Security. These are more particularly described in the section entitled “*Servicing of the Mortgage Portfolio*”. Following the transfer of legal title in respect of the Mortgage Portfolio by the Legal Title Holder to the Issuer or the Issuer’s nominee after the occurrence of a Perfection Event, the Issuer or the Trustee (acting upon the instructions of the Most Senior Class by way of Extraordinary Resolution) will have sole discretion to appoint an appropriate service provider to perform these actions.

See the section entitled “*Servicing of the Mortgage Portfolio*” for further details.

Delegation:

The Servicer may delegate some of its servicing functions to a third party provided that the Servicer remains responsible for the performance of any functions so delegated.

See the section entitled “*Servicing of the Mortgage Portfolio*” for further

details.

Back-Up Servicer:

Each of the Issuer and the Legal Title Holder will use all its reasonable efforts to procure that Homeloan Management Limited, as the Back-Up Servicer, is appointed on the Closing Date. Pursuant to the Back-Up Servicing Agreement the Back-Up Servicer will agree to provide back-up services in respect of the Mortgage Portfolio. Following termination of the appointment of the Servicer, the Back-Up Servicer will replace the Servicer and perform its duties and obligations under the Servicing Agreement if an alternative servicer has not been found. The Back-Up Servicer will require up to 60 days' notice before it is obliged to assume the servicing of the Mortgage Portfolio.

See the section entitled "*Servicing of the Mortgage Portfolio*" for further details.

SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES

See the sections entitled “*Terms and Conditions of the Notes*” and “*Early Redemption of Notes*” for further detail in respect of the terms of the Notes.

FULL CAPITAL STRUCTURE OF THE NOTES

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes
Currency	£	£	£	£	£
Initial Principal Amount Outstanding	£144,550,000	£30,970,000	£22,120,000	£22,120,000	£13,270,000
Note Credit Enhancement	Over-collateralisation, subordination of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Subordinated Notes and excess spread	Over-collateralisation, subordination of the Class C Notes, the Class E Notes and the Subordinated Notes and excess spread	Over-collateralisation, subordination of the Class D Notes, Class E Notes and the Subordinated Notes and excess spread	Over-collateralisation, subordination of the Class E Notes and the Subordinated Notes and excess spread	Over-collateralisation, subordination of the Subordinated Notes and excess spread
Reserve Credit Enhancement	General Reserve Fund	General Reserve Fund	General Reserve Fund	General Reserve Fund	General Reserve Fund
Liquidity Support	Liquidity Reserve Fund, General Reserve Fund, Principal Reallocation Amount and excess spread	(If the Class B Notes are the Most Senior Class or, in certain circumstances, prior to the redemption in full of the Class A Notes) Liquidity Reserve Fund, General Reserve Fund, (prior to the redemption of the Class A Notes and the debit balance of the Class B Principal Deficiency Sub-Ledger is less than or equal to 80 per cent. of the Principal Amount Outstanding of the Class B Notes, or if the Class B Notes are the Most Senior Class) Principal Reallocation Amount and excess spread	(If the Class C Notes are the Most Senior Class) Liquidity Reserve Fund, General Reserve Fund, (if the Class C Notes are the Most Senior Class) Principal Reallocation Amount, and excess spread	(If the Class D Notes are the Most Senior Class) Liquidity Reserve Fund, General Reserve Fund, (if the Class D Notes are the Most Senior Class) Principal Reallocation Amount, and excess spread	(If the Class E Notes are the Most Senior Class) Liquidity Reserve Fund, General Reserve Fund, (if the Class E Notes are the Most Senior Class) Principal Reallocation Amount, and excess spread
Issue Price	97.481%	93.042%	90.237%	89.777%	87.659%
Interest Reference Rate	3 month Sterling LIBOR	3 month Sterling LIBOR	3 month Sterling LIBOR	3 month Sterling LIBOR	3 month Sterling LIBOR
Initial Margin	1.2000% p.a.	1.4000% p.a.	1.7000% p.a.	2.2500% p.a.	2.9500% p.a.
Step-Up Margin (after the Optional Redemption)	2.1000% p.a.	2.4500% p.a.	2.9750% p.a.	3.9375% p.a.	5.1625% p.a.

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes
Date)					
Interest Accrual Method	ACT/365 (fixed)	ACT/365 (fixed)	ACT/365 (fixed)	ACT/365 (fixed)	ACT/365 (fixed)
Interest Determination Date	Interest Payment Date	Interest Payment Date	Interest Payment Date	Interest Payment Date	Interest Payment Date
Interest Payment Dates	Interest is payable quarterly in arrear on the 18 th day of March, June, September and December	Interest is payable quarterly in arrear on the 18th day of March, June, September and December	Interest is payable quarterly in arrear on the 18th day of March, June, September and December	Interest is payable quarterly in arrear on the 18th day of March, June, September and December	Interest is payable quarterly in arrear on the 18th day of March, June, September and December
Business Day Convention	Modified following	Modified following	Modified following	Modified following	Modified following
First Interest Payment Date	Interest Payment Date falling in December 2015				
First Interest Period	The period from the Closing Date to the First Interest Payment Date.				
Optional Redemption Date	Interest Payment Date falling in June 2020	Interest Payment Date falling in June 2020	Interest Payment Date falling in June 2020	Interest Payment Date falling in June 2020	Interest Payment Date falling in June 2020
Issuer Optional Redemption Dates	Interest Payment Dates falling in June, September and December 2020				
Pre-Enforcement Redemption Profile	Sequential pass-through amortisation on each Interest Payment Date to the extent of Available Principal Funds subject to and in accordance with the relevant Payments Priorities.				
Portfolio Call	If the Class Z4 Portfolio Purchase Option is exercised no later than 10 Business Days prior to the Optional Redemption Date, the Notes will be redeemed on the Optional Redemption Date. If the Class Z4 Portfolio Purchase Option is not exercised by such date, (i) the Market Portfolio Purchase Agent must seek offers for the Mortgage Portfolio and (ii) the Issuer may call the Notes on an Issuer Optional Redemption Date.				
Post-Enforcement Redemption Profile	Sequential pass-through amortisation in accordance with the Post-Enforcement Payments Priorities.				
Final Maturity Date	Interest Payment Date falling in March 2050.				
Form of the Notes	Bearer	Bearer	Bearer	Bearer	Bearer
Application for Listing	Main Securities Market of The Irish Stock Exchange p.l.c.	Main Securities Market of The Irish Stock Exchange p.l.c.	Main Securities Market of The Irish Stock Exchange p.l.c.	Main Securities Market of The Irish Stock Exchange p.l.c.	Main Securities Market of The Irish Stock Exchange p.l.c.
ISIN	XS1270541342	XS1270543397	XS1270545764	XS1270549675	XS1270551226
Common Code	127054134	127054339	127054576	127054967	127055122
Clearance/Settlement	Euroclear/ Clearstream, Luxembourg				
Minimum Denomination	£100,000 and £1,000 increments				
Retained Amount	N/A	N/A	N/A	N/A	N/A
Rating of Notes on Issue	AAA(sf) by Fitch and AAA(sf) by S&P	AA(sf) by Fitch and AA(sf) by S&P	A(sf) by Fitch and A(sf) by S&P	BBB(sf) by Fitch and BBB(sf) S&P	BB-(sf) by Fitch and BB(sf) by S&P

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.

Payments of principal on the Class A Notes will at all times rank in priority to payments of principal on the Class B Notes, payments of principal on the Class B Notes will at all times rank in priority to payments of principal on the Class C Notes, payments of principal on the Class C Notes will at all times rank in priority to payments of principal on the Class D Notes, payments of principal on the Class D Notes will at all times rank in priority to payments of principal on the Class E Notes, payments of principal on the Class E Notes will at all times rank in priority to payments of principal on the Subordinated Notes in each case in accordance with the applicable Payments Priorities.

Payments of interest on the Class A Notes will at all times rank in priority to payments of interest on the Class B Notes, payments of interest on the Class B Notes will at all times rank in priority to payments of interest on the Class C Notes, payments of interest on the Class C Notes will at all times rank in priority to payments of interest on the Class D Notes, payments of interest on the Class D Notes will at all times rank in priority to payments of interest on the Class E Notes, payments of interest on the Class E Notes will at all times rank in priority to payments to the Certificateholders in each case in accordance with the applicable Payments Priorities.

Security

The Notes are secured and will share the Security with the other Secured Amounts of the Issuer as set out in the Security Deed. The security granted by the Issuer includes:

- (a) a first fixed charge over the benefit of the Issuer in each English Mortgage Loan, English Mortgage and other Related Security relating to such English Mortgage Loan, each English Mortgage Document and all English Receivables;
- (b) a first fixed charge over the benefit of the Issuer in each Northern Irish Mortgage Loan, Northern Irish Mortgage and other Related Security relating to such Northern Irish Mortgage Loan, each Northern Irish Mortgage Document and all Northern Irish Receivables;
- (c) an assignment in security of the Issuer's beneficial interest (as a beneficiary under the Scottish Declaration of Trust) in the Scottish Mortgage Loans and their related Security;
- (d) an assignment of rights held by the Issuer against certain third parties and insurers;
- (e) a first fixed charge of the benefit of any bank or other accounts in which the Issuer may at any time have or acquire any benefit;
- (f) an assignment of the benefit of the Issuer under each relevant Transaction Document (other than the Trust Documents, the Scottish Declaration of Trust and the Placement Agreement); and
- (g) a first floating charge over all the assets and undertaking of the Issuer to the extent not effectively charged pursuant to paragraphs (a) to (f) above but extending over all assets and undertakings of the Issuer located in, or

otherwise governed by the laws of Northern Ireland or Scotland.

Some of the other Secured Amounts rank senior to the Issuer's obligations under the Notes in respect of the allocation of proceeds as set out in the Post-Enforcement Payments Priorities.

See also the following risk factor under "*Risk Factors – Fixed charges may take effect under English law as floating charges*".

Interest Provisions

See "*Full Capital Structure of the Notes*" as set out above.

Interest Deferral

To the extent that, on any Interest Payment Date, the Issuer does not have sufficient funds to pay in full interest on each Class of Notes other than the Most Senior Class of Notes, this payment shall be deferred and such non-payment shall not constitute an Event of Default. Any amounts of deferred interest will accrue interest described in Note Condition 7 (*Interest*) and payment of any such additional interest will also be deferred.

Payment of the shortfall representing deferred interest will be deferred until the first Interest Payment Date on which the Issuer has sufficient funds, provided that the payment of such shortfall shall not be deferred beyond the Final Maturity Date, as described in Note Condition 7.10 (*Interest Deferred*). On such date, any amount which has not by then been paid in full shall become due and payable.

Gross-up

None of the Issuer or any Agent will be obliged to gross-up if there is any withholding or deduction in respect of the Notes on account of taxes.

Redemption

The Notes are subject to the following mandatory redemption events:

- mandatory redemption in whole on the Final Maturity Date, as fully set out in Note Condition 8 (*Final Redemption, Mandatory Redemption in part and Cancellation*);
- mandatory redemption in whole on the occurrence of a Class Z4 Portfolio Purchase or a Market Portfolio Purchase or an exercise of the Issuer Call Option, as fully set out in Note Condition 8 (*Final Redemption, Mandatory Redemption in part and Cancellation*); and
- mandatory redemption in part on any Interest Payment Date as fully set out in Note Condition 8 (*Final Redemption, Mandatory Redemption in part and Cancellation*).

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

Events of Default

As fully set out in Note Condition 12 (*Event of Default*), which includes (and where relevant will be subject to the applicable grace period):

- non-payment of interest and/or principal (other than any amounts of Interest which may be deferred in accordance with Note Condition 7.10 (*Interest Deferred*));
- misrepresentation by the Issuer in respect of any Issuer Warranty;

- breach of contractual obligations by the Issuer under the Transaction Documents or of the Notes;
- unlawfulness; and
- Insolvency Events.

Enforcement

If an Event of Default has occurred and is continuing, the Trustee may, and for so long as any Notes remain outstanding shall, if so requested: (a) in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class then outstanding; or (b) by an Extraordinary Resolution of the Noteholders of the Most Senior Class then outstanding, deliver an Enforcement Notice to the Issuer and institute such proceedings or take such action or step as may be required in order to enforce the Security in accordance with the Trust Documents. The Trustee shall not be obliged to deliver an Enforcement Notice, unless it shall have been fully indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

Limited Recourse

The Notes are limited recourse obligations of the Issuer and, if not repaid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Note Condition 9 (*Limited Recourse*).

Non petition

The Noteholders shall not be entitled to take any steps (otherwise than in accordance with the Trust Deed and the Note Conditions):

- to direct the Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security other than when expressly permitted to do so under the Note Conditions; or
- to take or join any person in any steps against the Issuer to obtain payment of any amount due from the Issuer to it; or
- until the date falling two years after the Final Discharge Date, to initiate or join in initiating any proceeding in relation to an Insolvency Event in relation to the Issuer; or
- to take or join in taking of any steps or proceedings which would result in any of the Payments Priorities not being observed.

Governing Law

English law as to the Notes and the Trust Deed. English, Northern Irish and Scots law as to the Security Deed.

RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS

See the section entitled “Terms and Conditions of the Notes” for further details in respect of the rights of Noteholders, conditions for exercising such rights and relationship with other Secured Creditors.

Prior to an Event of Default Noteholders holding no less than 10 per cent. of the Principal Amount Outstanding of the outstanding Notes of a particular Class are entitled to request the Trustee to convene a Noteholders’ Meeting of such Class. Noteholders can also participate in a Noteholders’ Meeting convened by the Issuer or Trustee to consider any matter affecting their interests.

However, investors should note that the Noteholders will not be entitled to instruct or direct the Issuer to take any actions, either directly or through the Trustee, where the Issuer has no right, obligation or ability to take such action under the Transaction Documents.

Following an Event of Default Following the occurrence of an Event of Default which is continuing, Noteholders of the Most Senior Class then outstanding may, if they hold not less than 25 per cent. of the Principal Amount Outstanding or if they pass an Extraordinary Resolution, direct the Trustee (provided it has been indemnified and/or secured and/or prefunded to its satisfaction) to deliver an Enforcement Notice to the Issuer stating that all Classes of Notes are immediately due and repayable at their respective Principal Amount Outstanding.

Noteholders Meeting provisions

	<i>Initial meeting</i>	<i>Adjourned meeting</i>
Notice period:	21 clear days	10 clear days
Quorum for meetings on Extraordinary Resolutions:	One or more persons holding or representing a majority of the Principal Amount Outstanding of the relevant Class of Notes (other than a Reserved Matter, which requires 75 per cent. of the Principal Amount Outstanding of the relevant Class of Notes).	25 per cent. of the Principal Amount Outstanding of the relevant Class of Notes
Required majority:	75 per cent. of votes cast for matters requiring Extraordinary Resolution	
Electronic Consent	75 per cent. of the Principal Amount Outstanding of the relevant Class of Notes voting to approve matters requiring Extraordinary Resolution by way of Electronic Consent. Electronic Consent has the same effect as an Extraordinary Resolution.	
Written Resolution:	75 per cent. of the Principal Amount Outstanding of the relevant class of Notes. A Written Resolution has	

the same effect as an Extraordinary Resolution

**Matters requiring
Extraordinary
Resolution**

The following matters (including but not limited to):

- Reserved Matter;
- subject to Note Condition 16 (*Modification and Waiver*), modification of the Note Conditions or any Transaction Document;
- substitution of the Issuer;
- subject to Note Condition 16 (*Modification and Waiver*), waiving a breach of covenant by the Issuer;
- after a Servicer Termination Event, unless a substitute servicer or the Back-Up Servicer is appointed in accordance with the terms of the Servicing Agreement, the identity of a replacement Servicer;
- in the case of the Most Senior Class then outstanding, giving of a direction to the Trustee to deliver an Enforcement Notice;
- in the case of the Most Senior Class, removal of the Trustee and approval of the successor trustee;
- in the case of the Most Senior Class, approval of the terms of a merger, reorganisation or amalgamation of the Issuer; and
- in the case of the Most Senior Class then outstanding, giving of a direction to the Trustee to refrain from exercising any powers conferred upon it by Note Condition 16.2 (*Waiver*).

**Relationship between
Classes of Noteholders**

Subject to the Provisions for Meetings of Noteholders, the Provisions for Meetings of Subordinated Noteholders and the Provisions for Meetings of Certificateholders governing a Reserved Matter, a resolution of Noteholders of the Most Senior Class then outstanding shall be binding on all other holders of Notes, all holders of Subordinated Notes and all holders of Certificates and the Trustee shall not take into account any resolutions to the contrary passed by such other holders of Notes, the Subordinated Noteholders or the Certificateholders.

A Reserved Matter requires an Extraordinary Resolution of all Classes of Notes, all Classes of Subordinated Notes and of the Certificates then outstanding.

**Beneficial Title Seller as
Noteholder**

For the purpose of, *inter alia*, the right to attend and vote at any Meeting of Noteholders, the right to resolve by Extraordinary Resolution in writing and certain rights to direct, the relevant Notes must be “outstanding”. Those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Beneficial Title Seller or any holding company of the Beneficial Title Seller or any other subsidiary of such holding company shall (unless and until ceasing to be so held) be deemed not to remain outstanding provided that if all Notes of a particular Class are held by the Beneficial Title Seller, any holding company of the Beneficial Title Seller or any other subsidiary of such holding company (the “**relevant Class of Notes**”) and no other Classes of Notes exist that rank junior or *pari passu* to the relevant Class of Notes, the relevant Class of Notes will be deemed to remain outstanding.

**Relationship between
Noteholders,**

So long as any Notes are outstanding and there is a conflict between the interests of the Noteholders, the Subordinated Noteholders, the

**Subordinated
Noteholders
Certificateholders and
other Secured Creditors**

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

**Provision of
Information to the
Noteholders,
Subordinated
Noteholders and
Certificateholders**

The Cash Manager will provide an investor report on a quarterly basis containing information in relation to the Notes, the Subordinated Notes and the Certificates including, but not limited to, (i) amounts paid by the Issuer pursuant to the Payments Priorities in respect of the relevant period, (ii) required counterparty information, and (iii) the Beneficial Title Seller's continued holding of the Class Z4 Notes. The quarterly investor report will be published on www.usbank.com/abs.

For the avoidance of doubt, the Cash Manager:

- (a) in respect of (ii) and (iii), shall have no input on and shall not be required to, review or check the adequacy, accuracy or completeness of such information; and
- (b) in respect of (iii), shall only be required to include such information to the extent that the Cash Manager has received a confirmation in writing from the Beneficial Title Seller (and upon which confirmation the Cash Manager shall be entitled to rely without further enquiry and without any liability for so relying), that the Beneficial Title Seller (x) continues to hold the Class Z4 Notes, and (y) has not sold, hedged or otherwise mitigated its credit risk under or associated with the Class Z4 Notes. The Cash Manager shall rely on such confirmation until otherwise notified in writing by the Beneficial Title Seller.

**Communication with
Noteholders**

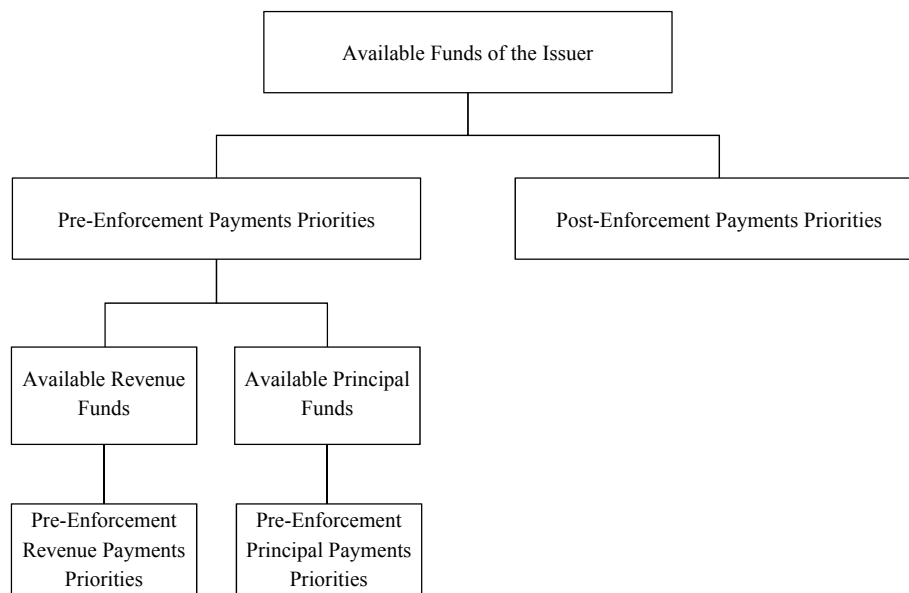
Any notice to be given by the Issuer or the Trustee to Noteholders shall be given in the following manner:

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

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

CREDIT STRUCTURE AND CASHFLOW

See the sections entitled “Cashflows” and “Credit Enhancement and Liquidity Support” for further detail in respect of the credit structure and cash flow of the transaction



Available Funds of the Issuer:

The Issuer will use Available Revenue Funds and Available Principal Funds for the purposes of making interest and principal payments under the Notes and payments under the Certificates and the other Transaction Documents.

“**Available Revenue Funds**” will, broadly, include the following:

- Revenue Receipts received during the immediately preceding Calculation Period (less any amounts that are Revenue Receipts that are not transferred to the Transaction Account pursuant to Clause 8.2 of the Servicing Agreement);
- interest paid to the Issuer on the Transaction Account during the immediately preceding Calculation Period;
- (prior to the Reserve Release Date, the occurrence of a Market Portfolio Purchase or a Class Z4 Portfolio Purchase or an exercise of the Issuer Call Option) amounts to be drawn from the Liquidity Reserve Fund (as required to meet any Senior Revenue Shortfall and any Class B Liquidity Shortfall);
- (prior to the Reserve Release Date, the occurrence of a Market Portfolio Purchase or a Class Z4 Portfolio Purchase or an exercise of the Issuer Call Option) amounts to be drawn from the General Reserve Fund (as required to meet any Revenue Shortfall);
- (upon the occurrence of a Market Portfolio Purchase or a Class Z4 Portfolio Purchase or an exercise of the Issuer Call Option) any Purchase Revenue Amount;
- (prior to the occurrence of a Market Portfolio Purchase or a Class Z4 Portfolio Purchase or an exercise of the Issuer Call Option) any Principal

Reallocation Amounts (as required to meet any Senior Revenue Shortfall);
and

- (on the Reserve Release Date) any Reserve Addition Amount,

less relevant amounts debited during the Calculation Period, which include the following:

- any Borrower Repayment Amount of a revenue nature;
- any tax payment;
- any Third Party Expenses;
- any Servicer Fees and/or Servicer Liabilities;
- any Trustee Fees and/or Trustee Liabilities; and
- amounts to remedy any overdraft in relation to the Collection Accounts or to pay any amounts due to the Collection Account Bank.

“**Available Principal Funds**”, broadly, include:

- all Principal Receipts received by the Issuer during the immediately preceding Calculation Period (including consideration paid by the Beneficial Title Seller in respect of the re-purchase of the Mortgage Loans and their Related Security which relates to principal amounts due and receipt of realisation proceeds of the relevant Related Security, less any amounts that are Principal Receipts that are not transferred to the Transaction Account pursuant to Clause 8.2 of the Servicing Agreement);
- amounts transferred from the Revenue Ledger comprising Revenue Reallocation Amounts;
- Principal Addition Amounts;
- (on the Reserve Release Date) amounts withdrawn from the General Reserve Fund and the Liquidity Reserve Fund less any Reserve Addition Amount; and
- (upon the occurrence of a Market Portfolio Purchase or a Class Z4 Portfolio Purchase or an exercise of the Issuer Call Option) any Purchase Principal Amount,

less any Borrower Repayment Amount of a principal nature and any direct debit reversals or cheques to be repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer account debited during the immediately preceding Calculation Period.

Payments Priorities

Prior to the service of an Enforcement Notice by the Trustee, Available Revenue Funds shall be applied in the order of priority set out in the Pre-Enforcement Revenue Payments Priorities and Available Principal Funds shall be applied in the order of priority set out in the Pre-Enforcement Principal Payments Priorities. After an Enforcement Notice is delivered by the Trustee, Trust Proceeds shall (after deduction of all costs and expenses incurred by the Trustee in obtaining receipt or recovery of the Trust Proceeds) be held by the Trustee upon trust to be applied in the order of priority set out in the Post-Enforcement Payments Priorities.

Please see full details of the payments priorities set out in the section entitled “*Cashflows*”.

General Credit

The general credit structure of the transaction includes the following elements:

Structure

(a) **Credit Support:**

- *Over-collateralisation:* the aggregate Principal Outstanding Balance of Mortgage Loans on the Cut-Off Date exceeds the initial Principal Amount Outstanding of the Notes on the Closing Date by approximately £61,986,421.50, and Principal Losses will be allocated first to the Class Z4 Principal Deficiency Sub-Ledger, then the Class Z3 Principal Deficiency Sub-Ledger, then the Class Z2 Principal Deficiency Sub-Ledger, then the Class Z1 Principal Deficiency Sub-Ledger, then the Class E Principal Deficiency Sub-Ledger, then the Class D Principal Deficiency Sub-Ledger, then the Class C Principal Deficiency Sub-Ledger, then the Class B Principal Deficiency Sub-Ledger, and lastly to the Class A Principal Deficiency Sub-Ledger.
- *General Reserve Fund:* the General Reserve Fund, initially funded in an amount equal to £5,900,328 (being approximately 2 per cent. of the aggregate Principal Outstanding Balance of the Mortgage Portfolio as at the Cut-Off Date) from a drawing on the Reserve Subordinated Loan provided by the Beneficial Title Seller, and thereafter to be maintained at the General Reserve Fund Target Amount from Available Revenue Funds, may be applied to reduce the debit balance on the Class A Principal Deficiency Sub-Ledger, the Class B Principal Deficiency Sub-Ledger, the Class C Principal Deficiency Sub-Ledger, the Class D Principal Deficiency Sub-Ledger and the Class E Principal Deficiency Sub-Ledger.
- *Revenue Reallocation Amounts:* Available Revenue Funds may be applied as Available Principal Funds to the extent of, among other things, any Principal Losses on the Mortgage Loans.
- *Principal Addition Amounts:* at any time when the Notes remain outstanding and the Principal Outstanding Balance of the Mortgage Loans which have an arrears balance greater than three Monthly Subscriptions exceeds 45 per cent. of the Principal Outstanding Balance of all Mortgage Loans, Principal Addition Amounts may be applied as Available Principal Funds.

See the section entitled “*Credit Enhancement and Liquidity Support*”.

(b) **Liquidity Support:**

Liquidity Reserve Fund: the Liquidity Reserve Fund, initially funded in an amount equal to £11,800,657 (being approximately 4 per cent. of the aggregate Principal Outstanding Balance of the Mortgage Portfolio as at the Cut-Off Date) from a drawing on the Reserve Subordinated Loan provided by the Beneficial Title Seller, and thereafter to be maintained at the Liquidity Reserve Fund Target Amount from Available Revenue Funds and (in certain circumstances) Available Principal Funds, may be applied to pay Interest Amounts in respect of the Most Senior Class of Notes or, in certain circumstances, prior to the redemption in full of the Class A Notes, the Class A Notes and the Class B Notes.

General Reserve Fund: the General Reserve Fund, initially funded in an

amount equal to £5,900,328 (being approximately 2 per cent. of the aggregate Principal Outstanding Balance of the Mortgage Portfolio as at the Cut-Off Date) from a drawing on the Reserve Subordinated Loan provided by the Beneficial Title Seller, and thereafter to be maintained at the General Reserve Fund Target Amount from Available Revenue Funds, may be applied to pay Interest Amounts in respect of all Classes of Notes.

Principal Reallocation Amounts: Available Principal Funds will be applied to reduce or eliminate, among other things, any shortfall in Available Revenue Funds (after the application of any General Reserve Drawing and Liquidity Reserve Drawing) (i) to pay Interest Amounts in respect of the Class A Notes and, if the debit balance on the Class B Principal Deficiency Sub-Ledger is less than or equal to 80 per cent. of the Principal Amount Outstanding of the Class B Notes on the relevant Interest Payment Date, the Class B Notes, or (ii) after the redemption in full of the Class A Notes, to pay Interest Amounts in respect of the Most Senior Class of Notes.

Liquidity Reallocation Amounts: Available Principal Funds will be applied to replenish the Liquidity Reserve Fund prior to the first Interest Payment Date on which the amount standing to the credit of the Liquidity Reserve Ledger is 6 per cent. of the aggregate Principal Outstanding Balance of the Mortgage Portfolio as at the Cut-Off Date.

See the section entitled “*Credit Enhancement and Liquidity Support*”.

Bank Accounts and Cash Management

Collections of revenue and principal in respect of the Mortgage Loans in the Mortgage Portfolio are received by the Legal Title Holder in the Collection Accounts. Interest payments and principal repayments are collected throughout the month.

All monies standing to the credit of the Collection Accounts above the aggregate maximum balance of £15,000 which may be standing to the credit of the Collection Accounts during a Calculation Period shall be transferred from any of the Collection Accounts to the Servicer Expense Account or the Transaction Account by the Collection Account Bank. At the end of each Business Day during a Calculation Period, amounts standing to the credit of the Collection Accounts in excess of (i) £15,000 (in aggregate) (the “**DD Retained Balance**”), (ii) any Borrower Repayment Amounts, (iii) any direct debit reversals or cheques to be repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer account and (iv) any fees payable to the Collection Account Bank, shall be transferred *firstly* into the Servicer Expense Account, until there is a credit balance on the Servicer Expense Account equal to £50,000 (the “**Servicer Expense Required Amount**”); and *secondly* into the Transaction Account.

Borrower Repayment Amounts will be paid out of the Collection Accounts to the relevant recipient on any Business Day.

The Collection Account Bank shall be entitled at any time to deduct from any of the Collection Accounts any amounts to satisfy any of its obligations and/or liabilities properly incurred under the Direct Debiting Scheme or in respect of other unpaid sums (including but not limited to cheques and payment reversals) in each case relating to the Borrowers under the Mortgage Portfolio, or to pay amounts due

or owing to the Collection Account Bank (and there can be no assurance as to the quantum of such deductions from time to time).

The Cash Manager shall instruct the Transaction Account Bank to make payments pursuant to the Cash Management Agreement.

TRIGGERS TABLES

Rating Triggers Table

Transaction Party	Required Ratings/Triggers	Possible effects of Trigger being breached include the following
Collection Account Bank	<p>(i) in respect of S&P, at least BBB (long-term) and A-2 (short-term) or at least BBB+ (long-term) if there is no short-term rating; and</p> <p>(ii) in respect of Fitch, at least BBB+ (long-term) and F2 (short-term),</p> <p>or in each case such other rating or ratings as is otherwise acceptable to the relevant Rating Agency from time to time as would maintain the then current rating of the Notes rated by it.</p> <p>The consequences of the relevant required rating being breached are set out in more detail in the section entitled “<i>Cash Management</i>”.</p>	<ul style="list-style-type: none"> • Replacement of Collection Account Bank
Transaction Account Bank	<p>(i) in respect of S&P, at least A (long-term) and A-1 (short-term) or at least A+ (long-term) if there is no short-term rating; and</p> <p>(ii) in respect of Fitch, at least A (long-term) and F1 (short-term),</p> <p>or in each case such other rating or ratings as is otherwise acceptable to the relevant Rating Agency from time to time as would maintain the then current rating of the Notes rated by it.</p> <p>The consequences of the relevant required rating being breached are set out in more detail in the section entitled “<i>Cash Management</i>”.</p>	<ul style="list-style-type: none"> • Replacement of the Transaction Account Bank

Non-Rating Triggers Table

Nature of Trigger	Description of Trigger	Consequence of Trigger
Perfection Events	<p>The occurrence of any of the following:</p> <ul style="list-style-type: none"> • an Enforcement Notice is served; • perfection is required by an order of a court or by a change in law occurring after the Closing Date or by a regulatory authority; • the Security or any material part thereof (in the opinion of the Trustee) is in jeopardy; • certain insolvency events in respect of the Legal Title Holder. 	<p>A number of events will occur, including Borrowers being notified of the sale to the Issuer (or a nominee of the Issuer) and legal title to the Mortgage Portfolio being transferred to the Issuer (or a nominee of the Issuer) by way of registration or recording in the relevant Land Registry.</p>
Servicer Termination Events	<p>The occurrence of any of the following (subject to applicable grace periods for remedy and materiality thresholds):</p> <ul style="list-style-type: none"> • failure to make payments under the Servicing Agreement; • default in the performance of Servicer's other covenants and obligations under the Servicing Agreement; • persistent breach of the Servicer's obligation to consult with the Legal Title Servicer before taking Restricted Actions; • the monthly data tape referred to in the Servicing Agreement provided to the Back-Up Servicer being incorrect, and such error(s) are not corrected within ten calendar days; • the occurrence of an insolvency event in respect of the Servicer; • the Servicer repudiates its material obligations under the Servicing Agreement in writing; • any of the Servicer's permissions under FSMA required to perform the services under the Servicing Agreement are suspended, rescinded or revoked except to the extent caused by an Illegality Event; and • certain other circumstances are 	<p>Termination of appointment of Servicer (and Back-Up Servicer appointment will come into effect).</p>

Nature of Trigger	Description of Trigger	Consequence of Trigger
Cash Manager Termination Events	<p data-bbox="580 248 970 461">applicable in which the appointment of the Servicer may be terminated, including by the Servicer itself. See further the section entitled “<i>Servicing of the Mortgage Portfolio</i>”.</p> <p data-bbox="525 483 948 584">The occurrence of any of the following (subject to applicable grace periods for remedy and materiality thresholds):</p> <ul data-bbox="525 600 970 875" style="list-style-type: none"> <li data-bbox="525 600 868 629">• failure to make a payment; <li data-bbox="525 645 970 712">• non-compliance with any other covenants or obligations; <li data-bbox="525 728 970 795">• unlawfulness in respect of the Cash Manager; or <li data-bbox="525 810 970 875">• an insolvency event in respect of the Cash Manager. 	Termination of appointment of Cash Manager.

FEES

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

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing fees to Servicer	Annual fee of 25 basis points multiplied by the Current Balance of the Mortgage Loans and certain activity related fees and expenses (in each case, exclusive of VAT) (See the section entitled “ <i>Servicing of the Mortgage Portfolio – Fees and Expenses of the Servicer</i> ” for details)	Ahead of all outstanding Notes, Subordinated Notes and Certificates	Monthly in arrear, calculated on a pro rata basis
Back-up servicing fees to Back-Up Servicer prior to appointment as Servicer	£12,500 per quarter (plus VAT where applicable)	Ahead of all outstanding Notes, Subordinated Notes and Certificates	Quarterly in advance
Back-up servicing fees to Back-Up Servicer upon appointment as Servicer	£200,000 (plus VAT)	Ahead of all outstanding Notes, Subordinated Notes and Certificates	On the Interest Payment Date immediately following appointment as Servicer
Servicing fees to the Back-Up Servicer following appointment as Servicer	Annual fee of 20 basis points multiplied by the Current Balance of the Mortgage Loans plus a further arrears management fee of £65 per Mortgage Loan per calendar month and an account closure fee of £120 per case (inclusive of VAT)	Ahead of all outstanding Notes, Subordinated Notes and Certificates	Monthly in arrear
Additional fees to the Back-Up Servicer following appointment as Servicer	£1000 per user licence per year to provide remote access to the core servicer system	Ahead of all outstanding Notes, Subordinated Notes and Certificates	

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
	Such other fees as may be agreed from time to time with the Servicer to provide access to its data warehouse		
Deferred MSA Payment	An annual payment to the Legal Title Holder equal to 15 basis points multiplied by the Current Balance of the Mortgage Loans as at (in relation to the First Interest Payment Date) the Closing Date or (in relation to subsequent Interest Payment Dates) the last day of the immediately preceding Calculation Period, calculated on a pro rata basis for each quarterly payment, for so long as there is no Insolvency Event in respect of the Legal Title Holder	(i) in the case of Post-Enforcement Payment Priorities, after all outstanding Notes and ahead of all outstanding Subordinated Notes and Certificates and (ii) in the case of Pre-Enforcement Revenue Payment Priorities, after paying interest on all outstanding Notes and reducing any Principal Deficiency Ledger balance to zero and ahead of all outstanding Certificates	On each Interest Payment Date
Other fees and expenses of the Issuer	Estimated at £71,000 each year (inclusive of VAT)	Ahead of all outstanding Notes, Subordinated Notes and Certificates	Quarterly (save as previously paid on any Business Day)

REGULATORY DISCLOSURE

Articles 404 to 410 of the CRR, Article 51 of the AIFMR and Article 254 of the Solvency II Regulation

The Beneficial Title Seller will undertake to the Issuer and the Trustee, on behalf of the Noteholders, that it will retain at all times until the redemption of the last of the Notes, a material net economic interest of not less than 5 per cent. in the nominal value of the securitised exposures (representing downside risk and economic outlay) in accordance with Articles 404 to 410 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 21 June 2013 (“**CRR**”), Article 51 of Commission Delegated Regulation (EU) No. 231/2013 (“**AIFMR**”) and Article 254 of Commission Delegated Regulation (EU) 2015/35 (“**Solvency II Regulation**”). As at the Closing Date, such interest will be comprised of an interest in the first loss tranche as contemplated by Article 405(1)(d) of the CRR, Article 51(1)(d) of the AIFMR and paragraph 2(d) of Article 254 of the Solvency II Regulation. Such holding will be achieved by the overcollateralisation of the Notes and by holding a sufficient amount of Class Z4 Notes. The overcollateralisation of the Notes will satisfy the requirements of Article 405(1)(d) of the CRR, Article 51(1)(d) of the AIFMR and paragraph 2(d) of Article 254 of the Solvency II Regulation as it acts as a “first loss” cushion protecting the Notes against the credit risk of the first losses on the securitised exposures, i.e. the Mortgage Loans. The Principal Outstanding Balance of the Mortgage Loans as at the Cut-Off Date was £295,016,421.50, while the initial Principal Amount Outstanding of the Notes on the Closing Date will be £233,030,000. Therefore, the Principal Outstanding Balance of the Mortgage Loans that is referable to overcollateralisation of the Notes will, as at the Closing Date, be higher than 5 per cent. of the aggregate of the Principal Outstanding Balance of all Mortgage Loans to be sold by the Beneficial Title Seller to the Issuer.

The Beneficial Title Seller holding the Class Z4 Notes will satisfy the requirements of Article 405(1)(d) of the CRR, Article 51(1)(d) of the AIFMR and paragraph 2(d) of Article 254 of the Solvency II Regulation since the Class Z4 Notes are the first loss tranche because: (a) the Class Z4 Notes are the lowest ranking instrument in the Pre-Enforcement Principal Payments Priorities and no payments may be made in respect of the Class Z4 Notes until all of the Notes, the Class Z1 Notes, the Class Z2 Notes and the Class Z3 Notes have been redeemed in full, (b) no payments may be made in respect of the Class Z4 Notes under the Pre-Enforcement Revenue Payments Priorities under any circumstances, and (c) no payments may be made under the Post-Enforcement Payments Priorities in respect of the Class Z4 Notes until all of the Notes, the Class Z1 Notes, the Class Z2 Notes and the Class Z3 Notes have been redeemed in full. The Trustee shall have the benefit of certain protections contained in the Trust Deed in relation to the compliance of the Beneficial Title Seller with such undertaking. For more information please refer to the section entitled “*Trust Deed – Conflicts / Relationship with Noteholders, Subordinated Noteholders and Certificateholders*”. The Legal Title Holder has instructed a reputable provider of due diligence services in order to conduct a review on a loan-by-loan basis of a sample of the Mortgage Loans prior to acquiring such Mortgage Loans. The scope of such reviews addressed the issues in relation to the Mortgage Loans which would be of a concern to a reasonably prudent purchaser of residential mortgage loans.

The Beneficial Title Seller’s assets and funds are limited and will include the Certificates and some or all of the Subordinated Notes (payments in respect of which are subject to the Payments Priorities – the Beneficial Title Seller will covenant not to sell the Class Z4 Notes but may sell the Class Z1 Notes, Class Z2 Notes and Class Z3 Notes subject to compliance with the risk retention requirements discussed above). The Beneficial Title Seller will create security over all of its assets under the STID.

If the Class Z4 Notes are disposed of pursuant to an enforcement under the STID, the Beneficial Title Seller will not be able to comply with Article 401(1)(d) of the CRR, Article 51(1)(d) of the AIFMR and paragraph

2(d) of Article 254 of the Solvency II Regulation and therefore may not be able to comply with its undertaking to retain a material net economic interest of not less than 5 per cent. of the securitised exposure.

The Beneficial Title Seller has undertaken to provide or procure the provision to the Issuer (for inclusion in the Quarterly Investor Report or otherwise so that the Issuer could make the same available to investors) readily accessible data and information referred to in Articles 406 and 409 of the CRR, Article 53 of the AIFMR and Article 256 of the Solvency II Regulation at any time prior to the maturity of the Notes, subject always to any requirement of law.

The Cash Manager will publish an investor report on a quarterly basis containing information in relation to the Notes, the Subordinated Notes and the Certificates including, but not limited to, (i) amounts paid by the Issuer pursuant to the Payments Priorities in respect of the relevant period, (ii) required counterparty information, and (iii) the Beneficial Title Seller's continued holding of the Class Z4 Notes. The quarterly investor report will be published on www.usbank.com/abs.

For the avoidance of doubt, the Cash Manager:

- (a) in respect of (ii) and (iii), shall have no input on and shall not be required to, review or check the adequacy, accuracy or completeness of such information; and
- (b) in respect of (iii), shall only be required to include such information to the extent that the Cash Manager has received a confirmation in writing from the Beneficial Title Seller (and upon which confirmation the Cash Manager shall be entitled to rely without further enquiry and without any liability for so relying), that the Beneficial Title Seller (x) continues to hold the Class Z4 Notes, and (y) has not sold, hedged or otherwise mitigated its credit risk under or associated with the Class Z4 Notes. The Cash Manager shall rely on such confirmation until otherwise notified in writing by the Beneficial Title Seller.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Articles 404 to 410 of the CRR, Section 5 of the AIFMR and Article 254 of the Solvency II Regulation and none of the Issuer, the Arranger, the Joint Lead Managers nor any of the Transaction Parties 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 it complies with the implementing provisions in respect of Articles 405 to 410 of the CRR, Section 5 of the AIFMR and Article 254 of the Solvency II Regulation (including any regulatory technical standards, implementing technical standards and any other implementing provisions) 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.

CRA Regulation

The credit ratings included or referred to in this Prospectus have been issued by the Rating Agencies.

Each of Fitch and S&P is a credit rating agency established in the European Community and registered under the CRA Regulation.

The Issuer and the Beneficial Title Seller (as originator for the purposes of the CRA Regulation) have appointed the Servicer to act as the designated reporting entity for the purposes of complying with any applicable requirements under Article 8b of CRA3.

Information regarding the Policies and Procedures of the Beneficial Title Seller and Legal Title Holder

The Beneficial Title Seller has entered into contracts in relation to the purchase, on-sale and servicing of the Mortgage Portfolio. As a consequence there are in place policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation.

The policies and procedures in this regard broadly include the following:

- (a) it is not anticipated that Further Advances will be granted under the Mortgage Loans and the Beneficial Title Seller has warranted that the Mortgage Documents contain no obligation on the part of the Legal Title Holder to make any Further Advance. However, the Servicer, on behalf of the Issuer and the Legal Title Holder would apply criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits (as to which, in relation to the Mortgage Loans, please see the information set out in this Prospectus headed "*Servicing of the Mortgage Portfolio*");
- (b) the Servicer, on behalf of the Issuer and the Legal Title Holder, will have in place systems to administer and monitor the various credit-risk bearing portfolios and exposures (as to which it should be noted that the Mortgage Portfolio will be serviced in line with the Collections Procedures of the Servicer – please see further the section of this Prospectus headed "*Servicing of the Mortgage Portfolio*");
- (c) the diversification of the credit portfolio based on its target market and overall credit strategy (as to which, in relation to the Mortgage Portfolio, please see the section of this Prospectus headed "*Characteristics of the Provisional Mortgage Portfolio*"); and
- (d) the Legal Title Holder and the Servicer on behalf of the Issuer and the Legal Title Holder has policies and procedures in relation to risk mitigation techniques (as to which, please see further the section of this Prospectus headed "*Servicing of the Mortgage Portfolio*").

Volcker Rule

The Issuer is of the view that it is not and will not be a “covered fund” as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the “Volcker Rule”. Although other exclusions may be available to the Issuer, this conclusion is based on the exemption from the definition of “investment company” in the Investment Company Act of 1940 provided by Section 3(c)(5) thereunder.

DESCRIPTION OF THE BENEFICIAL TITLE SELLER

Dominions Mortgages Limited

The Beneficial Title Seller is a private limited company incorporated under the laws of Ireland (registration number 548184), having its registered office at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

The Beneficial Title Seller was established as a special purpose vehicle for the purposes of acquiring residential mortgage loans advanced to borrowers in England and Wales, Scotland and Northern Ireland and other assets.

The Beneficial Title Seller has an authorised share capital of €100,000,000 divided into 100,000,000 Ordinary Shares of €1.00 each. Three fully paid up shares of €1.00 each have been issued in the capital of the Beneficial Title Seller and each of MEDB Charitable Trust Limited, BADB Charitable Trust Limited and Eurydice Charitable Trust Limited hold one of those shares on trust under a discretionary trust for one or more discretionary purposes.

The Beneficial Title Seller has been established as a special purpose vehicle for the purpose of holding the equitable title to the Mortgage Loans prior to the sale thereof to the Issuer and other assets. The Beneficial Title Seller's assets and funds are limited and will consist primarily of the Certificates and some or all of the Subordinated Notes (payments in respect of which are subject to the Payments Priorities – the Beneficial Title Seller will covenant not to sell the Class Z4 Notes but may sell the Class Z1 Notes, Class Z2 Notes and Class Z3 Notes subject to compliance with the risk retention requirements discussed in the section of this Prospectus entitled “*Regulatory Disclosure*”), contractual rights under certain transaction documents, other mortgage loans and their related security that were part of the Tempest Pool, the Seraph Pool, the Emyrean Pool, the Victoria Pool or the Edeus Pool and are not being sold by the Beneficial Title Seller to the Issuer, the shares in Cherub, Raphael, Intaglio, Emyrean and Seraphina and, through the shares in Cherub and Raphael, the residual interests in the Thrones 2013-1 and Thrones 2014-1 securitisations.

The Issuer will agree and acknowledge that all obligations of the Beneficial Title Seller to it are limited in recourse as set out in a security trust and intercreditor deed entered into between, amongst others, the Beneficial Title Seller, the Joint Lead Managers, the Legal Title Holder and the holders of subordinated debt issued by the Beneficial Title Seller (the “STID”). The Beneficial Title Seller will create security over all of its assets under the STID.

As of the date of this Prospectus, the Beneficial Title Seller has five subsidiaries, being Cherub, Raphael, Seraphina, Intaglio and Emyrean. None of the Legal Title Holder or the Originators owns, directly or indirectly, any of the share capital of the Beneficial Title Seller.

The Beneficial Title Seller has not engaged in any activity since the date of its formation other than in connection with the acquisition, financing and holding of the beneficial title to residential mortgage loans secured on Property in England and Wales, Scotland and Northern Ireland and the acquisition of the subsidiaries referred to above and associated activities, including in relation to the financing of such acquisition. It does not have, and has not had, any employees.

The Irish Companies Act 2014 was commenced in Ireland by statutory instrument with effect on and from 1 June 2015. The Irish Companies Act 2014 imposes a statutory duty on the directors of the Beneficial Title Seller to re-register as a “Designated Activity Company” or “DAC” within the meaning of the Irish Companies Act 2014, within a period of 18 months following commencement of such Act if the Beneficial Title Seller issues listed securities following 1 June 2015. The conversion of the Beneficial Title Seller to a

DAC will result in the Beneficial Title Seller's name changing to include the words "designated activity company" or "DAC" rather than "Limited" and consequential amendments to the existing constitutional documents of the Beneficial Title Seller will be required to take account of the Irish Companies Act 2014.

DESCRIPTION OF THE LEGAL TITLE HOLDER, THE SERVICER AND THE MARKET PORTFOLIO PURCHASE AGENT

Mars Capital Finance Limited

Mars Capital Finance Limited (“**Mars**” in its capacities as the “**Legal Title Holder**”, the “**Servicer**” and the “**Market Portfolio Purchase Agent**”) is a private limited company incorporated under the laws of England and Wales (registration number 05859881) on 28 June 2006, having its registered office at Ashcombe House, 5 The Crescent, Leatherhead, Surrey KT22 8DY.

Mars Capital Finance Limited acquires, originates (through its brand Magellan Homeloans) and administers residential mortgage loans advanced to borrowers secured on properties in England and Wales, Northern Ireland and Scotland.

Mars Capital Finance Limited is a member of the Council of Mortgage Lenders, is authorised and regulated by the Financial Conduct Authority under registration number 459016 and holds relevant registrations under the Data Protection Act 1998.

As of the date of this Prospectus, Mars Capital Finance Limited is a 100% subsidiary of Mars Acquisition Limited. The majority of Mars Acquisition Limited’s share capital is owned by funds managed by Oaktree Capital Management LP.

Since 2007, Mars has acquired the legal title to and managed approximately £1 billion of UK mortgage assets, €1.2 billion of Irish mortgage assets and €150 million of foreclosed Irish property.

Mars is legal title holder of mortgages owned by Thrones 2013-1 plc and is both servicer and legal title holder of mortgages owned by Thrones 2014-1 plc. Investors can access reports on these transactions from www.sf.citicconnect.com.

Personnel

Mars' senior personnel include:

- Matt Gilmour, Group Managing Director: Matt is a Chartered Accountant and former Head of UK Residential Mortgage Securitisation at Fitch Ratings, where he founded the firm's European mortgage servicer rating programme. Matt was co-founder and CEO of Infinity Mortgages and co-founder and former CEO of Unity Homeloans, both non-conforming UK residential mortgage lenders;
- Alex Forrester, Group Managing Director: Alex is a former investment banker and founder and former Managing Director of Victoria Mortgages, a non-conforming UK mortgage lender. Alex was Managing Director of the UK mortgage packager and intermediary The Mortgage and Loan Group. Prior to this he was responsible for business development across the Dresdner Bank Group (Banking, Investment Banking and Fund Management) in Greater China, Korea and South East Asia. He was a director of Kleinwort Benson Limited;
- Simon Kingdon, Director Asset Management UK and Company Secretary: Simon was formerly Finance Director of West Bromwich Building Society, Kensington Group PLC and Money Partners Limited and has been involved in finance roles in the UK mortgage industry since 1987. He was responsible for finance and financial reporting, equity investor relations, asset financing and securitisation; and
- Nigel Carter, Chief Executive Officer: Nigel has 28 years experience in Financial Services including eight years as Chief Operating Officer at Coutts & Co responsible for up to 1,500 colleagues covering

operations, IT, premises, corporate strategy and change management. Nigel was also chairman of Coutts Finance Company, providing mortgages to Coutts customers.

As at the date of this Prospectus, Mars employs 67 personnel.

Servicing overview

Mars has primary, special and master servicing capability, and utilise the full range of collection tools, including agreeing discounted pay-offs and foreclosure:

- End to end servicing: Collectors engage with borrowers in all stages of collections - each non-current account has their own allocated collector;
- Comprehensive understanding: Collectors have a comprehensive understanding of Mars' processes, MCOB, the Pre Action Protocol for Mortgage Repossessions, and UK property and mortgage markets;
- Structure: Two collection teams with experienced team leaders plus an independent quality assurance team leader;
- Experienced collectors: Experienced collectors have a workload of about 180 non-performing cases;
- Recruitment and training: Collectors are recruited and trained to be flexible and to follow the mission statement. Mars does not operate a "one-size-fits-all" style of account management;
- Performance monitoring: Monitored through monthly management information, exception reporting, quality control reviews and call monitoring by team leaders and the compliance team; and
- TCF performance: Independent reviews of collectors' TCF performance including borrower feedback.

Compliance Monitoring and Reporting Structure:

Mars has a formal compliance monitoring and reporting structure, reporting to its Board of Directors at least monthly. This includes TCF and anti-money laundering safeguards, and involves monitoring files and telephone calls.

Mars operates three lines of defence to ensure appropriate responsibility and accountability, to report and escalate risks, to provide oversight and challenge, and to provide independent assurance over its practices. Line one is the business operation itself where responsibility for day to day risks and controls are assumed, and reports on risks and emerging risks are generated. Line two is carried out by the risk and compliance team, which sets risk appetite and limits through policies and procedures and provides oversight of business processes and risks. Line three is internal and external audit. Internal audit is outsourced to a leading accounting and advisory firm which provides independent objective assurance, and evaluates and improves risk management effectiveness through systematic and benchmarked approaches. No issues have been identified by Mars' external auditors.

Policies and Procedures

Mars has key policies and procedures and ownership is allocated to relevant senior managers and reviewed on at least an annual basis. The Policy Review Committee is tasked with reviewing, and if appropriate approving, policies for onward ratification by the board of directors. These policies include: High Level Group Governance Policy, TCF Policy, Business Continuity Plan, Complaints Handling Policy, Conflicts of Interest Policy, Anti-Money Laundering, Credit Risk Policy, Underwriting Manual, Responsible Lending Policy, Compliance Policy, Data Protection Policy, Intermediary Accreditation Policy, New Products Policy, Insurance Policy, External Reporting Policy, Boards & Associated Committee Terms of Reference, Irish Property Management Policy, Capital Requirement Policy, Liquidity Policy, Expenses Policy, IT Policies,

Credit Reference Agency Reporting Policy, Collections Policy, Staff Handbook, Training and Competence Policy, and Whistle Blowing Scheme.

Information Technology

Mars has developed in-house its own end-to-end primary and special servicing system (“**DEIMOS**”). DEIMOS utilises the latest technology, including the Microsoft.Net framework, and is browser based. Microsoft SQL Server runs the underlying database. DEIMOS features an online payment facility through Mars' website and runs the firms Direct Debit and debit card acceptance and payment allocation functionality.

DESCRIPTION OF THE TRANSACTION ACCOUNT BANK

Citibank, N.A., London Branch

Citibank, N.A. is a company incorporated with limited liability in the United States of America under the laws of the City and State of New York on 14 June 1812 and reorganised as a national banking association formed under the laws of the United States of America on 17 July 1865 with Charter number 1461 and having its principal office at 399 Park Avenue, New York, NY 10043, USA and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with company number BR001018.

DESCRIPTION OF THE COLLECTION ACCOUNT BANK

Barclays Bank PLC

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from “Barclays Bank International Limited” to “Barclays Bank PLC”.

Barclays Bank PLC (together with its subsidiary undertakings, the “**Barclays Bank Group**”) is engaged in personal banking, credit cards, corporate and investment banking, wealth and investment management services. The Barclays Bank Group is structured around four core businesses: Personal and Corporate Banking, Barclaycard, Africa Banking and the Investment Bank. Businesses and assets which no longer fit the Barclays Bank Group’s strategic objectives, are not expected to meet certain returns criteria and/or offer limited growth opportunities to Barclays PLC (together with its subsidiary undertakings, the “**Barclays Group**”), have been reorganised into Barclays Non-Core. These assets are designated for exit or run-down over time. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC. Barclays PLC is the ultimate holding company of the Barclays Group.

The short term unsecured obligations of Barclays Bank PLC are rated A-2 by Standard & Poor’s Credit Market Services Europe Limited, P-1 by Moody’s Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term unsecured unsubordinated obligations of Barclays Bank PLC are rated A- by Standard & Poor’s Credit Market Services Europe Limited, A2 by Moody’s Investors Service Ltd. and A by Fitch Ratings Limited.

DESCRIPTION OF THE TRUSTEE

Citicorp Trustee Company Limited

Citicorp Trustee Company Limited (“**Trustee**”) incorporated on 24 December 1928 under the laws of England and Wales having its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, with a company registration number 235914.

The Trustee is an indirect wholly-owned subsidiary of Citigroup Inc., a diversified global financial services holding company incorporated in Delaware.

The Trustee is regulated by the Financial Conduct Authority.

DESCRIPTION OF THE CASH MANAGER

Elavon Financial Services Limited

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

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

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

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

DESCRIPTION OF THE ORIGINATORS

HERITABLE BANK PLC (IN ADMINISTRATION)

Heritable Bank PLC (in administration) went into administration on 7 October 2008.

EDEUS MORTGAGE CREATORS LIMITED (IN LIQUIDATION)

Edeus Mortgage Creators Limited (in liquidation) went into liquidation on 27 May 2010 and is closed for business.

VICTORIA MORTGAGE FUNDING LIMITED

Victoria Mortgage Funding Limited was dissolved on 10 June 2009 and is closed for business.

MORTGAGES PLC

Mortgages PLC is a public limited company incorporated under the laws of England and Wales (registration number 3320975), having its registered office at 2 King Edward Street, London EC1A 1HQ.

Mortgages PLC is a servicing company specialising in loans from the UK non-conforming market.

MORTGAGES 1 LIMITED

Mortgages 1 Limited is a private limited company incorporated under the laws of England and Wales (registration number 03186649), having its registered office at 2 King Edward Street, London EC1A 1HQ.

Mortgages 1 Limited is closed for business.

WAVE LENDING LIMITED

Wave Lending Limited is a private limited company incorporated under the laws of England and Wales (registration number 03312246), having its registered office at 2 King Edward Street, London EC1A 1HQ.

Wave Lending Limited is closed for business.

AMBER HOMELOANS LIMITED

Amber Homeloans Limited is a private limited company incorporated under the laws of England and Wales (registration number 02819645), having its registered office at The Bailey, Skipton, North Yorkshire BD23 1DN.

Amber Homeloans Limited is closed for new business.

ASSOCIATES CAPITAL CORPORATION PLC (NOW CITIFINANCIAL EUROPE PLC)

Associates Capital Corporation plc (which changed its name to CitiFinancial Europe plc on 11 April 2003) is a public limited company incorporated under the laws of England and Wales (registration number 01375237), having its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

CitiFinancial Europe PLC is closed for business.

CITIBANK TRUST LIMITED (CLOSED)

Citibank Trust Limited was closed on 2 October 2001 in accordance with the Citibank International Act 1993 and is closed for business.

FUTURE MORTGAGES LIMITED

Future Mortgages Limited is a private limited company incorporated under the laws of England and Wales (registration number 03300794), having its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

Future Mortgages Limited is closed for business.

ROOFTOP MORTGAGES LIMITED

Rooftop Mortgages Limited is a private limited company incorporated under the laws of England and Wales (registration number 04621865), having its registered office at 25 Bank Street, Canary Wharf, London E14 5JP.

Rooftop Mortgages Limited is closed for business.

SOUTHERN PACIFIC MORTGAGE LIMITED

Southern Pacific Mortgage Limited is a private limited company incorporated under the laws of England and Wales (registration number 03266119), having its registered office at 10-18 Union Street, London SE1 1SZ.

Southern Pacific Mortgage Limited is closed for business.

MARS CAPITAL FINANCE LIMITED (TRADING AS MAGELLAN HOMELOANS)

Mars Capital Finance Limited is a private limited company incorporated under the laws of England and Wales (registration number 05859881), having its registered office at Ashcombe House, 5 The Crescent, Leatherhead, Surrey KT22 8DY.

For a more detailed description of Mars Capital Finance Limited, see the section entitled “*Description of the Legal Title Holder, the Servicer and the Market Portfolio Purchase Agent*” above.

DESCRIPTION OF THE INTERIM SELLERS

CHERUB FUNDING LIMITED

Cherub Funding Limited is a private limited company incorporated under the laws of Ireland (registration number 525406), having its registered office at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

Cherub Funding Limited was established as a special purpose vehicle for the purposes of acquiring residential mortgage loans advanced to borrowers in England and Wales and other assets.

RAPHAEL MORTGAGES LIMITED

Raphael Mortgages Limited is a private limited company incorporated under the laws of Ireland (registration number 532729), having its registered office at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

Raphael Mortgages Limited was established as a special purpose vehicle for the purposes of acquiring residential mortgage loans advanced to borrowers in England and Wales, Scotland and Northern Ireland and other assets.

INTAGLIO FUNDING LIMITED

Intaglio Funding Limited is a private limited company incorporated under the laws of Ireland (registration number 517931), having its registered office at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

Intaglio Funding Limited was established as a special purpose vehicle for the purposes of acquiring residential mortgage loans advanced to borrowers in England and Wales, Scotland and Northern Ireland.

EMPYREAN MORTGAGES LIMITED

Empyrean Limited is a private limited company incorporated under the laws of Ireland (registration number 510471), having its registered office at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

Empyrean Mortgages Limited was established as a special purpose vehicle for the purposes of acquiring residential mortgage loans advanced to borrowers in England and Wales.

SERAPHINA MORTGAGES LIMITED

Seraphina Mortgages Limited is a private limited company incorporated under the laws of Ireland (registration number 532728), having its registered office at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

Seraphina Mortgages Limited was established as a special purpose vehicle for the purposes of acquiring residential mortgage loans advanced to borrowers in England and Wales.

FUTURE MORTGAGES LIMITED

Future Mortgages Limited is a private limited company incorporated under the laws of England and Wales (registration number 03300794), having its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

CANADA SQUARE OPERATIONS LIMITED

Canada Square Operations Limited is a private limited company incorporated under the laws of England and Wales (registration number 02999842), having its registered office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

MAGELLAN FUNDING NO2 LIMITED

Magellan Funding No2 Limited is a private limited company incorporated under the laws of Ireland (registration number 526121), having its registered office at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

Magellan Funding No2 Limited was established as a special purpose vehicle for the purposes of acquiring residential mortgage loans advanced to borrowers in England and Wales.

DESCRIPTION OF THE BACK-UP SERVICER

Homeloan Management Limited

Homeloan Management Limited (“**HML**”) has been appointed as the Back-Up Servicer pursuant to the Back-Up Servicing Agreement and pursuant to which HML is responsible for the provision of certain mortgage administration services following termination of the Servicer’s appointment pursuant to the Servicing Agreement.

HML is the largest third party residential mortgage administrator in the United Kingdom. HML is currently servicing approximately £36 billion of mortgage assets for third parties.

The registered office and principal place of business of HML are The Pavilions, Bridgwater Road, Bristol BS13 8AE and Gateway House, Gargrave Road, Skipton BD23 2HL, respectively. HML has a residential primary servicer rating of RPS1- by Fitch and S&P’s Primary Servicer rating of Above Average with a Stable Outlook.

THE ISSUER

Introduction

The Issuer was incorporated in England and Wales as a public company limited by shares under the Companies Act 2006 on 15 July 2015 with registered number 9687653. The registered office of the Issuer is at 35 Great St. Helen's, London, EC3A 6AP, telephone number +44 207 398 6300. The Issuer's issued share capital comprises 50,000 ordinary shares of £1.00 each, of which 1 ordinary share is fully paid up and 49,999 ordinary shares are 25 per cent. paid up, all of which are held on discretionary trust by the Share Trustee, which is a resident of the United Kingdom. There are no other equity interests in the Issuer that are outstanding.

The Issuer has been established as a special purpose vehicle for the purpose of issuing asset backed securities and will be mostly passive. The Issuer has no subsidiaries. Neither of the Sellers own, directly or indirectly, any of the share capital of the Issuer.

Since its incorporation, the Issuer has not engaged in any material activities other than those incidental to its registration as a public company under the Companies Act 2006, the authorisation and issue of the Notes, the Subordinated Notes and the Certificates, the matters contemplated in this Prospectus, the authorisation of the other Transaction Documents referred to in this Prospectus or in connection with the issue of the Notes, the Subordinated Notes and the Certificates and other matters which are incidental or ancillary to those activities. The Issuer has no employees. As at the date of this Prospectus no financial statements have been prepared by the Issuer.

The rights of the Share Trustee as a shareholder of the Issuer are contained in the articles of association of the Issuer and the Issuer will be managed in accordance with the provisions of its articles of association and English law.

There is no intention to accumulate surplus cash in the Issuer except in the circumstances set out in the section entitled "*Security for the Issuer's Obligations*".

Directors and Secretary

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

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

All of the directors of the Issuer are citizens and residents of the United Kingdom, or companies incorporated in the United Kingdom.

The company secretary of the Issuer is:

Name	Business Address
SFM Corporate Services Limited	35 Great St. Helen's, London EC3A 6AP

The company secretary of the Issuer is not a director of the Issuer.

In accordance with the Corporate Services Agreement, the Corporate Services Provider will provide directors and other corporate services for the Issuer in consideration for the payment of an annual fee to the Corporate Services Provider.

The Issuer's activities will principally comprise the issue of the Notes, the Subordinated Notes and the Certificates, the entering into of all documents relating to such issue and the exercise of related rights and powers and other activities referred to in this Prospectus or reasonably incidental to those activities.

Capitalisation and Borrowings

The following table shows the unaudited capitalisation and borrowings of the Issuer as at 18 August 2015 adjusted for the issue of Notes:

	£
<i>Share Capital</i>	
Issued Share Capital	
50,000 issued ordinary shares of £1 each (1 fully paid and 49,999 one-quarter paid)	12,500.75

		£	
<i>Borrowings</i>			
Class A Notes		144,550,000	
Class B Notes		30,970,000	
Class C Notes		22,120,000	
Class D Notes		22,120,000	
Class E Notes		13,270,000	
		233,030,000	

As at 18 August 2015, save as disclosed in this Prospectus, the Issuer has no loan capital outstanding or created but unissued, no term loans outstanding and no other borrowings or indebtedness in the nature of borrowing nor any contingent liabilities or guarantees.

The current financial period of the Issuer will end on 31 March 2016.

Issuer profit

Pursuant to the Pre-Enforcement Revenue Payments Priorities, Available Revenue Funds are to be applied on each Interest Payment Date in an amount of up to £1,500 on each Interest Payment Date, making a total of up to £6,000 for each accounting year (the "Required Profit Amount"), for retention by the Issuer and to be

recognised in the accounts of the Issuer as profit for the relevant accounting year. Any Required Profit Amount so applied shall be credited to the Issuer Profit Ledger and applied in satisfaction of the Issuer's obligations in respect of United Kingdom corporation tax and in payment of dividends.

THE MORTGAGE PORTFOLIO AND THE MORTGAGE LOANS

Introduction

The following is a description of some characteristics of the Mortgage Loans and includes details of Mortgage Loan types, the underwriting process and selected statistical information.

The Sellers have identified a portfolio of mortgage loans (the “**Provisional Mortgage Portfolio**”) to assign to the Issuer.

The portfolio of mortgage loans which the Beneficial Title Seller will transfer the beneficial title to on the Closing Date (the “**Mortgage Portfolio**”) may differ from the Provisional Mortgage Portfolio due to any redemptions of mortgage loans occurring, or enforcement procedures being completed, in each case during the period between 30 June 2015 (the “**Provisional Cut-Off Date**”) and the Cut-Off Date, or because one or more of the loans in the Provisional Mortgage Portfolio did not comply with the Asset Warranties on the Cut-Off Date. As at the Provisional Cut-Off Date, the Provisional Mortgage Portfolio had the characteristics shown below. See “*Characteristics of the Provisional Mortgage Portfolio*”.

The Provisional Mortgage Portfolio comprises certain of the mortgage loans originated or acquired by the Legal Title Holder and/or acquired by the Interim Sellers from the relevant seller (the “**Relevant Seller**”) referred to below, and on the relevant completion date referred to below. The aggregate consideration paid by the Beneficial Title Seller and/or the Legal Title Holder to acquire the Mortgage Portfolio was lower than the consideration payable by the Issuer to acquire the Mortgage Portfolio from the Beneficial Title Seller pursuant to the Mortgage Sale Agreement.

The Originators

The Provisional Mortgage Portfolio comprises Mortgage Loans originated by the following Originators:

1 Empyrean Pool

Originator:	Heritable Bank PLC (in administration)
Relevant Seller:	Heritable Bank PLC (in administration)
Interim Seller:	Empyrean Mortgages Limited Cherub Funding Limited
Completion date:	15 May 2013
Percentage of Provisional Mortgage Portfolio:	12.35%

2 Seraph Pool

Originators:	Mortgages PLC Mortgages 1 Limited Edeus Mortgage Creators Limited (in administration) Wave Lending Limited
Relevant Sellers:	VP Resi Limited and Merrill Lynch International Bank Limited (as beneficial title sellers), and Mortgages 1 Limited and Wave Lending Limited (as legal title sellers)

Interim Seller: Intaglio Funding Limited
Completion dates: 22 January 2013 and 6 June 2013
Percentage of Provisional Mortgage Portfolio: 14.20%

3 Tempest Pool

Originators: Amber Homeloans Limited
Associates Capital Corporation plc (now CitiFinancial Europe plc)
Citibank Trust Limited (closed)
Future Mortgages Limited
Rooftop Mortgages Limited
Southern Pacific Mortgage Limited

Relevant Sellers: N/A

Interim Seller: Future Mortgages Limited
Canada Square Operations Limited

Completion date: 22 December 2014

Percentage of Provisional Mortgage Portfolio: 54.11%

4 Victoria Pool

Originator: Victoria Mortgage Funding Limited (dissolved)

Relevant Seller: UBS AG, London Branch (as legal title seller) and SNB Stabfund Kommanditgesellschaft für Kollektive Kapitalanlagen (as beneficial title seller)

Interim Seller: Seraphina Mortgages Limited

Completion date: 3 October 2013

Percentage of Provisional Mortgage Portfolio: 14.72%

5 Edeus Pool

Originator: Edeus Mortgage Creators Limited (in liquidation)

Relevant Seller: DB UK Bank Limited (as legal title seller) and Odin Mortgages Limited (as beneficial title seller)

Interim Seller: Raphael Mortgages Limited

Completion date: 21 July 2014

Percentage of Provisional Mortgage Portfolio: 0.12%

6 Magellan Pool

Originator: Mars Capital Finance Limited (trading as Magellan Homeloans)

Relevant Seller:	N/A
Interim Seller:	Magellan Funding No2 Limited
Completion date:	On the Closing Date
Percentage of Provisional Mortgage Portfolio:	4.49%

Characteristics of the Mortgage Loans

Repayment Terms

The Mortgage Loans have different repayment methods, as described as follows:

(a) **Repayment**

A Mortgage Loan under the terms of which monthly instalments covering both interest and principal are payable so that by the stated maturity date for that Mortgage Loan (a “**Repayment Mortgage Loan**”) the full amount of principal advanced to the Borrower (in addition to the interest) has been repaid.

(b) **Interest Only**

A Mortgage Loan under the terms of which the Borrower is only obliged to pay interest during the term of that Mortgage Loan (an “**Interest Only Mortgage Loan**”) with the entire principal amount being payable only upon the relevant maturity date. As the principal amount associated with an Interest Only Mortgage Loan is repayable only upon the maturity of the Mortgage Loan, a life insurance or endowment policy or other repayment vehicle may have been taken out by a Borrower as a means of repayment of the Mortgage Loan. The benefit of any such policies or plans in relation to the Edeus Pool and the Tempest Pool was not assigned to the Legal Title Holder.

Of the mortgage loans in the Provisional Mortgage Portfolio, approximately 24.63 per cent. by Current Balance as at the Provisional Cut-Off Date are Repayment Mortgage Loans and approximately 75.37 per cent. by Current Balance as at the Provisional Cut-Off Date are Interest Only Mortgage Loans. The Legal Title Holder retains the ability to agree to product switches (subject to certain conditions), including any variation of a Mortgage Loan to amend its repayment terms from an interest only repayment to a capital repayment, as more particularly described under “*Assignment of the Mortgage Loans and Related Security – Permitted Variations to Mortgage Loans*” below.

Interest Rate Setting for Mortgage Loans

The applicable rate of interest accruing under each Mortgage Loan is referred to as the “**Mortgage Rate**”. The Provisional Mortgage Portfolio consists of:

- (i) SVR Mortgage Loans;
- (ii) LIBOR-Linked Mortgage Loans; and
- (iii) Bank of England Base Rate-Linked Mortgage Loans.

The Provisional Mortgage Portfolio consists of approximately (i) 12.16 per cent. by Current Balance of Mortgage Loans which are subject to the Legal Title Holder’s applicable prevailing published standard variable rate (“**SVR**”) from time to time (the “**SVR Mortgage Loans**”) (ii) 72.92 per cent. by Current Balance of Mortgage Loans which are LIBOR-linked Mortgage Loans (the “**LIBOR-Linked Mortgage Loans**”) where the applicable Mortgage Rate is calculated by reference to LIBOR and (iii) 14.88 per cent. by Current Balance of Mortgage Loans which are Bank of England base rate-linked mortgage loans (the “**Bank**”).

of England Base Rate-Linked Mortgage Loans”) where the applicable Mortgage Rate is calculated by reference to the Bank of England base rate plus a fixed margin expressed as a percentage over the Bank of England base rate.

LIBOR for the LIBOR-Linked Mortgage Loans is determined as at 11am on each reference date (by reference to the rate for 3 month LIBOR appearing on Bloomberg) by the Servicer on behalf of the Issuer. LIBOR as established on such date shall be effective within one month of the reference date applicable to such LIBOR-Linked Mortgage Loans. The Servicer will be obliged to effect a change to the Mortgage Rate payable by Borrowers as a result of a change in the Bank of England base rate (such change becoming effective immediately). The Mortgage Rate payable by such Borrowers is linked to the applicable Bank of England base rate (subject to any applicable fixed rate period having expired and generally subject to the Mortgage Documents of the relevant Bank of England Base Rate-Linked Mortgage Loan).

Mortgage Payment Dates

All Borrowers are obliged to make monthly payments of interest and, if applicable, principal as required by the conditions of the Mortgage Loans contained in the relevant Mortgage Documents. The Mortgage Loans have payment dates throughout the month (each such date, a “**Mortgage Payment Date**”).

Mortgage Early Repayment Charges

The Mortgage Loans may be prepaid in full or in part at any time and early redemption will generally take place in certain circumstances. The Borrowers may voluntarily redeem the Mortgage Loans when, for example, re-mortgaging or selling the underlying property or the Mortgage Loan may be redeemed as a result of enforcement proceedings following default by the Borrowers in making scheduled payments. In particular, an early redemption payment may be charged to a Borrower in connection with any repayment if the Mortgage is prepaid within the first few years of its term. The level of early repayment charges depends upon the terms of the relevant Mortgage Loan but is typically on a decreasing sliding scale over the first two to five years. Early redemption payments, once received by the Issuer, constitute Revenue Receipts and will be distributed, prior to the delivery of an Enforcement Notice, in accordance with the Pre-Enforcement Revenue Payments Priorities.

Since the Mortgage Loans (other than the Magellan Pool) were originated more than five years ago, it is unlikely that any early repayment charge will be due on the Mortgage Loans.

General provisions applicable to the Mortgage Loans

Valuation

Investors should be aware that, other than the valuation of Properties undertaken as at origination (including valuations using automated valuation models), no revaluation of any Property has been undertaken by the Beneficial Title Seller, the Legal Title Holder, the Issuer, the Servicer, the Trustee or any other person in respect of the issue of the Notes and the valuations quoted are at the date of the original mortgage loan origination.

Collections Procedures

The Servicer has established procedures to adhere to when managing mortgage loans that are in arrears, including early contact with Borrowers in order to find a solution to any financial difficulties they may be experiencing, agreeing payment plans with the related Borrower and deciding to take or not to take enforcement action against the Borrower and/or in respect of the Property. These procedures may be varied by the Servicer from time to time in accordance with the practice of a Prudent Mortgage Servicer.

CHARACTERISTICS OF THE PROVISIONAL MORTGAGE PORTFOLIO

The statistical and other information contained in this section has been compiled by reference to the Provisional Mortgage Portfolio of £302,031,664.91 as at the Provisional Cut-Off Date (on the basis of information provided to the Legal Title Holder by the sellers of the relevant Mortgage Loans and Related Security) and is described further in the section entitled “*The Mortgage Portfolio and the Mortgage Loans - Introduction*” above.

The information contained in this section has not been updated to reflect any decrease in the size of the Mortgage Portfolio from that of the Provisional Mortgage Portfolio.

Except as otherwise indicated, these tables have been prepared using the outstanding current balance as at the Provisional Cut-Off Date. Note that due to rounding to 2 decimal points, columns may not sum to the total values.

The portfolio of mortgage loans which the Beneficial Title Seller will transfer the beneficial title to on the Closing Date may differ from the Provisional Mortgage Portfolio due to any redemptions of mortgage loans occurring, or enforcement procedures being completed, in each case during the period between Provisional Cut-Off Date and the Cut-Off Date, or because one or more of the loans in the Provisional Mortgage Portfolio did not comply with the Asset Warranties on the Cut-Off Date.

As at the Provisional Cut-Off Date, the Provisional Mortgage Portfolio had the following characteristics:

Summary Statistics

Provisional Cut-Off Date.....	30/06/2015
	Amber Homeloans Limited (0.63%)
	Associates Capital Corporation plc (now CitiFinancial Europe plc) (0.09%)
	Citibank Trust Limited (closed) (0.05%)
	Edeus Mortgage Creators Limited (in liquidation) (3.20%)
	Future Mortgages Limited (48.79%)
	Heritable Bank PLC (in administration) (12.35%)
	Mars Capital Finance Limited (trading as Magellan Homeloans) (4.49%)
	Mortgages PLC and Mortgages 1 Limited (9.06%)
	Rooftop Mortgages Limited (3.30%)
	Southern Pacific Mortgage Limited (1.24%)
	Victoria Mortgage Funding Limited (dissolved) (14.72%)
Originators (%).....	Wave Lending Limited (2.07%)
Current Balance (£).....	302,031,664.91
Total Principal Outstanding Balance (£).....	297,671,467.66

Total Original Balance (£).....	312,459,020.61
Number of Borrowers Groups.....	2,206
Average Current Loan Balance (£).....	132,238.03
Number of Loans.....	2,276
Number of Loan Parts.....	2,284
Number of Properties.....	2,288
Weighted Average Original LTV (%).....	84.88
Weighted Average Current LTV (%).....	95.10
Weighted Average Indexed CLTV from updated valuations (%).....	88.75
Weighted Average Coupon (%).....	3.76
Weighted Average Margin over 3 month LIBOR (%).....	3.18
Standard Variable Rate Loans (%).....	12.16
LIBOR Loans (%).....	72.92
BBR Loans (%).....	14.88
Interest Only (%).....	75.37
Buy To Let (%).....	12.35
Weighted Average Seasoning (years)	8.11
Weighted Average Remaining Term (years)	14.95
Current Loans (0 months in Arrears, %).....	47.16
Less than 1 month in Arrears (%)	57.25
Greater than 3 months in Arrears (%).....	25.93
No Arrears or at most 1 month Arrears (%).....	59.29
Properties in possession (%).....	0.35
Borrowers in receivership (%).....	1.23
Full Original Property Valuation (%).....	77.08
Self-Certified Borrowers (%).....	39.32
Employed Primary Borrowers (%).....	40.71
Self Employed Primary Borrowers (%).....	41.57
Semi-Commercial Properties (%).....	0.92
Corporate Borrowers (%).....	0.68

Note:

* In this section:

- (i) original valuations refer to the valuations used to underwrite the first advance on the loan;
- (ii) updated valuations refer to the most up-to-date valuation data available and may be in the form of a full valuation, drive-by, AVM or desktop;
- (iii) for all repayment and interest only loans, a “**Loan Part**” is equivalent to a loan. Where loans are part and part, the constituent Interest Only and Repayment parts are defined as separate Loan Parts; and
- (iv) a “**Borrower Group**” is a group of borrowers who have one or more loans secured against one or more properties.

1 Originators

Originators	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	(£)	(%)		(%)
Amber Homeloans Limited.....	1,912,752.24	0.63	20	0.88
Associates Capital Corporation plc	284,021.32	0.09	11	0.48
Citibank Trust Limited (closed)...	148,451.19	0.05	6	0.26
Edeus Mortgage Creators Limited.....	9,652,148.83	3.20	65	2.85
Future Mortgages Limited	147,372,894.60	48.79	1,163	50.92
Heritable Bank PLC.....	37,315,995.91	12.35	211	9.24
Mars Capital Finance Limited.....	13,572,067.44	4.49	124	5.43
Mortgages PLC and Mortgages 1 Limited.....	27,368,427.14	9.06	239	10.46
Rooftop Mortgages Limited.....	9,958,719.43	3.30	59	2.58
Southern Pacific Mortgage Limited.....	3,743,054.81	1.24	35	1.53
Victoria Mortgage Funding.....	44,455,631.10	14.72	312	13.66
Wave Lending Limited	6,247,500.90	2.07	39	1.71
Total.....	302,031,664.91	100.00	2,284	100.00

Originators	Weighted Average Interest Rate	Weighted Average Indexed LTV from Updated Valuations	Weighted Average Remaining Term	Weighted Average Seasoning	Current Loans (0 month Arrears)	Greater than 3 months in Arrears
	(%)	(%)	(years)	(years)	(%)	(%)
Amber Homeloans Limited.....	3.03	65.36	12.06	11.22	48.59	12.03
Associates Capital Corporation plc	12.74	39.00	4.84	15.75	19.36	66.65
Citibank Trust Limited (closed)	5.88	10.35	(2.79)*	27.44	54.97	39.48
Edeus Mortgage Creators Limited.....	2.96	98.47	12.14	7.88	42.14	18.98
Future Mortgages Limited.....	3.23	91.93	15.55	8.42	45.77	25.33
Heritable Bank PLC.....	5.27	88.56	11.64	8.68	49.12	31.39
Mars Capital Finance Limited.....	6.34	59.20	21.41	0.54	100.00	0.00
Mortgages PLC and Mortgages 1 Limited.....	3.70	91.09	14.88	8.06	46.86	23.97
Rooftop Mortgages Limited.....	3.42	74.95	13.67	10.22	51.00	22.01
Southern Pacific Mortgage Limited	2.49	76.20	12.80	11.32	68.24	16.77
Victoria Mortgage Funding.....	3.97	88.66	15.15	8.04	32.32	37.17
Wave Lending Limited ...	2.64	95.32	14.58	8.03	49.72	16.94
Weighted Average	3.76	88.75	14.95	8.11	47.16	25.93

Note:

* Note that a negative term may result for Mortgage Loan Parts that have been extended since origination.

2 Current Balance (£)

Current Balance	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	(£)	(%)		(%)
<= 50,000.00.....	7,462,572.04	2.47	236	10.33
50,000.01 to 100,000.00	58,504,764.19	19.37	762	33.36
100,000.01 to 150,000.00	78,924,414.21	26.13	643	28.15

Current Balance	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	(£)	(%)		(%)
150,000.01 to 200,000.00	52,497,327.14	17.38	306	13.40
200,000.01 to 250,000.00	36,073,355.03	11.94	164	7.18
250,000.01 to 300,000.00	16,453,976.69	5.45	61	2.67
300,000.01 to 350,000.00	8,830,899.94	2.92	28	1.23
350,000.01 to 400,000.00	9,130,745.21	3.02	25	1.09
400,000.01 to 450,000.00	7,532,815.95	2.49	18	0.79
450,000.01 to 500,000.00	5,722,274.06	1.89	12	0.53
500,000.01 > =	20,898,520.45	6.92	29	1.27
Total.....	302,031,664.91	100.00	2,284	100.00
Maximum Current Balance (£)	1,750,893.65			
Minimum Current Balance (£).....	1,680.91			
Average Current Balance (£)*	132,238.03			

Note:

* Average Current Balance is calculated as total Current Balance in the Mortgage Portfolio divided by the total number of Mortgage Loan Parts.

3 Product Index Type

Rate Type	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	(£)	(%)		(%)
3 Month LIBOR.....	220,243,092.61	72.92	1,676	73.38
BBR	44,945,421.44	14.88	361	15.81
SVR	36,726,650.86	12.16	246	10.77
Not Applicable.....	116,500.00	0.04	1	0.04
Total.....	302,031,664.91	100.00	2,284	100.00

4 Current Margin over 3 month LIBOR (%)*

Margin over 3 month LIBOR (%)	Current Balance,	Current Balance	Number of Loan Parts	Number of Loan Parts
	(£)	(%)		(%)
<= 2.00.....	17,192,058.29	5.69	135	5.91
2.01 to 2.50	85,491,557.76	28.31	661	28.94
2.51 to 3.00	80,772,040.35	26.74	592	25.92
3.01 to 3.50	43,584,554.78	14.43	344	15.06
3.51 to 4.00	18,331,994.66	6.07	138	6.04
4.01 to 4.50	9,066,032.52	3.00	71	3.11

Margin over 3 month LIBOR (%)	Current Balance,	Current Balance	Number of Loan Parts	Number of Loan Parts
	<i>(£)</i>	<i>(%)</i>		<i>(%)</i>
4.51 to 5.00	20,598,522.93	6.82	115	5.04
5.01 to 5.50	17,893,143.03	5.92	132	5.78
5.51 to 6.00	5,048,428.39	1.67	47	2.06
6.01 to 6.50	485,246.26	0.16	6	0.26
6.51 >=.....	3,568,085.94	1.18	43	1.88
Total.....	302,031,664.91	100.00	2,284	100.00
Maximum Margin (%)	20.92			
Minimum Margin (%).....	(0.58)			
Weighted Average Margin (%)....	3.18			

Note:

* 3 month LIBOR is taken as 0.5785 per cent. as of the Provisional Cut-Off Date.

5 Current Interest Rate (%)

Interest Rate (%)	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	<i>(£)</i>	<i>(%)</i>		<i>(%)</i>
<= 2.00.....	329,630.11	0.11	4	0.18
2.01 to 2.50	14,385,819.13	4.76	111	4.86
2.51 to 3.00	50,584,686.20	16.75	349	15.28
3.01 to 3.50	87,494,258.85	28.97	697	30.52
3.51 to 4.00	70,709,207.19	23.41	537	23.51
4.01 to 4.50	19,547,356.28	6.47	148	6.48
4.51 to 5.00	10,520,102.21	3.48	90	3.94
5.01 to 5.50	20,856,764.45	6.91	119	5.21
5.51 to 6.00	18,502,079.90	6.13	133	5.82
6.01 to 6.50	5,048,428.39	1.67	47	2.06
6.51 >=.....	4,053,332.20	1.34	49	2.15
Total:	302,031,664.91	100.00	2,284	100.00
Maximum Interest Rate (%).....	21.50			
Minimum Interest Rate (%)	0.00			
Weighted Average Interest Rate (%).....	3.76			

6 Current LTV (%)*

<u>Current LTV (%)</u>	<u>Current Balance</u>	<u>Current Balance</u>	<u>Number of Loan Parts</u>	<u>Number of Loan Parts</u>
	(£)	(%)		(%)
<= 50.00.....	17,823,627.95	5.90	258	11.30
50.01 to 55.00	4,926,050.39	1.63	54	2.36
55.01 to 60.00	11,202,820.20	3.71	94	4.12
60.01 to 65.00	13,322,043.52	4.41	97	4.25
65.01 to 70.00	14,075,479.55	4.66	109	4.77
70.01 to 75.00	18,575,473.98	6.15	132	5.78
75.01 to 80.00	20,127,454.71	6.66	147	6.44
80.01 to 85.00	20,845,540.16	6.90	149	6.52
85.01 to 90.00	23,794,493.95	7.88	155	6.79
90.01 to 95.00	22,746,425.81	7.53	148	6.48
95.01 to 100.00.....	22,927,413.74	7.59	152	6.65
100.01 >=.....	111,664,840.95	36.97	789	34.54
Total.....	302,031,664.91	100.00	2,284	100.00
Maximum Current LTV (%).....	651.64			
Minimum Current LTV (%).....	0.72			
Weighted Average Current LTV (%).....	95.10			

Note:

* Current LTV is calculated as the Current Balance on the Provisional Cut-Off Date divided by the updated valuation.

7 Origination Year

<u>Year of Origination</u>	<u>Current Balance</u>	<u>Current Balance</u>	<u>Number of Loan Parts</u>	<u>Number of Loan Parts</u>
	(£)	(%)		(%)
2002 and earlier	4,416,291.88	1.46	96	4.20
2003	3,764,993.78	1.25	45	1.97
2004	19,943,008.66	6.60	173	7.57
2005	27,145,681.52	8.99	202	8.84
2006	34,747,176.21	11.50	250	10.95
2007	146,397,926.10	48.47	1,011	44.26
2008	51,921,166.58	17.19	382	16.73
2009	123,352.74	0.04	1	0.04
2013	60,429.05	0.02	1	0.04

Year of Origination	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	(£)	(%)		(%)
2014.....	7,308,618.82	2.42	67	2.93
2015.....	6,203,019.57	2.05	56	2.45
Total.....	302,031,664.91	100.00	2,284	100.00

8 Seasoning (Years)

Seasoning (Years)	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	(£)	(%)		(%)
<= 1.00.....	11,926,561.01	3.95	108	4.73
1.01 to 2.00.....	1,645,506.43	0.54	16	0.70
5.01 to 6.00.....	123,352.74	0.04	1	0.04
6.01 to 7.00.....	6,798,930.80	2.25	49	2.15
7.01 to 8.00.....	133,103,248.33	44.07	939	41.11
8.01 to 9.00.....	77,859,136.51	25.78	547	23.95
9.01 to 10.00.....	29,902,902.43	9.90	233	10.20
10.01 to 11.00.....	25,022,209.92	8.28	174	7.62
11.01 to 12.00.....	10,333,805.82	3.42	108	4.73
12.01 >=.....	5,316,010.92	1.76	109	4.77
Total.....	302,031,664.91	100.00	2,284	100.00
Maximum Seasoning (years).....	28.43			
Minimum Seasoning (years).....	0.00			
Weighted Average Seasoning (years).....	8.11			

9 Remaining Term (Years)

Term to Maturity (Years)	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	(£)	(%)		(%)
<= 5.00.....	14,575,513.51	4.83	117	5.12
5.01 to 10.00.....	33,304,021.32	11.03	232	10.16
10.01 to 15.00.....	84,337,607.87	27.92	638	27.93
15.01 to 20.00.....	127,348,447.03	42.16	926	40.54
20.01 >=.....	42,466,075.18	14.06	371	16.24
Total.....	302,031,664.91	100.00	2,284	100.00
Maximum Term to Maturity (years).....	32.56			
Minimum Term to Maturity (years).....	(3.43)*			

<u>Term to Maturity (Years)</u>	<u>Current Balance</u>	<u>Current Balance</u>	<u>Number of Loan Parts</u>	<u>Number of Loan Parts</u>
	(£)	(%)		(%)
Weighted Average Term to Maturity (years)	14.95			

Note:

* Note that a negative term may result for Mortgage Loan Parts that have been extended since origination.

10 Repayment Type*

<u>Repayment Type</u>	<u>Current Balance</u>	<u>Current Balance</u>	<u>Number of Loan Parts</u>	<u>Number of Loan Parts</u>
	(£)	(%)		(%)
Interest Only	227,098,676.03	75.19	1,408	61.65
Interest Only Part.....	550,700.00	0.18	8	0.35
Repayment.....	74,056,471.73	24.52	860	37.65
Repayment Part.....	325,817.15	0.11	8	0.35
Total.....	<u>302,031,664.91</u>	<u>100.00</u>	<u>2,284</u>	<u>100.00</u>

Note:

* Part and part loans are shown separately as their component IO and Repayment parts.

11 Months in Arrears

<u>Arrears</u>	<u>Current Balance</u>	<u>Current Balance</u>	<u>Number of Loan Parts</u>	<u>Number of Loan Parts</u>
	(£)	(%)		(%)
0.....	142,425,718.74	47.16	1,104	48.34
>0, <1.....	30,473,684.94	10.09	236	10.33
>= 1, <3	50,817,449.47	16.83	386	16.90
>= 3, <6	38,293,312.57	12.68	283	12.39
>=6	40,021,499.19	13.25	275	12.04
Total.....	<u>302,031,664.91</u>	<u>100.00</u>	<u>2,284</u>	<u>100.00</u>
Maximum Months in Arrears (months).....	61.84			
Minimum Months in Arrears (months).....	0.00			
Weighted Average Months in Arrears (months).....	2.65			

12 Litigation Status

Litigation Status	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	<i>(£)</i>	<i>(%)</i>		<i>(%)</i>
In possession.....	1,056,964.78	0.35	9	0.39
In receivership	3,710,872.94	1.23	29	1.27
Not in litigation	222,378,688.01	73.63	1,707	74.74
Litigation in progress or resultant court order not yet executed.....	74,885,139.18	24.79	539	23.60
Total.....	<u>302,031,664.91</u>	<u>100.00</u>	<u>2,284</u>	<u>100.00</u>

13 Original Valuation Type

Valuation type	Current Balance	Current Balance	Number of Properties	Number of Properties
	<i>(£)</i>	<i>(%)</i>		<i>(%)</i>
Desktop.....	9,263,656.41	3.07	68	2.97
Drive-By	1,507,666.15	0.50	9	0.39
Full.....	232,806,079.60	77.08	1,789	78.19
Unknown	58,454,262.75	19.35	422	18.44
Total.....	<u>302,031,664.91</u>	<u>100.00</u>	<u>2,288</u>	<u>100.00</u>

14 Updated Valuation Type

Valuation type	Current Balance	Current Balance	Number of Properties	Number of Properties
	<i>(£)</i>	<i>(%)</i>		<i>(%)</i>
AVM.....	1,137,286.84	0.38	8	0.35
Desktop.....	7,386,320.63	2.45	49	2.14
Drive-By	257,159,162.02	85.14	2000	87.41
Full.....	27,525,808.54	9.11	188	8.22
Index.....	8,823,086.88	2.92	43	1.88
Total.....	<u>302,031,664.91</u>	<u>100.00</u>	<u>2,288</u>	<u>100.00</u>

15 Buy to Let

BTL	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	<i>(£)</i>	<i>(%)</i>		<i>(%)</i>
BTL	37,304,702.11	12.35	274	12.00
Owner Occupied.....	264,726,962.80	87.65	2,010	88.00
Total.....	<u>302,031,664.91</u>	<u>100.00</u>	<u>2,284</u>	<u>100.00</u>

16 Semi-Commercial Properties

<u>Semi-Commercial Properties</u>	<u>Current Balance</u>	<u>Current Balance</u>	<u>Number of Properties</u>	<u>Number of Properties</u>
	(£)	(%)		(%)
No.....	298,303,012.50	98.77	2,266	99.04
Yes.....	2,770,451.77	0.92	11	0.48
Unknown.....	958,200.64	0.32	11	0.48
Total.....	<u>302,031,664.91</u>	<u>100.00</u>	<u>2,288</u>	<u>100</u>

17 Corporate Borrowers

<u>Corporate Borrowers</u>	<u>Current Balance</u>	<u>Current Balance</u>	<u>Number of Loan Parts</u>	<u>Number of Loan Parts</u>
	(£)	(%)		(%)
Yes.....	2,054,640.50	0.68	5	0.22
No.....	299,977,024.41	99.32	2,279	99.78
Total.....	<u>302,031,664.91</u>	<u>100.00</u>	<u>2,284</u>	<u>100</u>

18 Income Verification

<u>Self certified</u>	<u>Balance</u>	<u>Balance</u>	<u>Number of Loan Parts</u>	<u>Number of Loan Parts</u>
	(£)	(%)		(%)
Certified.....	183,283,930.89	60.68	1,482	64.89
Self Certified.....	118,747,734.02	39.32	802	35.11
Total.....	<u>302,031,664.91</u>	<u>100.00</u>	<u>2,284</u>	<u>100.00</u>

19 Borrower's Employment Status at Origination

<u>Employment</u>	<u>Current Balance</u>	<u>Current Balance</u>	<u>Number of Loan Parts</u>	<u>Number of Loan Parts</u>
	(£)	(%)		(%)
Employed.....	122,956,914.38	40.71	1,136	49.74
Retired.....	780,763.82	0.26	10	0.44
Self Employed.....	125,563,796.37	41.57	760	33.27
Temporary.....	680,618.43	0.23	4	0.18
Unemployed.....	1,561,147.85	0.52	15	0.66
Unknown.....	50,488,424.06	16.72	359	15.72
Total.....	<u>302,031,664.91</u>	<u>100.00</u>	<u>2,284</u>	<u>100.00</u>

20 First Time Buyer

First time buyer	Balance	Balance	Number of Loan Parts	Number of Loan Parts
	(£)	(%)		(%)
N.....	279,727,729.62	92.62	2,115	92.60
Y.....	21,635,884.72	7.16	164	7.18
Unknown.....	668,050.57	0.22	5	0.22
Total.....	302,031,664.91	100.00	2,284	100.00

21 Collateral Region

Region	Current Balance	Current Balance	Number of Properties	Number of Properties
	(£)	(%)		(%)
East Anglia.....	7,834,743.08	2.59	66	2.88
East Midlands.....	20,171,661.36	6.68	159	6.95
London.....	56,608,246.54	18.74	280	12.24
Northern Ireland.....	8,987,559.73	2.98	67	2.93
North.....	19,583,708.57	6.48	210	9.18
North West.....	38,942,011.06	12.89	380	16.61
Outer Metro.....	34,095,129.39	11.29	180	7.87
Outer South East.....	27,636,430.84	9.15	162	7.08
Scotland.....	13,211,472.37	4.37	135	5.90
South West.....	15,562,303.09	5.15	102	4.46
Wales.....	11,797,781.68	3.91	112	4.90
West Midlands.....	23,006,272.95	7.62	208	9.09
Yorkshire & Humberside.....	24,594,344.25	8.14	227	9.92
Total.....	302,031,664.91	100.00	2288	100.00

22 Right to Buy

Right to Buy	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	(£)	(%)		(%)
No (or where pre-emption right has expired).....	292,575,335.36	96.87	2,196	96.15
Yes (or where pre-emption right has not expired).....	9,456,329.55	3.13	88	3.85
Total.....	302,031,664.91	100	2,284	100

23 Number of County Court Judgements (CCJs)*

CCJs	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	(£)	(%)		(%)
No data.....	59,069,117.33	19.56	434	19.00
N/A, corporate borrowers	2,054,640.50	0.68	5	0.22
0.....	179,918,882.05	59.57	1,336	58.49
1.....	29,573,848.09	9.79	263	11.51
2.....	16,276,408.70	5.39	125	5.47
3.....	6,437,378.73	2.13	53	2.32
4.....	4,411,447.82	1.46	37	1.62
>= 5	4,289,941.69	1.42	31	1.36
Total.....	<u>302,031,664.91</u>	<u>100.00</u>	<u>2,284</u>	<u>100.00</u>
Maximum CCJs	20			
Minimum CCJs.....	0			

Note:

- * The CCJs are the sum of satisfied and unsatisfied CCJ for one Borrower Group. If either the number of satisfied or unsatisfied CCJs is shown to be "Unknown" or blank for a Borrower Group, then the number of CCJs for this Borrower Group is assumed to be unknown.

24 County Court Judgements Amount at Origination (£)*

Value of CCJs	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	(£)	(%)		(%)
No data.....	59,069,117.33	19.56	434	19.00
N/A, corporate borrowers	2,054,640.50	0.68	5	0.22
0.....	179,918,882.05	59.57	1,336	58.49
>0, <= 500	13,330,553.25	4.41	123	5.39
>500, <= 1000	10,551,442.46	3.49	97	4.25
>1000, <= 2000	10,240,031.89	3.39	85	3.72
>2000, <= 3000	5,207,222.04	1.72	42	1.84
>3000, <= 4000	3,123,186.16	1.03	30	1.31
>4000, <= 5000	1,602,236.71	0.53	13	0.57
>5000, <= 10000.....	4,962,783.36	1.64	42	1.84
>10000, <= 15000.....	4,374,416.31	1.45	26	1.14
> 15,000.....	7,597,152.85	2.52	51	2.23
Total.....	<u>302,031,664.91</u>	<u>100.00</u>	<u>2,284</u>	<u>100.00</u>
Maximum (£).....	115,758.00			

Value of CCJs	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	(£)	(%)		(%)
Minimum (£).....	0.00			
Weighted Average (£).....	2,124.30			

Note:

- * The values of CCJs are the sum of satisfied and unsatisfied CCJ values for one Borrower Group. If either the value of the satisfied or unsatisfied CCJs is shown to be “Unknown” or blank for a Borrower Group, then the value of CCJs for this Borrower Group is considered to be unknown.

25 Bankruptcy or IVA Flag (at Origination)

Bankruptcy	Current Balance	Current Balance	Number of Loan Parts	Number of Loans Parts
	(£)	(%)		(%)
Unknown	364,960.21	0.12	3	0.13
N	290,217,015.94	96.09	2,192	95.97
Y	11,449,688.76	3.79	89	3.90
Total.....	<u>302,031,664.91</u>	<u>100.00</u>	<u>2,284</u>	<u>100.00</u>

26 Original LTV (%)

Original LTV (%)	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	(£)	(%)		(%)
<= 50.00.....	8,297,335.69	2.75	105	4.60
50.01 to 55.00	3,782,592.63	1.25	37	1.62
55.01 to 60.00	5,054,144.48	1.67	45	1.97
60.01 to 65.00	7,194,604.85	2.38	62	2.71
65.01 to 70.00	11,883,917.38	3.93	93	4.07
70.01 to 75.00	18,205,149.36	6.03	151	6.61
75.01 to 80.00	26,103,118.55	8.64	164	7.18
80.01 to 85.00	43,241,948.81	14.32	306	13.40
85.01 to 90.00	90,914,712.55	30.10	628	27.50
90.01 to 95.00	48,891,950.29	16.19	354	15.50
95.01 to 100.00	31,854,510.24	10.55	298	13.05
100.01 > =.....	6,607,680.08	2.19	41	1.80
Total.....	<u>302,031,664.91</u>	<u>100.00</u>	<u>2,284</u>	<u>100.00</u>
Maximum (%).....	201.48			
Minimum (%)	15.46			

Original LTV (%)	Current Balance	Current Balance	Number of Loan Parts	Number of Loan Parts
	(£)	(%)		(%)
Weighted Average (%)	84.88			

Note:

- * Original LTV is calculated as the Original Balance on the Provisional Cut-Off Date divided by the Original Valuation.

27 Indexed CLTV on updated valuations (%)

Current Indexed LTV	Current Balance	Current Balance	Number of Properties	Number of Properties
	(£)	(%)		(%)
<= 50.00.....	26,475,362.92	8.77	300	13.11
50.01 to 55.00	9,033,368.09	2.99	85	3.72
55.01 to 60.00	15,231,194.96	5.04	104	4.55
60.01 to 65.00	13,513,226.21	4.47	108	4.72
65.01 to 70.00	23,296,706.77	7.71	146	6.38
70.01 to 75.00	18,775,168.42	6.22	138	6.03
75.01 to 80.00	25,058,732.69	8.30	155	6.77
80.01 to 85.00	20,848,580.32	6.90	153	6.69
85.01 to 90.00	22,958,271.87	7.60	147	6.42
90.01 to 95.00	22,055,293.85	7.30	155	6.77
95.01 to 100.00	15,390,977.74	5.10	114	4.98
100.01 >=.....	89,394,781.07	29.60	683	29.85
Total.....	302,031,664.91	100.00	2288	100.00
Maximum	601.64%			
Minimum	0.69%			
Weighted Average	88.75%			

Note:

- * Indexed CLTV is calculated as the Current Balance on the Provisional Cut-Off Date divided by the indexed valuation based on updated valuation. Indexation is based on the seasonally adjusted regional quarterly house price index from Nationwide.

ASSIGNMENT OF THE MORTGAGE LOANS AND RELATED SECURITY

The Legal Title Holder will have legal title to, and the Beneficial Title Seller will have beneficial interest in, each Mortgage Loan and its Related Security on the Closing Date, subject to, in the case of the Legal Title Holder, the completion of registration or recording of the transfer of legal title to the Legal Title Holder of any Mortgages in the relevant Land Registry, for which applications have been submitted to the relevant Land Registry.

Under the Mortgage Sale Agreement to be entered into between the Legal Title Holder, the Beneficial Title Seller, the Trustee and the Issuer, the Beneficial Title Seller will sell and transfer to the Issuer by way of assignment the beneficial interest held by it in each Mortgage Loan and its Related Security on the Closing Date, and the Legal Title Holder will hold, on bare trust for the Issuer, the legal title held by it to each Mortgage Loan and its Related Security on the Closing Date. Legal title will not be transferred by the Legal Title Holder to the Issuer unless and until the occurrence of a Perfection Event which is continuing, as described further in the section entitled “*Transfer of legal title to the Issuer*” below.

In addition to providing for the sale and assignment of the Mortgage Portfolio, the Mortgage Sale Agreement also sets out or provides for the following:

- (a) the representations and warranties to be given by the Beneficial Title Seller and the Legal Title Holder in relation to the Mortgage Loans and the Related Security;
- (b) the provisions governing the repurchase or purchase of the relevant Mortgage Loan and Related Security in case of a Relevant Breach of a warranty which has not been remedied within applicable grace periods subject to a limitation on the time periods for making claims;
- (c) the undertaking of the Beneficial Title Seller to retain a material net economic interest of not less than 5 per cent. in the securitisation in accordance with Article 405 of the CRR, Article 51 of the AIFMR and Article 254 of the Solvency II Regulation;
- (d) the repurchase by the Beneficial Title Seller of Mortgage Loans together with their Related Security where the Legal Title Holder has determined that it shall accept a request from a Borrower for a Further Advance or a Cash Flow Port and an undertaking by the Legal Title Holder that it will not accept a request from a Borrower for a Further Advance or a Cash Flow Port prior to such repurchase of the relevant Mortgage Loan by the Beneficial Title Seller;
- (e) the repurchase by the Beneficial Title Seller of Shortfall Accounts at its request;
- (f) the circumstances for the transfer of legal title to the Mortgage Loans and their Related Security to the Issuer as described above;
- (g) the circumstances where the Issuer will reimburse the Legal Title Holder for any costs such party incurs in relation to providing assistance to the Beneficial Title Seller in relation to certain litigation or other matters in respect of the perfection of the Mortgage Loans and their Related Security; and
- (h) the warranty to be given by the Beneficial Title Seller that the methodology used by it for allocating the net securitisation proceeds between itself, Magellan, Intaglio, Cherub, Emyrean, Seraphina and Raphael will be on an arm’s length basis, and the purchase price payable by the Beneficial Title Seller to each of Magellan, Intaglio, Cherub, Emyrean, Seraphina and Raphael under the Interim Seller MSA will not be significantly less than the value of the Mortgage Loans sold by such Interim Sellers to the Beneficial Title Seller.

Consideration

The Beneficial Title Seller will contract to sell and assign to the Issuer on the Closing Date a portfolio of United Kingdom residential and Semi-Commercial mortgage loans (the “**Mortgage Loans**”) and their associated mortgages (the “**Mortgages**” and, together with the other security for the Mortgage Loans, the “**Related Security**”) and all monies derived therefrom from time to time (collectively referred to herein as the “**Mortgage Portfolio**”). In respect of Mortgage Loans which have the benefit of security over real estate located in England and Wales (“**English Mortgage Loans**”), the assignment will be an assignment which takes effect in equity only. In respect of Mortgage Loans which have the benefit of security over real estate located in Scotland (“**Scottish Mortgage Loans**”) and their associated Mortgages (the “**Scottish Mortgages**”) and together with the other security for the Scottish Mortgage Loans, the “**Scottish Related Security**”), the Mortgage Sale Agreement provides for the transfer and assignment of the beneficial interest in such Scottish Mortgage Loans and their Related Security to be effected by a declaration of trust (the “**Scottish Declaration of Trust**”) granted by the Legal Title Holder in favour of the Issuer (and in relation to Scottish Mortgage Loans, references in this Prospectus to the “equitable assignment” of Mortgage Loans are to be read as references to the transfer of the beneficial interest therein by the granting of such declaration of trust and the terms “assign” and “assigned” shall in that context be construed accordingly) and references in this Prospectus to “beneficial title” are to be read as references to the beneficial interest of a beneficiary under a declaration of trust). In respect of Mortgage Loans which have the benefit of security over real estate located in Northern Ireland (the “**Northern Irish Mortgage Loans**”) and their associated Mortgages (the “**Northern Irish Related Security**”), the Mortgage Sale Agreement provides for the transfer and assignment of the beneficial interest in such Mortgage Loans and their Related Security which takes effect in equity only. In each case, the transfer of legal title to the Mortgage Loans and their Related Security may not occur or, if it does occur, will not occur until a later date, as described further in the section entitled “*Transfer of legal title to the Issuer*” below.

The consideration payable by the Issuer to the Beneficial Title Seller for the Mortgage Portfolio on the Closing Date will consist of an amount of £221,175,339 together with the issue of the Subordinated Notes and the Certificates by the Issuer to the Beneficial Title Seller. The Subordinated Notes and the Certificates will be issued pursuant to Regulation S, subject to customary representations and warranties. All amounts received prior to the Cut-Off Date by the Beneficial Title Seller shall be for its account and all amounts received on and after the Cut-Off Date shall be for the account of the Issuer and the Beneficial Title Seller will undertake to forward any such amount received to the Issuer.

Asset Warranties and Relevant Breach of Asset Warranties

The Mortgage Sale Agreement contains the asset warranties given in relation to the Mortgage Loans by (i) the Beneficial Title Seller (the “**Asset Warranties**”) and (ii) (on a more limited basis, as described below) the Legal Title Holder (the “**Legal Title Holder Asset Warranties**”). No searches, enquiries or independent investigations have been or will be made by the Issuer or the Trustee, each of whom is relying upon the Asset Warranties and the Legal Title Holder Asset Warranties.

None of the Legal Title Holder (other than in relation to the Magellan Pool), the Beneficial Title Seller or the Interim Sellers were the originator of the Mortgage Loans. The Beneficial Title Seller has acquired or will, on or prior to the Closing Date, acquire the Mortgage Loans under the Tempest Pool MSA and the Interim Seller MSA. Under the Interim Seller MSA, the Interim Sellers acquired the Mortgage Loans under various sale agreements, each containing separate limited warranties in respect of the relevant Mortgage Loans (see the risk factor entitled “*Knowledge of matters represented in Asset Warranties and Legal Title Holder Asset Warranties*”). Accordingly, the Legal Title Holder (other than in relation to the Magellan Pool) and the Beneficial Title Seller do not have direct knowledge as to whether certain Asset Warranties are correct or not,

and therefore the Asset Warranties are given merely to allow the Issuer to require the Legal Title Holder to purchase or the Beneficial Title Seller to repurchase the relevant Mortgage Loan in the case of a Relevant Breach. The Legal Title Holder's obligation to purchase Mortgage Loans in case of a Relevant Breach is limited in time and expires on the date which falls 60 months after the Closing Date.

If, upon the occurrence of a Relevant Breach under the Mortgage Sale Agreement, such Relevant Breach is either not capable of remedy or, if capable of remedy, the Beneficial Title Seller or the Legal Title Holder (as the case may be) has failed to remedy such Relevant Breach within the applicable grace period starting from when the Beneficial Title Seller or the Legal Title Holder (as the case may be) becomes aware of the same, the Issuer's sole recourse shall be the ability to require the Beneficial Title Seller to repurchase the relevant Mortgage Loan subject to certain limitations on time as set out in the paragraph "*Repurchase by Beneficial Title Seller*" below or (in the case of a Relevant Breach of a Legal Title Holder Asset Warranty) to require the Legal Title Holder to purchase the relevant Mortgage Loan in the circumstances set out in the paragraph "*Purchase by Legal Title Holder*" below.

"Relevant Breach" means, in relation to a Mortgage Loan, a breach of an Asset Warranty and/or Legal Title Holder Asset Warranty which materially adversely affects either:

- (a) the value of that Mortgage Loan;
- (b) the value of the Property secured by the related Mortgage and therefore materially adversely affects the value of the Mortgage Loan;
- (c) the rights available to a mortgagee or a heritable creditor in respect of the repayment of that Mortgage Loan (including, without limitation, the enforceability of rights against third parties) and therefore materially adversely affects the value of the Mortgage Loan; or
- (d) the amount likely to be received upon a sale or likely to be financed against the security of that Mortgage Loan.

The Issuer has no recourse against any Originator for any breach of a representation or warranty given by such Originator to either (a) any previous purchaser of any Mortgage Loan and its Related Security or (b) any seller of the Mortgage Loans and their Related Security to the Beneficial Title Seller.

Investors should note that the Legal Title Holder acquired the Emyrean Pool from Heritable Bank PLC (in administration) while Heritable Bank PLC (in administration) was in administration. Accordingly, under the terms of the Emyrean Pool ASA, Heritable Bank PLC (in administration) made no warranties to the Legal Title Holder in respect of the Mortgage Loans in the Emyrean Pool. In turn, the warranties which the Legal Title Holder was able to make to Cherub and Emyrean and the warranties which Cherub and Emyrean were able to make to the Beneficial Title Seller when transferring the beneficial title to the Emyrean Pool to Cherub and Emyrean and the Beneficial Title Seller respectively were extremely limited

The following are the Asset Warranties (or extracts or summaries of certain warranties) given by the Beneficial Title Seller in relation to the Mortgage Loans and the Related Security in favour of the Issuer under the Mortgage Sale Agreement on the Closing Date:

- (a) Each Mortgage Loan and the related Mortgage constitute a legal, valid and binding obligation of the relevant Borrower enforceable in accordance with its terms (except that (1) enforceability may be limited by the bankruptcy or insolvency of the Borrower or by the application of the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the "**UTCCR**"), the Consumer Protection from Unfair Trading Regulations 2008 (the "**CPUTRs**") or the Consumer Credit Act 1974 (the "**CCA**") and (2) no warranty is given in relation to any obligation of the Borrower to pay prepayment charges, mortgage administration exit fees or charges payable in the event of Borrower default) and each related

Mortgage secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower (other than, in relation to any prepayment charges);

- (b) Immediately prior to the transfer of the Mortgage Loans under the Mortgage Sale Agreement, the Beneficial Title Seller was the absolute beneficial owner of all of such Mortgage Loans and the related Mortgages and the Related Security to be sold to the Issuer thereunder at the Closing Date, and the Beneficial Title Seller has not assigned (whether by way of absolute assignment or by way of security only), transferred, charged, released, disposed of or dealt with the benefit of any of the Mortgage Loans or their related Mortgages, the Related Security or any of the property, rights, title, interest or benefit to be sold or assigned pursuant to the Mortgage Sale Agreement in any way whatsoever other than (i) pursuant to various security documents in respect of the acquisition or financing in connection with the acquisition of the Mortgage Portfolio by the Beneficial Title Seller, each of which will be released immediately prior to the transfer of the Mortgage Loans and their Related Security under the Mortgage Sale Agreement and (ii) pursuant to the Mortgage Sale Agreement;
- (c) Each Mortgage Loan is at least secured by a valid and subsisting first ranking legal mortgage (or, (i) in Scotland, first ranking standard security, or (ii) in Northern Ireland, first ranking legal mortgage or charge) over the Property to which it relates (subject to completion of any registration or recording requirements at the Land Registry of England and Wales, the Registers of Scotland or the Land Registers of Northern Ireland (as applicable) and (in those cases) there is nothing to prevent that registration or recording being effected);
- (d) No lien or right of set-off or counterclaim has been created or arisen between the Borrower and the Legal Title Holder or the Beneficial Title Seller which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Mortgage Loan. Neither the Legal Title Holder nor the Beneficial Title Seller is on notice of any set-off claim by a Borrower against any Originator or Interim Seller that is exercisable against the Legal Title Holder or the Beneficial Title Seller;
- (e) All things necessary to perfect the vesting of the legal title to each Mortgage Loan and the related Mortgage in the Legal Title Holder have been duly done or are in the process of being done;
- (f) The Legal Title Holder holds or will hold, upon completion of any pending applications for registration or recording of the Legal Title Holder as legal title holder of any Mortgages at the Land Registry of England and Wales, or heritable creditor at the Registers of Scotland or the Land Registers of Northern Ireland (as applicable), legal title to all Mortgage Loans and related Mortgages and the Related Security;
- (g) The Legal Title Holder has not assigned (whether by way of absolute assignment or by way of security only), transferred, charged, held in trust, disposed of or dealt with the benefit of any of the Mortgage Loans or their related Mortgages, the Related Security or any of the property, rights, title, interest or benefit to be sold or assigned pursuant to the Mortgage Sale Agreement in any way whatsoever other than (i) pursuant to various declarations of trust or in favour of an Interim Seller or the Beneficial Title Seller or (ii) pursuant to various security documents in respect of the acquisition or financing in connection with the acquisition of the Mortgage Portfolio by the Beneficial Title Seller or parts of the Mortgage Portfolio by the relevant Interim Seller, each of which will be released immediately prior to the transfer of the Mortgage Loans under the Mortgage Sale Agreement;
- (h) Each Property is located in England, Wales, Northern Ireland or Scotland;
- (i) Each Property is either a residential or a Semi-Commercial Property;

- (j) Each Mortgage Loan and its related Mortgage was made on the basis of the standard mortgage documentation, being the documents which were used by the relevant Originator at the relevant time in connection with its activities as residential mortgage lender (and as set out in the relevant Annexure of the Mortgage Sale Agreement) (the “**Standard Mortgage Documentation**”) without any material variation thereto or, where there were any changes, those changes would have been acceptable to a prudent residential mortgage lender lending to borrowers in England, Wales, Scotland or Northern Ireland (a “**Prudent Mortgage Lender**”);
- (k) Prior to making a Mortgage Loan, so far as the Beneficial Title Seller is aware, the requirements of the relevant Originator’s lending criteria were met in all cases, subject only to exceptions made on a case by case basis and in accordance with the relevant Originator’s internal policies;
- (l) Either (i) at the time of origination of the relevant Mortgage Loan, a valuation of the relevant Property was undertaken by (A) a valuer approved by the relevant Originator or (B) applying Hometrack Data System Limited’s automated valuation model or (ii) a drive-by valuation was obtained in respect of the relevant Property before or after the purchase of the relevant Mortgage Loan by or on behalf of the Legal Title Holder;
- (m) Other than when acting as a Prudent Mortgage Lender, neither the Beneficial Title Seller nor the Legal Title Holder has and is not on notice that any Interim Seller has, in writing, waived or acquiesced in any breach of any of its rights in respect of a Mortgage Loan or its related Mortgage, other than in relation to any payment default in respect of those Mortgage Loans;
- (n) So far as the Beneficial Title Seller is aware, no Borrower is in breach of any material obligation owed in relation to that Mortgage Loan and/or its related Mortgage (other than in relation to any payment default in respect of those Mortgage Loans);
- (o) Where the Borrower is not a corporate entity, each Borrower is a natural legal person and was aged 18 years or older at the date that he or she executed the relevant Mortgage, and (where the Borrower is a corporate entity) the relevant Mortgage was duly registered at the registrar of companies in England, Wales, Scotland or Northern Ireland within the period prescribed by law, and a certificate of registration was received;
- (p) Each Mortgage Loan is denominated in, and all amounts in respect of such Mortgage Loan are payable in, sterling and may not be changed by the relevant Borrower to any other currency;
- (q) The amount of each Mortgage Loan has been fully advanced to the Borrower and the Mortgage Documents contain no obligation on the part of the Legal Title Holder to make any Further Advance or a Port;
- (r) In relation to each Mortgage over a Property, the relevant Property has been registered or recorded or is in the course of registration with such title as would be acceptable to a Prudent Mortgage Lender;
- (s) All the Mortgage Loans in respect of the Properties located in (i) England and Wales are governed by English law, (ii) Scotland are governed by Scots law or English law or (iii) Northern Ireland are governed by Northern Irish law or English law;
- (t) Except in the case of a Mortgage Loan which is the subject of a policy of insurance in respect of title (howsoever described) to a relevant Property issued by a provider of such policies, so far as the Beneficial Title Seller is aware, each Originator received from its solicitors a certificate of title or report on title to the relevant Property addressed to the relevant Originator and the certificate of title or report on title disclosed nothing which would, if applicable, after further investigation, cause a Prudent Mortgage Lender to decline to proceed with the Mortgage Loan on the proposed terms;

- (u) Each Property is insured:
 - (i) for full reinstatement cost as determined by the relevant valuer as at the time of origination under an insurance policy taken out in the name of the Borrower or in the name of the landlord in the case of leasehold Properties or commonhold properties where the relevant landlord is responsible for insuring the Property or Properties (a “**Borrower Buildings Policy**”); or
 - (ii) under a policy of insurance (a “**Contingent Buildings Policy**”) for the benefit of the Legal Title Holder, and on which the Issuer’s interest has been noted, which provides cover at least up to the lower of the Principal Outstanding Balance of the relevant Mortgage Loan and the value of the relevant Property in the event that no Borrower Buildings Policy is in place for a Property due to default in arranging such cover either by the Borrower or the relevant landlord,

and no act or circumstance has occurred which adversely affects the Contingent Building Policy or entitles the relevant insurer to refuse payment or reduce the amount payable;
- (v) Neither the Legal Title Holder nor the Beneficial Title Seller nor, as far as the Legal Title Holder or the Beneficial Title Seller is aware, the relevant Originator or Interim Seller, has waived or agreed to waive any of its rights against any valuer, solicitor or other professional who has provided information, carried out work or given advice in connection with any Mortgage Loan and the related Mortgage other than waivers such as a Prudent Mortgage Lender might make on a case by case basis;
- (w) The customer file, the deed constituting the relevant Mortgage (if any) and any documents of title to the relevant Property for each Mortgage Loan is held by or to the order (or is in the process of being arranged to be held to the order) of the Beneficial Title Seller and/or the Legal Title Holder;
- (x) No agreement for any Mortgage Loan is or includes a regulated credit agreement (as defined in Article 60B(3) of the Regulated Activities Order) or constitutes any other agreement (other than a Regulated Mortgage Contract) regulated or partly regulated by the CCA (other than Sections 137 to 140 of the CCA) or any modification or re-enactment thereof or, to the extent that it is so regulated or partly regulated, all the requirements of the CCA have been met in full, and no circumstances exist which are capable of making the relationship between the relevant Seller and the customer unfair under section 140A of the CCA;
- (y) In relation to any Mortgage Loan which is a regulated mortgage loan within the meaning of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, so far as the Beneficial Title Seller or the Legal Title Holder (the Legal Title Holder having performed such due diligence as the Legal Title Holder considered appropriate before the execution of the Mortgage Sale Agreement) is aware, all then applicable requirements of MCOB have been complied with in all material respects in connection with the origination (including in respect of any further advance), documentation and administration of such Mortgage Loan (as applicable);
- (z) To the extent that any Mortgage Loan and related Mortgage is subject to the UTCCR, no action whether formal or informal has been taken by the Office of Fair Trading, the FCA or a “qualifying body” as defined in the UTCCR, against the Beneficial Title Seller or the Legal Title Holder pursuant to the UTCCR or otherwise which might restrict or prevent the use in any Mortgage Loan and related Mortgage of any material term or the enforcement of such terms;
- (aa) In relation to any leasehold Property, in any case where the Legal Title Holder has received written notice from the relevant landlord that it is or may be taking steps to forfeit the lease of that Property, the Legal Title Holder has taken such steps (if any) and in such time as would be taken by a Prudent Mortgage Lender to protect its security and Mortgage Loan;

- (bb) Neither the Beneficial Title Seller nor Legal Title Holder has received written notice of any litigation or claim calling into question in any material way, the legal and/or beneficial title to any Mortgage Loan and the related Mortgage or Related Security of the Legal Title Holder respectively, their ability to fully and effectively enforce the same or the value of such Mortgage Loan;
- (cc) Interest on each Mortgage Loan has been charged in accordance with the provisions of the Mortgage Loan and its related Mortgage and is payable monthly in arrear;
- (dd) Other than the Beneficial Title Seller selling a Mortgage Loan, the only third party having an interest in such Mortgage Loan, the related Mortgages and other rights granted to or held for the Beneficial Title Seller and being the subject of the Mortgage Sale Agreement is the Legal Title Holder in its capacity as bare trustee of the legal title to the Mortgage Loans and Mortgages;
- (ee) The information relating to the Mortgage Loans as set out in the annexure to the Mortgage Sale Agreement is true and accurate in all respects;
- (ff) All Mortgage Loans and Related Security are freely assignable and no formal approvals, consents or other steps are necessary to permit a legal or an equitable or beneficial transfer of the Mortgage Loans and Related Security, no notifications to any Borrower is required to effect any equitable or beneficial transfer of the Mortgage Loans and Related Security to the Issuer pursuant to the Mortgage Sale Agreement and the Mortgage Loans and Related Security are not subject to any contractual confidentiality restrictions which may restrict the ability of the Issuer to acquire or dispose of the same or exercise its rights or discharge its obligations under the Transaction Documents;
- (gg) The legal title to all the Mortgage Loans and their Related Security is freely transferrable, and no formal approvals, consents or other steps are necessary to permit a legal transfer of the Mortgage Loans and their Related Security (subject to making appropriate registrations with the relevant Land Registry);
- (hh) Each Borrower has made at least one monthly payment;
- (ii) Each Mortgage Loan has a term ending no later than 21 January 2048;
- (jj) No Borrower is an employee of the Beneficial Title Seller or the Legal Title Holder; and
- (kk) No Mortgage Loan allows a Borrower to (i) underpay principal or interest in relation to any Monthly Subscription, (ii) take a payment holiday, save for four Mortgage Loans identified in the Mortgage Sale Agreement which permit the relevant Borrowers to take payment holidays or (iii) redraw any amount which has been repaid.

“**Land Registry**” means, as the context permits, the Land Registry of Northern Ireland and/or the Registry of Deeds of Northern Ireland and/or the Land Registry of England and Wales or, where appropriate, the Registers of Scotland.

Legal Title Holder Asset Warranties and Relevant Breach of Legal Title Holder Asset Warranties

The Asset Warranties set out in paragraphs (a) to (h), (j), (l), (m), (p), (r), (w) to (bb) and (gg) above are also given by the Legal Title Holder in relation to the Mortgage Loans and the Related Security in favour of the Issuer under the Mortgage Sale Agreement on the Closing Date, subject to:

- (A) the Asset Warranty set out in paragraph (a) is only given by the Legal Title Holder to the extent of its own awareness, having performed such due diligence as the Legal Title Holder considered appropriate before the execution of the Mortgage Sale Agreement, of the standard documentation entered into by a Borrower in respect each Mortgage Loan;

- (B) the Asset Warranty set out in paragraph (b) is only given by the Legal Title Holder to the extent of its awareness;
- (C) the Asset Warranty set out in paragraph (d) is only given by the Legal Title Holder in relation to any such lien, right or counterclaim created between each Borrower and itself;
- (D) the Asset Warranty set out in paragraph (j) is only given by the Legal Title Holder to the extent of its awareness, having performed such due diligence as the Legal Title Holder considered appropriate before the execution of the Mortgage Sale Agreement;
- (E) the Asset Warranty set out in paragraph (m) is only given by the Legal Title Holder in relation to any waiver or acquiescence by it;
- (F) the Asset Warranties set out in paragraphs (x) and (y) are only given by the Legal Title Holder to the extent of its own awareness;
- (G) the Asset Warranty set out in paragraph (z) is only given by the Legal Title Holder in relation to any action taken against itself; and
- (H) the Asset Warranty set out in paragraph (bb) is only given by the Legal Title Holder in relation to its own awareness of any litigation or claim against itself or the Beneficial Title Seller.

each such Asset Warranty, as given by the Legal Title Holder, being referred to in this Prospectus as a “**Legal Title Holder Asset Warranty**”, and provided that the sole recourse for breach of Legal Title Holder Asset Warranty shall be the repurchase of the relevant Mortgage Loan by the Beneficial Title Seller as set out in the paragraph “*Repurchase by Beneficial Title Seller*” below, and the purchase of the relevant Mortgage Loan by the Legal Title Holder in the circumstances set out in the paragraph “*Purchase by Legal Title Holder*” below.

Repurchase by Beneficial Title Seller

The Beneficial Title Seller will agree in the Mortgage Sale Agreement to repurchase any Mortgage Loan (including any accrued interest thereon) together with its Related Security if such Mortgage Loan or its Related Security does not comply on the Closing Date with the Asset Warranties given by the Beneficial Title Seller under the Mortgage Sale Agreement and such breach is a Relevant Breach and is not remedied within the applicable grace period starting from when the Beneficial Title Seller becomes aware of such breach and provides a written notice in relation to such breach to the Issuer and the Trustee.

The Beneficial Title Seller will not have any liability for a Relevant Breach of an Asset Warranty other than the Beneficial Title Seller’s obligation to repurchase the relevant Mortgage Loan.

In the Servicing Agreement, the Servicer has agreed to promptly notify the Issuer and the Trustee of any breach of an Asset Warranty of which the Servicer becomes aware.

In addition, the Beneficial Title Seller will be required to repurchase Mortgage Loans and their Related Security where the Legal Title Holder has determined that it will accept a request from a Borrower for (i) any advance of further money under the relevant Mortgage Documents (such advance, excluding any Protective Advances, a “**Further Advance**”), or (ii) to secure its Mortgage Loan over a property other than the Property in respect of which the initial Mortgage Loan was granted in circumstances in which a Further Advance will also be made (such request, a “**Cash Flow Port**”).

The price payable by the Beneficial Title Seller upon the repurchase of any Mortgage Loan and its Related Security (other than the Shortfall Accounts) (the “**Repurchase Price**”) will be the aggregate of the Principal Outstanding Balance of such Mortgage Loan as at the close of business on the date immediately preceding the date of repurchase plus accrued but unpaid interest in relation to that Mortgage Loan up to but excluding the

date of repurchase plus an amount equal to the Issuer's reasonable and proper costs or any other reasonable expenditure in relation to such repurchase before the redemption in full of the Notes and Subordinated Notes and the cancellation of the Certificates.

The Beneficial Title Seller may elect to repurchase any Shortfall Account in accordance with the terms of the Mortgage Sale Agreement. The consideration payable by the Beneficial Title Seller in relation to any Shortfall Account shall be deferred consideration in an amount equal to the net recoveries (if any) made in respect of the related Mortgage Loan and its Related Security (less any fees, costs and expenses (including any servicer success fee and any fee charged in respect of management time) incurred in connection with the making of such recoveries or incurred in connection with the repurchase before the redemption in full of the Notes and Subordinated Notes and the cancellation of the Certificates).

Permitted Ports

The Legal Title Holder will be permitted to agree with a relevant Borrower to a port of its Mortgage Loan, so that such Mortgage Loan is secured over a Property other than the Property in respect of which the initial Mortgage Loan was granted, in circumstances in which no Further Advance will be made (a "**Non Cash Flow Port**"), without such Mortgage Loan being repurchased from the Issuer, provided that:

- (i) the new Property is a residential property situated on registered land in England, Wales, Scotland or Northern Ireland;
- (ii) the current loan to value ratio of the Mortgage Loan does not increase; and
- (iii) Non Cash Flow Ports may not be undertaken in relation to Mortgage Loans whose Principal Outstanding Balance, taken in the aggregate, amounts to greater than 3% of the Principal Outstanding Balance of the Mortgage Portfolio as at the Closing Date,

and Cash Flow Ports and Non Cash Flow Ports, taken together, are referred to in this Prospectus as "**Ports**".

Purchase by Legal Title Holder

The Legal Title Holder will agree in the Mortgage Sale Agreement to purchase any Mortgage Loan (including any accrued interest thereon) together with its Related Security if such Mortgage Loan or its Related Security does not comply on the Closing Date with the Legal Title Holder Asset Warranties given by the Legal Title Holder under the Mortgage Sale Agreement provided that (i) such purchase obligation will only arise if the Beneficial Title Seller does not repurchase the Mortgage Loan during the period up to the fourth Interest Payment Date following discovery of the Relevant Breach (the "**Purchase Trigger Date**"), (ii) the Legal Title Holder shall only be required to undertake such purchase to the extent that, at the relevant time, it has sufficient unencumbered cash resources available to it to make the purchase, (iii) the purchasing of the Mortgage Loan could not, in the Legal Title Holder's view, be expected to result in the occurrence of an insolvency event in relation to the Legal Title Holder or the breach of any of its minimum regulatory capital or liquidity requirements, (iv) the purchase obligation will not extend to any affiliated group company of the Legal Title Holder, and (v) such Relevant Breach is not remedied within the applicable grace period starting from when the Legal Title Holder becomes aware of such Relevant Breach and provides a written notice in relation to such Relevant Breach to the Issuer and the Trustee, and provided further that if, on the Purchase Trigger Date, any of the conditions set out in paragraphs (ii), (iii) and (v) above are not met, then the Legal Title Holder shall at such time have no obligation to purchase, and no future obligation to purchase, such Mortgage Loan. Such obligation to purchase is subject to the limitation that no claim for Relevant Breach of Legal Title Holder Asset Warranty may be made after the date which falls 60 months after the Closing Date.

Permitted Variations to Mortgage Loans

The Legal Title Holder will be permitted to agree to certain variations to the terms of Mortgage Loans (in addition to changes in the applicable interest rate in accordance with the relevant mortgage conditions) as follows:

- (i) any variation which extends the maturity date of a Mortgage Loan up to a date no later than 31 January 2048 (with or without an upwards only adjustment in the applicable margin); and/or
- (ii) any variation of a Mortgage Loan to amend its repayment terms from an interest only repayment to a capital repayment; and/or
- (iii) any variation which permits a Borrower to redeem his Mortgage Loan at a discount to the Current Balance of the Mortgage Loan (a “**Discounted Pay-Off**”) in circumstances where, in the reasonable opinion of the Legal Title Holder acting as a Prudent Mortgage Servicer and acting in a manner that the Servicer considers in good faith to be the best interests of the Issuer, the Legal Title Holder determines that the related Property would be subject to foreclosure proceedings and that the net proceeds from the Discounted Pay-Off, in the reasonable opinion of the Legal Title Holder acting as a Prudent Mortgage Servicer, would be higher than the net proceeds of enforcement of the relevant Mortgage Loan; and/or
- (iv) any variation that is a requirement of law or regulatory direction (including, without limitation, MCOB and the FCA’s ‘treating customers fairly’ initiative (the “**TCF**”)),

each of (i), (ii), (iii) and (iv) above a “**Permitted Variation**”, provided that:

- (a) in the case of any variation described in (i) above, the date of agreement of such variation falls before the Optional Redemption Date;
- (b) the General Reserve Fund is fully funded to the General Reserve Fund Target Amount as at the date of agreement of such variation;
- (c) as a result of the making of such variation, the weighted average maturity of the Mortgage Loans would not be later than June 2032; and
- (d) the Current Balance of the Mortgage Loans comprising the Mortgage Portfolio in respect of which the aggregate amount in arrears is more than three times the Monthly Subscription then due, is less than 35 per cent. of the aggregate Current Balance of the Mortgage Loans comprising the Mortgage Portfolio,

and provided further that the Legal Title Holder may, notwithstanding that to do so would render it non-compliant with any or all of paragraphs (i) to (iv) above, agree to any Permitted Variation in circumstances where to fail to do so would entail a breach by it of any requirement of law or regulatory direction (including, without limitation, MCOB and the TCF).

Transfer of legal title to the Issuer

In relation to Mortgages of registered land in England, Wales or Northern Ireland, or over any land in Scotland, beneficial title in respect of which will be transferred to the Issuer on the Closing Date, until such time as transfers of such Mortgages have been completed and registered or recorded at the Land Registry of England and Wales, the Land Registers of Northern Ireland or the Registers of Scotland (as applicable), the sale to the Issuer will take effect in equity and transfer of beneficial title only or, in the case of the Scottish Mortgages, the Issuer will hold the beneficial interests therein under the Scottish Declaration of Trust (granted by the Legal Title Holder). In the case of Mortgages of unregistered land in England and Wales, in order for

legal title to pass to the Issuer, conveyances of the relevant mortgages would have to be completed in favour of the Issuer. In the case of Mortgages relating to land or property in Scotland, in order for legal title to pass to the Issuer, assignments of the relevant Mortgages and Related Security would have to be completed in favour of the Issuer and each assignment then registered at the Registers of Scotland. In the case of mortgages of unregistered land in Northern Ireland in order for legal title to pass to the Issuer, conveyance and assignments of the relevant mortgages would have to be completed in favour of the Issuer. As a result, legal title to the Mortgage Loans and their Related Security will remain with the Legal Title Holder until such time as certain additional steps have been taken including the giving of notices of the assignment to the Borrowers or (in relation to Scottish Mortgage Loans and their Scottish Related Security) the execution and registration or recording at the Registers of Scotland (as applicable) of assignments by the Legal Title Holder in favour of the Issuer together with notification of the assignment to the Borrowers.

Under the Mortgage Sale Agreement, neither of the Sellers nor the Issuer will require the execution and completion of such transfers and conveyances in favour of the Issuer or the registration or recording of such transfers or service of notice on Borrowers in order to effect the transfer of legal title to the Mortgage Loans and their Related Security (including, where appropriate, their registration or recording), except in the limited circumstances described below.

Transfer upon Perfection Event

The Legal Title Holder shall be obliged to give notice of assignment or assignation of the Mortgage Loans to the Borrowers following the occurrence of a Perfection Event and receipt of a written request from the Issuer or the Trustee (as described below). The execution of transfers and/or assignments of legal title to the Mortgage Loans and their Related Security to the Issuer (or a nominee of the Issuer) (together with the relevant notices to the Borrowers) will be required to be completed by the Legal Title Holder within 25 Business Days of receipt of written notice from the Issuer or the Trustee upon the occurrence of any of the following (each a “**Perfection Event**”) which is continuing:

- (a) the service of an Enforcement Notice by the Trustee;
- (b) the Legal Title Holder being required, by an order of a court of competent jurisdiction, or by a change in law occurring after the Closing Date, or by a regulatory authority, to perfect the transfer of legal title to the Mortgage Loans and Related Security in favour of the Issuer;
- (c) the Security or any material part (in the opinion of the Trustee) of the Security being in jeopardy and it being necessary to perfect the transfer of legal title to the Mortgage Loans and their Related Security in favour of the Issuer in order to materially reduce such jeopardy; or
- (d) the occurrence of an insolvency event in relation to the Legal Title Holder.

The Issuer shall, following the occurrence of a Perfection Event, register or record any such transfer or assignation of the legal title to a Mortgage at the Land Registry of England and Wales, Registers of Scotland or the Land Registers of Northern Ireland as soon as possible following receipt (or execution by the Issuer) of such transfer or assignation from the Legal Title Holder and shall respond expeditiously to all requisitions raised by the Land Registry of England and Wales, Registers of Scotland or the Land Registers of Northern Ireland.

Third Party Interest

As a consequence of neither the Issuer nor the Trustee obtaining legal title to the Mortgages and not registering or recording their respective interest at the relevant Land Registry, a *bona fide* purchaser from the

Legal Title Holder (or until such registration or recording of the title of the Legal Title Holder is complete or (in the case of Scottish Mortgages) until assignments of any Mortgages transferring legal title to the Legal Title Holder are submitted for registration or recording, a *bona fide* purchaser from any previous owner of the Mortgage Loans) for value of any of such Mortgage Loans without notice of any of the interests of the Legal Title Holder (where registration or recording of the title of the Legal Title Holder to any Mortgages is incomplete or (in the case of Scottish Mortgages) where assignments of any Mortgages transferring legal title to the Legal Title Holder have not yet been submitted for registration or recording), the Issuer or the Trustee might obtain a good title free of any such interest. Further, the rights of the Legal Title Holder, the Issuer and the Trustee may be or become subject to equities (for example, rights of set off as between the relevant Borrowers or insurance companies and the Legal Title Holder (or any previous owner of the Mortgage Loans)). However, the risk of third party claims obtaining priority to the interests of the Issuer or the Trustee would be likely to be limited to circumstances arising from a breach by the Legal Title Holder (or any previous owner of the Mortgage Loans) of its contractual obligations or fraud, negligence or mistake on the part of the Legal Title Holder (or any previous owner of the Mortgage Loans) or the Issuer or their respective personnel or agents.

Limited recourse against solicitors and valuers

The Issuer may not have any direct rights (under general law or in contract) against any solicitors or valuers who, when acting for any of the Originators in relation to the origination of any Mortgage Loan, may have been negligent or fraudulent. However, and notwithstanding the absence of any such direct rights, the Legal Title Holder and the Beneficial Title Seller have, to the extent assignable, assigned any causes and rights of actions that it has against third parties in respect of the Mortgage Loans to the Issuer pursuant to the Mortgage Sale Agreement.

Governing Law

The Mortgage Sale Agreement and any non-contractual obligation arising out of or in connection to the Mortgage Sale Agreement will be governed by English law although terms or provisions thereof particular to Scottish Mortgage Loans and/or Scottish Related Security shall be governed by and construed in accordance with Scots law and any terms or provisions thereof relating to Northern Irish Mortgage Loans and/or Northern Irish Related Security shall be governed by and construed in accordance with Northern Irish law.

SERVICING OF THE MORTGAGE PORTFOLIO

Mortgage Loan Servicing

The Servicer and the Services

The Servicer will be appointed by the Legal Title Holder and the Issuer under the terms of the Servicing Agreement as their agent to service the Mortgage Loans.

In carrying out the services under the Servicing Agreement, the Servicer will manage the Mortgage Loans and their Related Security in accordance with the Collections Procedures, and any written instructions received from the Legal Title Holder (unless and until the Servicer receives written notice from the Issuer of a continuing Perfection Event or, following the delivery of an Enforcement Notice, from the Trustee informing the Servicer that it should no longer follow instructions received from the Legal Title Holder and expressly stating that the Servicer shall instead act in accordance with its instructions, in which case the Servicer shall instead act in accordance with any written instructions received from either the Issuer or, following the delivery of an Enforcement Notice, the Trustee (as applicable)).

The Servicer will diligently and promptly follow instructions, to the extent consistent with the Collections Procedures, other than in circumstances in which the Servicer has reasonable grounds for considering that any such instructions are not compliant with any applicable laws, or with the Servicer's obligations under the Servicing Agreement, in which case the Servicer will promptly notify the Issuer (copying the Trustee) and the Legal Title Holder of such determination (providing its reasons) thereby allowing the then instructing entity to transmit further instructions as appropriate.

The duties of the Servicer include the following (without limitation):

- (a) maintaining the Mortgage Loan account in respect of each Borrower, making appropriate debit and credit entries in accordance with the terms of the applicable Mortgage Loan and sending each Borrower an account statement at least every twelve months;
- (b) collecting payments of Monthly Subscriptions due on the Mortgage Loans. The Monthly Subscriptions are deposited into the Collection Accounts and held on trust by the Legal Title Holder pursuant to the Collection Account Declaration of Trust for the Issuer as beneficiary and are swept by the Collection Account Bank on a daily basis to the Transaction Account (subject to withholding the DD Retained Balance, any Borrower Repayment Amounts, any direct debit reversals or cheques to be repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer account, any fees payable to the Collection Account Bank and an amount for payment to the Servicer Expense Account);
- (c) notifying Borrowers of changes in their Monthly Subscriptions;
- (d) dealing with the administrative aspects of the redemption of a Mortgage Loan. This includes arranging for the release of the deeds relating to the relevant Property together with the deed of release or discharge of the Mortgage to the relevant Borrower and the relevant Land Registry filings upon receipt of amounts required to repay the Mortgage Loan in full;
- (e) dealing with enquiries and requests from Borrowers. These may include providing a credit reference, consenting to a transfer from joint Borrowers to a single Borrower (for example, upon a divorce), approving a tenancy agreement where a Borrower wishes temporarily to let the Property and providing details of the Principal Outstanding Balance;

- (f) implementing the Collections Procedures in accordance with the standards of a Prudent Mortgage Servicer and ensuring the Collections Procedures are generally, in scope and content, the Collections Procedures of a Prudent Mortgage Servicer;
- (g) assisting in (but, for the avoidance of doubt, not initiating), and notifying the Issuer and the Legal Title Holder in a timely manner of the necessity of, all filings, activities or transactions within the relevant time limits (including properly obtained extensions thereto) prescribed by applicable law and necessary from time to time to preserve all rights, claims and powers under and in respect of the Mortgage Loans and their Related Security;
- (h) granting consents or approvals to Borrowers from time to time in accordance with the Collections Procedures;
- (i) releasing one or more joint Borrowers from any liability under a Mortgage Loan and its Related Security provided that the Collections Procedures are still satisfied in respect of that Mortgage Loan;
- (j) keeping records for all taxation purposes including VAT;
- (k) assisting with the preparation and submission of any claim under any insurance policies in relation to any Mortgage Loan or its Related Security in accordance with the requirements of the relevant insurance policy and otherwise with the usual procedures undertaken by a Prudent Mortgage Servicer, and complying with the other requirements of the insurer under the relevant insurance policy;
- (l) implementing a complaints procedure for Borrowers in accordance with the requirements from time to time published by the FCA;
- (m) approving invoices in respect of Protective Advances where such expenditure has been pre-approved by the Legal Title Holder or is incurred in line with the Collections Procedures from time to time, and passing such invoices to the Legal Title Holder for payment;
- (n) taking (or causing to be taken) all actions as may be necessary or advisable to recover (or cause to be recovered) all sums due from Borrowers under the Mortgage Loans (including, without limitation, by the institution of, and assistance with, proceedings and/or the enforcement of any Mortgage Loan or of its Related Security) in accordance with the Collections Procedures; and
- (o) on or after 1 January 2017:
 - (i) providing notice on behalf of the Applicable Entities to ESMA of its appointment as the designated reporting entity for the purposes of complying with the Article 8b Requirements and to provide such notice in accordance with article 2(2) of Regulation (EU) No. 2015/3 and any corresponding formal guidance provided by ESMA; and
 - (ii) on behalf of each Applicable Entity performing (or procuring the performance of) all activities as are required in order for that Applicable Entity to comply with the Article 8b Requirements applicable to it from time to time in respect of any relevant Notes issued by the Issuer and to carry out such activities in accordance with the Article 8b Requirements and any related technical reporting instructions made by ESMA;

provided that, in each case, the Servicer shall not take any Restricted Action without the prior written consent of the Legal Title Holder unless, in each case, the Servicer in its discretion and in accordance with its internal policies considers it necessary or prudent to do so to ensure compliance with:

- (A) the Legal Title Holder's obligations under the terms and conditions applicable to that Mortgage Loan;

- (B) the requirements of any applicable law, including the requirements of FSMA and the FCA Handbook (including MCOB); and/or
- (C) Principle 6 of the FCA's Principles for Businesses.

In this section, "**Restricted Action**" means any action to:

- (a) amend, terminate or cancel any of the Mortgage Loans or their Related Security (including, without limitation, the relevant Mortgage Conditions);
- (b) enter into or offer to enter into any discounted pay-off or other negotiated settlement with a Borrower in respect of a Mortgage Loan to agree settlement of amounts due at a discount;
- (c) agree to a transfer of equity between Borrowers;
- (d) make or agree to any Protective Advance or any other further advance or to the porting of any portable Mortgage Loan;
- (e) release or discharge any Mortgage or other Related Security other than upon full repayment or upon repossession;
- (f) waive a material breach of the underlying Mortgage Loan including, without limitation and for the avoidance of doubt, the non payment of ground rent and the issuance of a forfeiture notice;
- (g) waive any arrears or shortfall in payment;
- (h) defer or re-schedule any payment outside of the delegated authorities in the Collections Procedures;
- (i) capitalise any arrears;
- (j) issue any 'letter before action' in connection with any Mortgage Loan;
- (k) instruct solicitors in relation to any action in connection with any Mortgage Loan;
- (l) issue any warrant of possession in connection with any Mortgage Loan or take any other steps for repossession or enforcement in connection with any Mortgage Loan;
- (m) take any decision upon receipt of confirmation of any court hearing in respect of the enforcement of any Mortgage Loan or upon receipt of confirmation of the appointment of receivers in relation to any Mortgage Loan (all such decisions to be taken by the Legal Title Holder only);
- (n) take any decision upon receipt of a date of eviction in relation to any Mortgage Loan (all such decisions to be taken by the Legal Title Holder only);
- (o) carry out an act not provided for in, or contemplated by, the Collections Procedures, which the Servicer considers (acting as a Prudent Mortgage Servicer) would materially prejudice (i) the value of any Property, (ii) the mortgagee's security, or (iii) the mortgagee's ability to enforce the Mortgage or Related Security;
- (p) agree the price at which a disposal of a Property is to be made;
- (q) change the amount of fees, charges and/or interest payable (other than any change resulting from a change in LIBOR or the Bank of England base rate, provided the change is made in accordance with the Mortgage Conditions);
- (r) charge any early repayment charges in connection with any Mortgage Loan;

- (s) process any item, matter or request whatsoever which falls outside of the standards, policies, procedures and service levels contained in the Collections Procedures which the Servicer considers (acting as a Prudent Mortgage Servicer) would be reasonably likely to materially impact upon the likelihood of recovering any Mortgage Loan in full;
- (t) decide the approach that should be adopted in respect of a Mortgage Loan relating to a deceased Borrower;
- (u) accept Borrower repayment proposals made following the issue of possession or repossession procedures prior to a hearing date in respect of such Borrower;
- (v) enforce a court order in respect of any Borrower;
- (w) make any repayment proposals or apply for an application hearing following an instruction to a panel solicitor to enforce a court order;
- (x) agree the approach to be taken in respect of a Mortgage Loan identified as a high vulnerability case by the Servicer;
- (y) agree the approach to be taken, including the decision to appoint any receiver, in respect of any let Property where the Mortgage Loan is in arrears and no instalment or arrangement payments are being made;
- (z) waive or settle, or agree to waive or settle, any claim against a valuer or solicitor or any other third party in respect of a Mortgage Loan; or
- (aa) issue a consent for the letting of a property (other than to a Borrower in respect of a buy to let loan in accordance with the Collections Procedures).

Rights of Direction of the Legal Title Holder

For so long as no Perfection Event is continuing, the Legal Title Holder will: (A) monitor the performance of the Servicer under, and provide directions to the Servicer pursuant to, the Servicing Agreement, and the Servicer will act in accordance with such instructions provided by the Legal Title Holder, in relation to the Restricted Actions, and (B) provide the services described below:

- (a) making Protective Advances;
- (b) commencing and proceeding with professional negligence claims, insurance claims and claims against third parties in relation to the Mortgage Portfolio, where the Legal Title Holder considers that it reasonably expects a net recovery which is not de minimis; and
- (c) maintaining insurance policies in respect of, and covering, the Mortgage Loans and their Related Security.

Following the occurrence of a Perfection Event which is continuing, the Issuer or the Trustee (acting upon the instructions of the Most Senior Class by way of Extraordinary Resolution (including by Written Resolution)) will have sole discretion to appoint an appropriate service provider to perform these actions.

Protective Advances

For so long as a Perfection Event has not occurred, the Legal Title Holder shall have responsibility for making Protective Advances on behalf of the Issuer (and the Servicer will not make Protective Advances). The Legal Title Holder may apply amounts standing to the credit of the Servicer Expense Account from time to time towards payment of expenses incurred by the Legal Title Holder in making Protective Advances.

Following the occurrence of a Perfection Event which is continuing, the responsibility for making Protective Advances, or procuring that they are made, shall pass to the Issuer or its nominee (as successor legal title holder), and the Issuer or the Trustee (acting upon the instructions of the Most Senior Class by way of Extraordinary Resolution (including by Written Resolution)) will have sole discretion to appoint an appropriate service provider to make such advances.

In this section, “**Protective Advances**” means, with regard to any Mortgage Loan or its Related Security or the Mortgage Portfolio as a whole, any duly documented payment:

- (a) which was incurred following the Cut-Off Date;
- (b) which was made by or on behalf of the Legal Title Holder; and
- (c) which was made for the purpose of preserving the value of (A) such Mortgage Loan or its Related Security or any collateral security for such Mortgage Loan or its Related Security, including (without limitation): litigation costs; field agent visit fees; LPA receiver appointment fees; payments to freeholders or managing agents of leasehold properties in respect of unpaid ground rents and service charges in order to prevent forfeiture of the relevant lease; insurance, repairs and maintenance costs of repossessed properties and any other third party fees and expenses associated with managing, valuing, disposing or consulting with respect to any Mortgage Loan or its Related Security, or (B) the Mortgage Portfolio as a whole.

Appointment of Servicer for the purposes of reporting under Regulation (EU) No. 2015/3

The Issuer and the Beneficial Title Seller (as originator) (each, an “**Applicable Entity**” and, together, the “**Applicable Entities**”) appoint the Servicer (in its capacity as such) to act as the designated reporting entity for the purposes of complying with any applicable requirements under Article 8b of CRA3 and the corresponding implementing measures from time to time (including the disclosure and reporting requirements under articles 3 to 7 of Regulation (EU) No. 2015/3) (together, the “**Article 8b Requirements**”) in respect of any relevant Notes issued by the Issuer.

The Servicer agrees on behalf of each Applicable Entity to perform (or to procure the performance of) all activities as are required in order for that Applicable Entity to comply with the Article 8b Requirements applicable to it from time to time in respect of any relevant Notes issued by the Issuer and to carry out such activities in accordance with the Article 8b Requirements and any related technical reporting instructions made by ESMA.

On or after 1 January 2017, the Servicer undertakes to provide notice on behalf of the Applicable Entities to ESMA of its appointment as the designated reporting entity for the purposes of complying with the Article 8b Requirements and to provide such notice in accordance with article 2(2) of Regulation (EU) No. 2015/3 and any corresponding formal guidance provided by ESMA.

Termination of appointment

The Servicer may terminate its appointment under the Servicing Agreement in the following circumstances:

- (a) where it ceases to be an authorised person under FSMA, or its permission to administer Regulated Mortgage Contracts is suspended, rescinded or revoked;
- (b) upon the occurrence of an Illegality Event;
- (c) if the Issuer fails to pay any amount due to the Servicer under the terms of the Servicing Agreement, and such breach continues un-remedied for a period of five (5) Business Days;

- (d) if the Issuer or the Legal Title Holder breaches any other covenant, obligation, representation or warranty under the Servicing Agreement, which breach is materially prejudicial to the interests of the Servicer, and such breach, if capable of remedy, is not remedied within twenty (20) Business Days;
- (e) if an Insolvency Event occurs and is continuing in relation to the Issuer; or
- (f) if the Servicer wishes to resign at any time with effect on or after Optional Redemption Date.

Any such termination shall not become effective until the later of (A) the date specified in such notice of termination and (B) the earlier of (x) the expiry of 120 days from the date on which the Servicer gives notice of its termination and (y) the time at which the appointed substitute servicer or Back-Up Servicer becomes fully operational to administer the Mortgage Portfolio, provided that such substitute servicer:

- (a) is reputable;
- (b) has servicing experience of residential mortgage loans throughout the United Kingdom;
- (c) has the prior written approval of the Legal Title Holder (prior to the occurrence of a Perfection Event) and (prior to service of an Enforcement Notice) the Issuer (with the consent of the Trustee) or (after the service of an Enforcement Notice) the Trustee;
- (d) has all consents, authorisations, approvals, licences and orders necessary to fulfil its obligations in connection with the Servicing Agreement;
- (e) has a business establishment (for the purposes of Section 9 of VATA) in the United Kingdom which is either its sole business establishment (with no other fixed establishment anywhere else in the world) or is its business (or other fixed establishment) which is most directly concerned with the services it supplies under such substitute servicing agreement; and
- (f) enters into an agreement substantially in the same terms as the relevant provisions of the Servicing Agreement (or such other terms as have been approved in writing by the Legal Title Holder (prior to the occurrence of a Perfection Event) and the Issuer with the written consent of the Trustee, or, following delivery of an Enforcement Notice, the Trustee only).

Prospective investors should note, however, that upon the termination of the appointment of the Servicer, unless an alternative substitute servicer is appointed in accordance with the terms of the Servicing Agreement, the Issuer shall effect the Back-Up Servicer's appointment as servicer under the Back-Up Servicing Agreement, and the Issuer shall use reasonable endeavours to procure that the Back-Up Servicer (or other substitute servicer) is appointed within 60 days of the receipt of a notice of termination from the Servicer.

Upon the occurrence of a Servicer Termination Event or Illegality Event, either of which is continuing, then:

- (i) the Issuer, with the prior written consent of the Trustee;
- (ii) the Trustee (following the delivery of an Enforcement Notice);
- (iii) the Legal Title Holder, prior to the occurrence of a Perfection Event (and with the prior written consent of the Issuer (or, following service of an Enforcement Notice, the Trustee)); or
- (iv) the Legal Title Holder, prior to the occurrence of a Perfection Event (if the Legal Title Holder reasonably believes that such termination is necessary in order for the Legal Title Holder to comply with its regulatory obligations (including under SYSC 8 of the FCA Handbook, without any of the consents specified in (iii) above)),

may terminate the appointment of the Servicer by notice in writing.

Any termination by the Issuer, the Legal Title Holder or the Trustee of the appointment of the Servicer following a Servicer Termination Event or Illegality Event will not become effective until the Back-Up Servicer, or a substitute, reputable servicer with requisite experience, is appointed on substantially the same terms of the Servicing Agreement, and provided that in the case of the appointment of a substitute servicer other than the Back-Up Servicer, the identity of such substitute (A) has been notified to the Rating Agencies as the intended substitute servicer, following which notification the Rating Agencies have not, within a period of 30 days, taken or indicated that they will take any negative action in relation to the then current rating of the Notes as a consequence of such replacement (and for the avoidance of doubt, no Extraordinary Resolution of the holders of the Most Senior Class will be required to approve the appointment of the Successor Servicer in these circumstances), or (B) which has been ratified by an Extraordinary Resolution of the Most Senior Class. The Back-Up Servicer or other successor servicer must agree to be bound by the terms of the Incorporated Terms Memorandum and the Security Deed.

In this section:

“**Illegality Event**” means a change of applicable law or other event outside the control of the parties to the Servicing Agreement has occurred which renders the performance of the Servicing Agreement or the services to be performed thereunder (or any part thereof but only provided that such part of the services is material to providing the services) illegal; or causes the loss of all or any necessary regulatory licences or authorisations, and as to any such items, the parties, using reasonable commercial efforts, are unable to agree a mutually acceptable work-around to avoid such illegality, regulatory capital increase or loss of licenses or authorities; and

“**Servicer Termination Event**” includes, amongst others, the following events:

- (a) the failure of the Servicer to pay any amount due to the Legal Title Holder or the Issuer under the terms of the Servicing Agreement, and such breach continues unremedied for a period of five Business Days;
- (b) the Servicer breaches any other covenant, obligation, representation or warranty under the Servicing Agreement, which breach is materially prejudicial to the interests of the Issuer or the Legal Title Holder and continues unremedied for a period of 20 Business Days;
- (c) the Servicer commits a persistent breach of its obligation to seek directions from the Legal Title Holder before taking Restricted Actions;
- (d) the monthly data tape referred to in the Servicing Agreement provided to the Back-Up Servicer being incorrect, and such error(s) are not corrected within ten calendar days of the Servicer becoming aware of such error(s), where such errors have a material adverse effect on the economic interests, regulatory compliance or investor reporting of the Legal Title Holder, the Cash Manager or the Issuer;
- (e) an insolvency event occurs, and is continuing, with respect to the Servicer;
- (f) the Servicer repudiates or otherwise disaffirms its material obligations under the Servicing Agreement in writing; or
- (g) any of the Servicer’s permissions under FSMA required to perform the services under the Servicing Agreement are suspended, rescinded or revoked (except to the extent that such suspension, rescission or revocation is caused by an Illegality Event).

The ability of the Back-Up Servicer or a substitute servicer to fully perform the required services would depend on the information, software and records available at the time of the relevant appointment. The Trustee has no obligation to act as servicer upon any such termination.

Information and Reporting by the Servicer

Pursuant to the Servicing Agreement, the Servicer shall (i) keep and maintain accurate and detailed Mortgage Records, including all Mortgage Records which are necessary to enable the Servicer to comply with its record-keeping obligations under all laws applicable to the Servicer from time to time, and all other records reasonably necessary or advisable for the collection of all Mortgage Loans and their Related Security (including Mortgage Records adequate to permit the daily identification of each Mortgage Loan and its Related Security and all Collections of and adjustments to each such Mortgage Loan and its Related Security); and (ii) hold all Mortgage Records on trust and for the sole benefit of the Issuer, which Mortgage Records shall (other than when otherwise required in connection with the provision of the Services), if in hard copy, be held in a secure location.

The Servicer shall on the required dates set out in the Servicing Agreement provide periodic reports in the form and containing the information specified in the Servicing Agreement.

Fees and Expenses of the Servicer

The Issuer shall pay to the Servicer a fee for its mortgage settlement and related administration services under the Servicing Agreement (the “**Servicer Fees**”) on a monthly basis. The Servicer Fees shall be an annual fee of an amount equal to 25 basis points per annum multiplied by the Current Balance of the Mortgage Loans, calculated on a pro rata basis for each calendar month, exclusive of VAT.

The Servicer shall be reimbursed for expenses properly incurred in connection with the performance of the services under the Servicing Agreement (excluding (i) any rent, salaries, communications costs and any tax, PAYE and national insurance liabilities payable by the Servicer, or by any sub-contractor or delegate of the Servicer, relating to its staff, and (ii) the fees of any subcontractor or delegate that is performing services for the Servicer that a Prudent Mortgage Servicer would ordinarily perform itself, other than Protective Advances).

The Cash Manager shall (on behalf of the Issuer) apply monies credited to the Transaction Account towards satisfaction of the Servicer Fees and any Servicer Liabilities, which shall be payable (i) during each Calculation Period, on any Business Day other than an Interest Payment Date in accordance with the Cash Management Agreement; and (ii) in the event any Servicer Fees and/or Servicer Liabilities remain unpaid on an Interest Payment Date, in accordance with the Pre-Enforcement Revenue Payments Priorities.

Sub-Contracting by the Servicer

The Servicer is permitted in specified circumstances and subject to certain conditions with the prior written consent of the Legal Title Holder (or following a Perfection Event, of the Issuer and the Trustee), to sub-contract or delegate its obligations under the Servicing Agreement. The Servicer will not be released or discharged of any liability in respect of any such sub-contracting or delegation, and will accordingly remain responsible for its obligations under the Servicing Agreement and any breach by the subcontractor or delegate shall be treated as a breach by the Servicer.

Back-Up Servicing

Each of the Issuer and the Legal Title Holder will use all its reasonable efforts to procure that the Back-Up Servicer is appointed and enters into a back-up servicing agreement between, among others, the Issuer, the Legal Title Holder and the Back-Up Servicer (the “**Back-Up Servicing Agreement**”), on or about the Closing Date. Upon termination of the appointment of the Servicer, the Back-Up Servicer shall become a party to a replacement servicing agreement on substantially similar terms as the Servicing Agreement as soon as possible and in any event within 60 days of it being notified of such termination. The Back-Up Servicer shall perform all duties and obligations of the Servicer with respect to the Mortgage Portfolio, in accordance with the terms of such replacement servicing agreement.

Collections Procedures

The Servicer has established procedures that the Servicer is required to adhere to for managing Mortgage Loans (“**Collections Procedures**”). These same procedures, as from time to time varied in accordance with the practice of a prudent residential mortgage servicer (with the prior written consent of the Legal Title Holder (or if the Servicer is aware that a Perfection Event is continuing, the Issuer or, following the service of an Enforcement Notice, the Trustee) except in the case of any amendment (i) which is necessary for the Servicer to comply with any change in applicable law or regulatory policy (including MCOB and TCF) or (ii) which is not, in the reasonable opinion of the Servicer, acting as a prudent residential mortgage servicer, material), will continue to be applied in respect of the Mortgage Loans. In addition, the Servicer will consider and discuss with the Legal Title Holder or, if the Servicer is aware that a Perfection Event is continuing, the Issuer or, following the service of an Enforcement Notice, the Trustee) any amendment to the Collections Procedures proposed by the Legal Title Holder or such other party (as applicable) to the Servicer, provided such amendment would not render the Servicer non-compliant with any applicable law or is not, in the reasonable opinion of the Servicer, inconsistent with the procedures maintained by a prudent mortgage servicer. In this context, the Collections Procedures will be operated by the Servicer, provided that the Servicer shall not (subject to the exceptions set out in “*The Servicer and the Services*” above) take any Restricted Action without the prior written consent of the Legal Title Holder.

Governing Law

Each of the Servicing Agreement and the Back-Up Servicing Agreement and any non-contractual obligation arising out of or in connection with the Servicing Agreement and the Back-Up Servicing Agreement shall be governed by English law.

CASH MANAGEMENT

On the Closing Date, the Issuer will appoint Elavon Financial Services Limited as the cash manager (the “**Cash Manager**”) to provide cash management services to the Issuer pursuant to a cash management agreement (the “**Cash Management Agreement**”).

Cash Management Services

The primary obligation of the Cash Manager is to effect the transfer of monies between the relevant parties and accounts. The Cash Manager’s duties will include, but are not limited to:

- (a) determining no later than the Cash Manager Determination Date the amount of the Available Revenue Funds and the amount of the Available Principal Funds and the amounts to be paid in respect of each item in the Pre-Enforcement Payments Priorities on the next following Interest Payment Date;
- (b) applying Available Revenue Funds and Available Principal Funds in accordance with the order of payments set forth in the relevant Payments Priorities on each Interest Payment Date;
- (c) maintaining the Principal Ledger, the Revenue Ledger, the General Reserve Ledger, the Liquidity Reserve Ledger, the Issuer Profit Ledger and the Principal Deficiency Ledger; and
- (d) preparing the quarterly investor report in accordance with the Cash Management Agreement (the “**Quarterly Investor Report**”).

Collection Accounts

Each Collection Account is a bank account held by the Legal Title Holder at the Collection Account Bank, to which the Servicer directs Principal Collections and Revenue Collections. On the Closing Date, the Legal Title Holder will provide confirmation that the existing Collection Account Bank mandate authorises the Servicer to transfer monies from the Collection Accounts from time to time (to the extent that the Collection Account Bank does not undertake such task automatically). Pursuant to the Servicing Agreement, the Legal Title Holder will be obliged to procure that the Collection Account Bank transfers and, pursuant to the Collection Account Agreement, the Collection Account Bank will be obliged to transfer, at the end of each Business Day during a Calculation Period, amounts standing to the credit of the Collection Accounts in excess of (i) £15,000 (in aggregate) (the “**DD Retained Balance**”), (ii) any Borrower Repayment Amounts, (iii) any direct debit reversals or cheques to be repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer account and (iv) any fees payable to the Collection Account Bank, *firstly* into the Servicer Expense Account, until there is a credit balance on the Servicer Expense Account equal to £50,000 (the “**Servicer Expense Required Amount**”); and *secondly* into the Transaction Account. Borrower Repayment Amounts will be paid out of the Collection Accounts to the relevant recipient on any Business Day.

Direct Debit Minimum Balance

The Legal Title Holder is required to maintain an amount which shall not be lower than the DD Retained Balance in the Collection Accounts at all times to meet any of the Issuer’s or the Legal Title Holder’s obligations and/or liabilities properly incurred under the Direct Debiting Scheme or in respect of other unpaid sums (including but not limited to cheques and payment reversals) or to satisfy any other amounts due to the Collection Account Bank under the Collection Account Agreement.

Servicer Expense Account

The Servicer Expense Required Amount shall be transferred to the account held in the name of the Legal Title Holder at the Collection Account Bank (the “**Servicer Expense Account**”), in relation to which the Legal Title Holder shall have signing rights exclusively for the purpose of (i) applying amounts to satisfy any expenses of the Legal Title Holder in relation to Protective Advances and (ii) applying amounts to satisfy any expenses of the Servicer in accordance with the Servicing Agreement.

Transaction Account

Pursuant to the Transaction Account Agreement, the Issuer will maintain the Transaction Account. The Issuer may, with the prior written consent of the Trustee, open additional or replacement bank accounts on terms as agreed between the parties from time to time.

Interest shall accrue on the daily credit balance of the Transaction Account at the rate agreed between the Issuer and the Transaction Account Bank and shall be credited to the Transaction Account.

Eligible Investments

Prior to the delivery of an Enforcement Notice, the Servicer may on any Business Day on which the same are not otherwise required for making any payment due by the Issuer under the terms of the Transaction Documents, instruct the Cash Manager to instruct the Transaction Account Bank to withdraw (or keep withdrawn) funds from the Transaction Account for the purpose only of investing those funds in Eligible Investments. The Servicer shall direct the Cash Manager to direct all income, principal, proceeds of sale, redemption, realisation or disposal or any other amounts received in respect of any Eligible Investments are returned prior to the next succeeding Calculation Date and credited to the Transaction Account. For the avoidance of doubt, the Cash Manager shall not have any discretionary powers or rights in relation to investing funds in any Transaction Account in Eligible Investments. Unless the Cash Manager receives instructions or directions in writing from the Servicer to give a direction to the Transaction Account Bank to invest any such funds in Eligible Investments, the Cash Manager shall not give any such direction.

For this purpose, “**Eligible Investments**” means:

- (a) demand or time deposits, certificates of deposit and other short term unsecured debt obligations provided that, in each case, at the time the deposit is made or the certificate or obligation is acquired the then current rating of the unsecured and unguaranteed debt obligations of that institution (or, where the investment in question is guaranteed, of the guaranteeing institution) is AA- or A-1+ by S&P; and at least one of (a) P-1 or at least A2 (if applicable) from Moody’s; and (b) F1+ or AA- from Fitch, or in each case such other ratings as may be required by the Rating Agencies from time to time;
- (b) short term unsecured debt obligations issued by a body corporate provided that the then current rating of the unsecured and unguaranteed debt obligations of that body corporate (or where the debt obligations in question are guaranteed, of the guaranteeing institution) is AA- or A-1+ by S&P; and at least one of (a) P-1 or at least A2 (if applicable) from Moody’s; and (b) F1+ or AA- from Fitch, or in each case such other ratings as may be required by the Rating Agencies from time to time; or
- (c) money market funds that meet the European Securities and Markets Authority (ESMA) Short-Term Money Market Fund definition, set out in Guideline reference 10-049 of the Committee for European Securities Regulators, provided that such money market funds hold an AAAM money market fund from S&P and an equivalent money market fund rating from a recognised credit rating agency such as Moody’s or Fitch,

provided that no withholding or deduction for or account of tax will be made on any payments of interest or principal in respect of any such deposit, bond, debenture, note or other investment or security evidencing debt, and provided further that no such instrument will be a volatile instrument (as specified in the Rating Agencies' published criteria) and/or an instrument issued by a mutual fund or similar investment vehicle, and provided further that each such instrument shall mature (or otherwise be capable of being redeemed, terminated or broken (at no additional cost)) on or before the next succeeding Calculation Date so that such funds will be available for withdrawal on such date.

Ledgers

The Cash Manager shall maintain the following ledgers in respect of amounts standing to the credit of the Transaction Account:

- (a) the Principal Ledger. Amounts credited to this ledger during a Calculation Period (such as Principal Receipts, Principal Addition Amounts, Revenue Reallocation Amounts and Purchase Principal Amounts) will be available on the following Interest Payment Date for application in accordance with the Pre-Enforcement Principal Payments Priorities;
- (b) the Revenue Ledger. Amounts credited to this ledger during a Calculation Period (such as Revenue Receipts, Reserve Addition Amounts, Principal Reallocation Amounts and Purchase Revenue Amounts) will be available on the following Interest Payment Date for application in accordance with the Pre-Enforcement Revenue Payments Priorities;
- (c) the Issuer Profit Ledger. Amounts credited to this ledger on Interest Payment Dates will be applied in the satisfaction of the Issuer's income tax obligations and for payment to the shareholders of the Issuer by way of dividend;
- (d) the Liquidity Reserve Ledger. Amounts standing to the credit of this ledger (such as Liquidity Reallocation Amounts) may be credited to the Revenue Ledger for application on an Interest Payment Date to pay items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities and any Interest Amount due and payable in respect of the Most Senior Class of Notes (prior to the making of a General Reserve Drawing and the application of any Principal Reallocation Amounts) or the Class A Notes and the Class B Notes (in certain circumstances, prior to the redemption in full of the Class A Notes); and
- (e) the General Reserve Ledger. Amounts standing to the credit of this ledger may be credited to the Revenue Ledger for application on an Interest Payment Date in accordance with the Pre-Enforcement Revenue Payments Priorities (after the making of a Liquidity Reserve Drawing but prior to the application of amounts comprising Principal Reallocation Amounts).

A further ledger, the Principal Deficiency Ledger, will be maintained by the Cash Manager. That ledger does not relate to amounts standing to the credit of the Transaction Account but rather records (i) amounts of Principal Losses, Principal Reallocation Amounts and Liquidity Reallocation Amounts (which are debited to the Principal Deficiency Ledger) and (ii) amounts transferred from the Revenue Ledger to the Principal Ledger comprising a Revenue Reallocation Amount (which are credited to the Principal Deficiency Ledger).

Ratings of Collection Account Bank and Transaction Account Bank

If at any time the Transaction Account Bank ceases to be an Eligible Institution, the Transaction Account Bank shall, within 10 calendar days of becoming aware of such circumstance, give notice of such event to the Issuer (who will give notice to the Noteholders) and to the Trustee. The Transaction Account Bank shall use commercially reasonable efforts to assist the Issuer in identifying a replacement transaction account bank

which is an Eligible Institution but if it is unable to identify such a replacement within such time period, the Transaction Account Bank shall have no liability or further obligation to any person with respect to identifying a replacement transaction account bank.

The Issuer shall, within 30 calendar days from the date on which the Transaction Account Bank has ceased to be an Eligible Institution, use all reasonable endeavours to replace the Transaction Account Bank with an entity which is an Eligible Institution and, as a result, procure that the Transaction Account Bank transfers the amounts standing to the credit of the Transaction Account to that entity and procure that such entity establishes arrangements substantially similar to those contained in the Transaction Account Agreement. The Transaction Account Bank shall provide the Issuer with any assistance reasonably requested of it in order to effect such a transfer of banking arrangements. A failure on the part of the Issuer to procure such a transfer, having used all reasonable endeavours to do so, shall not constitute an Event of Default under Note Condition 12.1.2.

If at any time the Collection Account Bank ceases to be an Eligible Institution, the Issuer shall, within 10 calendar days of becoming aware of such circumstance, give notice of such event to the Noteholders and to the Trustee and, without prejudice to any provision or remedy contained in any Transaction Document, the Collection Account Bank shall, at the request and cost of the Issuer, use commercially reasonable efforts to assist the Issuer to (a) replace the Collection Account Bank with an entity which is an Eligible Institution, (b) transfer the Collection Accounts to that entity and (c) procure that such entity establishes arrangements substantially similar to those contained in the Collection Account Agreement.

Notwithstanding the above, the Issuer shall, within 30 calendar days from the date on which the Collection Account Bank has ceased to be an Eligible Institution, use all reasonable endeavours to replace such bank with an entity which is an Eligible Institution and, as a result, procure that the Collection Account Bank transfers the amounts standing to the credit of the Collection Accounts to that entity and procure that such entity establishes arrangements substantially similar to those contained in the Collection Account Agreement. A failure on the part of the Issuer to procure such a transfer, having used all reasonable endeavours to do so, shall not constitute an Event of Default under Note Condition 12.1.2.

“Eligible Institution” means:

- (a) in respect of the Transaction Account Bank, any bank that is incorporated in the United Kingdom or is the United Kingdom branch of a foreign bank, (1) the short-term unsecured and unsubordinated debt obligations of which are rated at least A-1 by S&P and F1 by Fitch and the long-term unsecured and unsubordinated debt obligations of which are rated at least A by S&P and A by Fitch or (2) if no S&P short-term rating is available the long-term unsecured and unsubordinated debt obligations of which are rated at least A+ by S&P; or
- (b) in respect of the Collection Account Bank, any bank that is incorporated in the United Kingdom or is the United Kingdom branch of a foreign bank, (1) the short-term unsecured and unsubordinated debt obligations of which are rated at least A-2 by S&P and F2 by Fitch and the long-term unsecured and unsubordinated debt obligations of which are rated at least BBB by S&P and BBB+ by Fitch or (2) if no S&P short-term rating is available the long-term unsecured and unsubordinated debt obligations of which are rated at least BBB+ by S&P,

provided that:

- (i) if the Eligible Institution is a United Kingdom branch of a bank incorporated in the European Union, the foreign currency long term rating of the country in which that bank’s head office is located is at least BBB- by S&P; or

- (ii) if the Eligible Institution is a United Kingdom branch of a bank incorporated outside the European Union, (1) the short-term foreign currency rating of the country in which that bank's head office is located is at least A-1 by S&P and the long-term foreign currency rating of such country is at least A by S&P or (2) if no S&P short-term foreign currency rating is available, the long-term foreign currency rating of such country is at least A+ by S&P.

The Legal Title Holder may revoke its appointment of the Collection Account Bank:

- (a) immediately on giving notice to the Collection Account Bank (with a copy to the Trustee) in the event of (i) the occurrence of an insolvency event in respect of the Collection Account Bank, (ii) the occurrence of a Force Majeure Event, or (iii) a material breach by the Collection Account Bank of its obligation under this Deed; and
- (b) by not less than 60 (sixty) calendar days' notice to the Collection Account Bank without cause,

provided that such revocation shall not take effect until a successor which is an Eligible Institution, previously approved in writing by the Trustee, has been duly appointed and has entered into a replacement collection account agreement on substantially the same terms of the Collection Account Agreement.

Remuneration of Cash Manager

The Cash Manager will be paid at a rate as agreed between the Cash Manager and the Issuer from time to time.

Resignation of Cash Manager

The Cash Manager may resign only on giving not less than 60 days' notice in writing to the Trustee and the Issuer (with a copy to the Transaction Account Bank) provided that (i) a successor cash manager acceptable to the Trustee has been appointed and a new cash management agreement is entered into on substantially the same terms as the Cash Management Agreement or on such terms as are satisfactory to the Trustee and the Issuer and (ii) the Rating Agencies have been notified in writing of such resignation and appointment.

Termination of Appointment of Cash Manager

The Issuer may, with the written consent of the Trustee, or following the delivery of an Enforcement Notice the Trustee may itself upon written notice to the Cash Manager with a copy to the Transaction Account Bank, the Issuer and the Trustee (as applicable), terminate the Cash Manager's rights and obligations immediately if any of the following events occur:

- (a) default is made by the Cash Manager in ensuring the payment on the due date of any payment required to be made under the Cash Management Agreement and such default continues unremedied for a period of three Business Days after the earlier of the Cash Manager becoming aware of the default and receipt by the Cash Manager of written notice from the Issuer or (following the delivery of an Enforcement Notice) the Trustee requiring the default to be remedied;
- (b) without prejudice to paragraph (a) above:
 - (i) default is made by the Cash Manager in the performance or observance of any of its other covenants and obligations under the Cash Management Agreement;
 - (ii) any representation or warranty made by the Cash Manager pursuant to Clause 7 (*Representations and Warranties*) of the Cash Management Agreement proves to be untrue, incomplete or inaccurate in any material respect; or

- (iii) any certification or statement made by the Cash Manager in any certificate or other document delivered pursuant to the Cash Management Agreement proves to be untrue, incomplete or inaccurate in any material respect,

and (if such default is capable of remedy) such default continues unremedied for a period of 20 Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the delivery of an Enforcement Notice) the Trustee requiring the same to be remedied;

- (c) it is or will become unlawful for the Cash Manager to perform any of its obligations under the Cash Management Agreement; or
- (d) any insolvency event occurs in relation to the Cash Manager.

Upon termination of the appointment of the Cash Manager, the Issuer will use its reasonable endeavours to appoint a substitute cash manager (and give notice of such appointment to the Rating Agencies). Any such substitute cash manager will be required to enter into an agreement on substantially the same terms as the Cash Management Agreement or on such terms as are satisfactory to the Trustee and the Issuer.

If the appointment of the Cash Manager is terminated or the Cash Manager resigns, the Cash Manager must (at the expense of the Issuer) deliver its books of account relating to the Notes, the Subordinated Notes and the Certificates to or at the direction of the Trustee. The Cash Management Agreement will terminate automatically on the Interest Payment Date following the realisation of Charged Property.

Governing Law

The Cash Management Agreement and any non-contractual obligations arising out of or in relation to the Cash Management Agreement will be governed by English law.

CASHFLOWS

Payments on Business Days other than Interest Payment Dates

On each Business Day during a Calculation Period (other than an Interest Payment Date) prior to delivery of an Enforcement Notice, the Cash Manager shall, on behalf of the Issuer, effect payment from monies in the Transaction Account and recorded in the Revenue Ledger of the amounts due and payable by the Issuer on such Business Day in relation to the following matters in the amounts required (provided that payments to be made from and including a Cash Manager Determination Date to and including the following Interest Payment Date shall only be made from amounts paid into the Transaction Account during the Calculation Period in which that payment falls) (but in no order of priority, other than in respect of Trustee Fees and/or Trustee Liabilities, as described immediately below):

- (a) any amount payable by the Issuer and/or the Legal Title Holder (a) to a Borrower under the terms of the Mortgage Documents or by operation of law including (without limitation) amounts overpaid by a Borrower or proceeds of enforcement which exceed the amounts outstanding in respect of the Mortgage Loan (but subject to any right to refuse or withhold payment of such amount or any right of set off that has arisen by reason of such Borrower's breach of the terms of such Mortgage Documents) or (b) to any other person in respect of a payment relating to a Mortgage Loan which has not been accepted by the Legal Title Holder or the Servicer (a "**Borrower Repayment Amount**") of a revenue nature, to be paid into the Collection Accounts;
- (b) any tax payment and any amount due in respect of VAT at the rate applicable from time to time;
- (c) any Third Party Expenses;
- (d) any Agents' Fees and/or Agents' Liabilities;
- (e) any Transaction Account Bank Fees and/or Transaction Account Bank Liabilities;
- (f) any Servicer Fees and/or Servicer Liabilities;
- (g) any Corporate Services Provider Fees and/or Corporate Services Provider Liabilities;
- (h) any Trustee Fees and/or Trustee Liabilities; and
- (i) any amount necessary to be paid to the Collection Accounts to remedy an overdraft in relation to the Collection Accounts caused by a payment from the Collection Accounts by the Collection Account Bank to satisfy any of its obligations and/or liabilities properly incurred under the Direct Debiting Scheme or in respect of other unpaid sums (including but not limited to cheques and payment reversals) in each case relating to Borrowers under the Mortgage Loans, or to pay any amounts due or owing to the Collection Account Bank,

provided that if on any Business Day (other than an Interest Payment Date) amounts are to be paid in respect of items (c), (d), (e), (f), (g) and (h), amounts in respect of item (h) shall be paid in priority to amounts in respect of items (c), (d), (e), (f) and (g).

On each Business Day during a Calculation Period (other than an Interest Payment Date) prior to delivery of an Enforcement Notice, the Cash Manager shall, on behalf of the Issuer, effect payment from monies in the Transaction Account and recorded in the Principal Ledger of the amounts due and payable by the Issuer on such Business Day in relation to the following matters in the amounts required (provided that payments to be made from and including a Cash Manager Determination Date to and including the following Interest

Payment Date shall only be made from amounts paid into the Transaction Account during the Calculation Period in which that payment falls) (but in no order of priority):

- (a) any Borrower Repayment Amount of a principal nature to be paid to the Collection Accounts; and
- (b) any direct debit reversals or cheques to be repaid to the bank making the payment if such bank is unable to recoup such amount itself from its customer account.

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

“**Direct Debiting Scheme**” means the system for the manual or automated debiting of bank accounts by Direct Debit operated in accordance with the principal rules of certain members of the Association for Payment Clearing Services.

Pre-Enforcement Revenue Payments Priorities

Prior to the service of an Enforcement Notice by the Trustee to the Issuer, the Cash Manager (on behalf of the Issuer) shall, on each Interest Payment Date, apply Available Revenue Funds in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the “**Pre-Enforcement Revenue Payments Priorities**”):

- (a) in or towards satisfaction pro rata and *pari passu* according to the respective amounts thereof of:
 - (i) to the extent such amounts have not already been paid in accordance with Paragraph 13 of Part 3 of Schedule 1 of the Cash Management Agreement (*Payments from Revenue Ledger on any Business Day*), any Liabilities due and payable by the Issuer to the Trustee in accordance with the terms of the Trust Deed together with interest payable thereon in accordance with the terms of the Trust Deed (“**Trustee Liabilities**”); and
 - (ii) to the extent such amounts have not already been paid in accordance with Paragraph 13 of Part 3 of Schedule 1 of the Cash Management Agreement (*Payments from Revenue Ledger on any Business Day*), the fees due and payable by the Issuer to the Trustee, together with any interest payable thereon pursuant to the Trust Deed (“**Trustee Fees**”);
- (b) to the extent such amounts have not already been paid in accordance with Paragraph 13 of Part 3 of Schedule 1 of the Cash Management Agreement (*Payments from Revenue Ledger on any Business Day*), in or towards satisfaction of any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and any amounts required to pay or discharge any liability of the Issuer to corporation tax (which cannot be met out of amounts retained previously by the Issuer as profit under item (d) below) (“**Third Party Expenses**”);
- (c) to the extent such amounts have not already been paid in accordance with Paragraph 13 of Part 3 of Schedule 1 of the Cash Management Agreement (*Payments from Revenue Ledger on any Business Day*) in or towards satisfaction pro rata and *pari passu* according to the respective amounts thereof of:
 - (i) any Liabilities due and payable by the Issuer to the Agents in accordance with the terms of the Agency Agreement, in each case together with interest thereon as provided in the Agency Agreement (the “**Agents’ Liabilities**”);
 - (ii) the fees due and payable to the Principal Paying Agent for the account of the Agents in accordance with the terms of the Agency Agreement (the “**Agents’ Fees**”);

- (iii) any and all of: (a) amounts due to the Servicer in connection with the enforcement of any Mortgage Loan and/or the protection or enforcement of the Trustee's rights and remedies in relation to such enforcement in the immediately preceding Calculation Period; and (b) any other Liabilities properly and reasonably incurred by or on behalf of the Servicer in connection with the performance of the Servicer's functions under the Servicing Agreement (including without limitation, any costs, expenses and charges payable by the Issuer to the Servicer in accordance with the Servicing Agreement but excluding any amounts already paid to the Servicer from the Servicer Expense Account in satisfaction of such costs, expenses and charges) (the "**Servicer Liabilities**");
 - (iv) the fees, costs and expenses due and payable by the Issuer to the Servicer in accordance with the Servicing Agreement (the "**Servicer Fees**");
 - (v) any Liabilities properly and reasonably incurred by or on behalf of the Back-Up Servicer in connection with the performance of the Back-Up Servicer's functions under the Back-Up Servicing Agreement (the "**Back-Up Servicer Liabilities**");
 - (vi) the fees, costs and expenses due and payable by the Issuer to the Back-Up Servicer in accordance with the Back-Up Servicing Agreement (the "**Back-Up Servicer Fees**");
 - (vii) any Liabilities due and payable by the Issuer to the Cash Manager in accordance with the terms of the Cash Management Agreement (the "**Cash Manager Liabilities**");
 - (viii) the fees due and payable to the Cash Manager in accordance with the terms of the Cash Management Agreement (the "**Cash Manager Fees**");
 - (ix) any Liabilities due and payable to the Transaction Account Bank in accordance with the terms of the Transaction Account Agreement (the "**Transaction Account Bank Liabilities**");
 - (x) the fees, costs and expenses of the Transaction Account Bank for the operation of the Transaction Account as determined in accordance with the Transaction Account Agreement (the "**Transaction Account Bank Fees**");
 - (xi) any Liabilities due and payable by the Issuer to the Corporate Services Provider and the Share Trustee in accordance with the terms of the Corporate Services Agreement (the "**Corporate Services Provider Liabilities**");
 - (xii) the fees due and payable to the Corporate Services Provider and the Share Trustee in accordance with the terms of the Corporate Services Agreement (the "**Corporate Services Provider Fees**");
 - (xiii) to the Collection Account Bank, any Liabilities due and payable by the Issuer to the Collection Account Bank in accordance with the terms of the Collection Account Agreement (the "**Collection Account Bank Liabilities**"); and
 - (xiv) in reimbursement to the Legal Title Holder of any Protective Advances made by it not previously reimbursed to it from amounts standing to the credit of the Servicer Expense Account;
- (d) to credit an amount to the Issuer Profit Ledger up to an amount for the relevant accounting year of the Issuer equal to the Required Profit Amount for that accounting year;

- (e) any Interest Amount due and payable in respect of the Class A Notes on such Interest Payment Date to the relevant Entitled Persons (*pro rata* according to the amount of such interest due to be paid to each such Entitled Person);
- (f) to record a credit entry in the Class A Principal Deficiency Sub-Ledger in an amount equal to the Class A Revenue Reallocation Amount (if any) determined as at the related Calculation Date and to record a credit entry of such amount in the Principal Ledger;
- (g) any Interest Amount due and payable in respect of the Class B Notes on such Interest Payment Date to the relevant Entitled Persons (*pro rata* according to the amount of such interest due to be paid to each such Entitled Person);
- (h) to record a credit entry in the Class B Principal Deficiency Sub-Ledger in an amount equal to the Class B Revenue Reallocation Amount (if any) determined as at the related Calculation Date and to record a credit entry of such amount in the Principal Ledger;
- (i) any Interest Amount due and payable in respect of the Class C Notes on such Interest Payment Date to the relevant Entitled Persons (*pro rata* according to the amount of such interest due to be paid to each such Entitled Person);
- (j) to record a credit entry in the Class C Principal Deficiency Sub-Ledger in an amount equal to the Class C Revenue Reallocation Amount (if any) determined as at the related Calculation Date and to record a credit entry of such amount in the Principal Ledger;
- (k) any Interest Amount due and payable in respect of the Class D Notes on such Interest Payment Date to the relevant Entitled Persons (*pro rata* according to the amount of such interest due to be paid to each such Entitled Person);
- (l) to record a credit entry in the Class D Principal Deficiency Sub-Ledger in an amount equal to the Class D Revenue Reallocation Amount (if any) determined as at the related Calculation Date and to record a credit entry of such amount in the Principal Ledger;
- (m) any Interest Amount due and payable in respect of the Class E Notes on such Interest Payment Date to the relevant Entitled Persons (*pro rata* according to the amount of such interest due to be paid to each such Entitled Person);
- (n) to record a credit entry in the Class E Principal Deficiency Sub-Ledger in an amount equal to the Class E Revenue Reallocation Amount (if any) determined as at the related Calculation Date and to record a credit entry of such amount in the Principal Ledger;
- (o) prior to the earlier of the Reserve Release Date, a Market Portfolio Purchase, a Class Z4 Portfolio Purchase or an exercise of the Issuer Call Option, to credit the General Reserve Ledger in an amount necessary to bring the credit balance of the General Reserve Ledger up to the General Reserve Fund Target Amount;
- (p) prior to the earlier of the Reserve Release Date, a Market Portfolio Purchase, a Class Z4 Portfolio Purchase or an exercise of the Issuer Call Option, to credit the Liquidity Reserve Ledger in an amount necessary to bring the credit balance of the Liquidity Reserve Ledger up to the Liquidity Reserve Fund Target Amount;
- (q) to record a credit entry in the Class Z1 Principal Deficiency Sub-Ledger in an amount equal to the Class Z1 Revenue Reallocation Amount (if any) determined as at the related Calculation Date and to record a credit entry of such amount in the Principal Ledger;

- (r) to record a credit entry in the Class Z2 Principal Deficiency Sub-Ledger in an amount equal to the Class Z2 Revenue Reallocation Amount (if any) determined as at the related Calculation Date and to record a credit entry of such amount in the Principal Ledger;
- (s) to record a credit entry in the Class Z3 Principal Deficiency Sub-Ledger in an amount equal to the Class Z3 Revenue Reallocation Amount (if any) determined as at the related Calculation Date and to record a credit entry of such amount in the Principal Ledger;
- (t) to record a credit entry in the Class Z4 Principal Deficiency Sub-Ledger in an amount equal to the Class Z4 Revenue Reallocation Amount (if any) determined as at the related Calculation Date and to record a credit entry of such amount in the Principal Ledger;
- (u) *pro rata* and *pari passu* in or towards payment of:
 - (i) the Deferred MSA Payment;
 - (ii) any Liabilities properly and reasonably incurred by or on behalf of the Legal Title Holder in accordance with the performance of the Legal Title Holder's functions under the Mortgage Sale Agreement and the Servicing Agreement (the "**Legal Title Holder Liabilities**");
 - (iii) the fees due and payable to the Market Portfolio Purchase Agent in accordance with the terms of the Market Portfolio Purchase Agreement (the "**Market Portfolio Purchase Agent Fees**"); and
 - (iv) any Liabilities due and payable by the Issuer to the Market Portfolio Purchase Agent in accordance with the terms of the Market Portfolio Purchase Agreement (the "**Market Portfolio Purchase Agent Liabilities**");
- (v) in or towards payment to the Back-Up Servicer (following its appointment as the Servicer) of any indemnity in relation to Transfer of Undertakings (Protection of Employment) Regulations 2006 ("**TUPE**") under the relevant provisions of its replacement servicing agreement;
- (w) at any time when the Notes remain outstanding and the Principal Outstanding Balance of the Mortgage Loans which have an arrears balance greater than three Monthly Subscriptions exceeds 45 per cent. of the Principal Outstanding Balance of all Mortgage Loans, an amount equal to the Principal Addition Amount to be recorded as a credit entry in the Principal Ledger;
- (x) any interest due and payable in respect of the Reserve Subordinated Loan on such Interest Payment Date to the Reserve Subordinated Loan Provider;
- (y) in repayment of the principal amount outstanding of the Reserve Subordinated Loan to the Reserve Subordinated Loan Provider; and
- (z) any excess amounts in payment *pro rata* and *pari passu* to the holders of the Certificates.

For the avoidance of doubt, when applying Available Revenue Funds in the Pre-Enforcement Revenue Payments Priorities on any Interest Payment Date:

- (a) an amount equal to the Liquidity Reserve Drawing comprised in the Available Revenue Funds on such Interest Payment Date shall only be applied, prior to any General Reserve Drawing and Principal Reallocation Amounts on such Interest Payment Date, to items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities and (i) prior to redemption in full of the Class A Notes, any Interest Amount due and payable in respect of the Class A Notes and (to the extent of any Class B Liquidity Shortfall) the Class B Notes or (ii) at any other time, any Interest Amount due and payable in respect of the Most Senior Class of Notes;

- (b) an amount equal to the General Reserve Drawing comprised in the Available Revenue Funds on such Interest Payment Date shall only be applied after the application of any Liquidity Reserve Drawing but without taking into account any Principal Reallocation Amounts on such Interest Payment Date; and
- (c) an amount equal to the Principal Reallocation Amount comprised in the Available Revenue Funds on such Interest Payment Date shall be applied after all other Available Revenue Funds have been applied and shall only be applied:
 - (i) prior to the redemption in full of the Class A Notes, to items (a) to (g) (excluding item (f)), and, for so long as the Class A Notes remain outstanding, such funds shall only be available to reduce or eliminate a shortfall under item (g) of the Pre-Enforcement Revenue Payments Priorities to the extent that the debit balance on the Class B Principal Deficiency Sub-Ledger is less than or equal to 80 per cent. of the Principal Amount Outstanding of the Class B Notes on such Interest Payment Date; or
 - (ii) after the redemption in full of the Class A Notes, to items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities and any Interest Amount due and payable in respect of the Most Senior Class of Notes; and
- (d) on the Interest Payment Date on or immediately following the Market Portfolio Purchase Completion Date, the Available Revenue Funds on such Interest Payment Date shall only be applied to items (a) to (m) (excluding items (f), (h), (j) and (l)) and items (u)(ii), (u)(iii) and (u)(iv) and, after such items have been satisfied in full, items (u)(i) and (v) to (z) of the Pre-Enforcement Revenue Payments Priorities; and
- (e) on the Interest Payment Date immediately following an exercise of the Issuer Call Option or the Class Z4 Portfolio Purchase Completion Date, the Available Revenue Funds on such Interest Payment Date shall only be applied to items (a) to (m) (excluding items (f), (h), (j) and (l)) and item (u)(ii) and, after such items have been satisfied in full, items (u)(i), (u)(iii), (u)(iv) and (v) to (z) of the Pre-Enforcement Revenue Payments Priorities.

“**Deferred MSA Payment**” means an annual payment per annum to the Legal Title Holder equal to 15 basis points multiplied by the Current Balance of the Mortgage Loans as at (in relation to the First Interest Payment Date) the Closing Date or (in relation to subsequent Interest Payment Dates) the last day of the immediately preceding Calculation Period, calculated on a *pro rata* basis for each quarterly payment, for so long as there is no insolvency event in respect of the Legal Title Holder.

“**Entitled Persons**” means, in relation to payment of interest or principal in respect of a Class of Notes or a Class of Subordinated Notes, the Noteholders or Subordinated Noteholders and (if applicable) Couponholders of the relevant Class and/or, to the extent that the Principal Paying Agent and/or the Paying Agents have properly paid any such amounts to the Noteholders or Subordinated Noteholders and (if applicable) Couponholders of such Class and not been paid by the Issuer pursuant to Clause 8.1 (*Issuer to pay Principal Paying Agent*) of the Agency Agreement, the Principal Paying Agent for itself and/or the Paying Agents.

“**Liabilities**” means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including proper legal fees and any Taxes and penalties incurred by that person.

“**Reserve Subordinated Loan**” means the subordinated loan advanced by the Beneficial Title Seller on the Closing Date, the proceeds of which will be used in order fully to fund the General Reserve Fund and the Liquidity Reserve Fund on the Closing Date only.

Pre-Enforcement Principal Payments Priorities

Prior to the service of an Enforcement Notice by the Trustee to the Issuer, the Cash Manager (on behalf of the Issuer) shall, on each Interest Payment Date, apply Available Principal Funds in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (provided that following a Market Portfolio Purchase or Class Z4 Portfolio Purchase or an exercise of the Issuer Call Option no amounts shall be applied in respect of items (a) or (b)) (the “**Pre-Enforcement Principal Payments Priorities**”):

- (a) an amount equal to the Principal Reallocation Amount (if any) determined as at the related Calculation Date, such amount to be recorded as a credit entry in the Revenue Ledger and a debit entry in the Principal Deficiency Ledger;
- (b) an amount equal to the Liquidity Reallocation Amount (if any), such amount to be recorded as a credit entry in the Liquidity Reserve Ledger and a debit entry in the Principal Deficiency Ledger;
- (c) any Principal Amount Outstanding due and payable in respect of the Class A Notes to the relevant Entitled Persons (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person);
- (d) any Principal Amount Outstanding due and payable in respect of the Class B Notes to the relevant Entitled Persons (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person);
- (e) any Principal Amount Outstanding due and payable in respect of the Class C Notes to the relevant Entitled Persons (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person);
- (f) any Principal Amount Outstanding due and payable in respect of the Class D Notes to the relevant Entitled Persons (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person);
- (g) any Principal Amount Outstanding due and payable in respect of the Class E Notes to the relevant Entitled Persons (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person);
- (h) any Principal Amount Outstanding due and payable in respect of the Class Z1 Notes to the relevant Entitled Persons (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person);
- (i) any Principal Amount Outstanding due and payable in respect of the Class Z2 Notes to the relevant Entitled Persons (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person);
- (j) any Principal Amount Outstanding due and payable in respect of the Class Z3 Notes to the relevant Entitled Persons (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person); and
- (k) any Principal Amount Outstanding due and payable in respect of the Class Z4 Notes to the relevant Entitled Persons (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person).

Post-Enforcement Payments Priorities

After an Enforcement Notice is delivered by the Trustee, all monies held in the Transaction Account (other than all monies received or recovered by the Trustee which do not constitute Trust Proceeds, which monies shall be paid to or retained by the persons entitled to such monies, except for any Borrower Repayment Amounts, which shall be paid to the Collection Accounts and not to Borrowers directly) and all other Trust Proceeds shall (after deduction of all costs and expenses incurred by the Trustee in obtaining receipt or recovery of the Trust Proceeds) be held by the Trustee upon trust to be applied in payment, in the amounts required, each in the following order of priority (the “**Post-Enforcement Payments Priorities**”):

- (a) pro rata and *pari passu*:
 - (i) to the Trustee, the Trustee Liabilities;
 - (ii) to the Trustee, all amounts of Trustee Fees due on or prior to the date of payment;
 - (iii) to any Receiver, any out-of-pocket expenses, liabilities, losses, damages, proceedings, claims and demands then due and payable by the Issuer to any Receiver in accordance with the Security Deed or incurred by a Receiver together with interest payable provided in the Trust Deed;
 - (iv) to any Receiver, all remuneration due to the Receiver in accordance with the terms of his appointment on or prior to the date of payment;
- (b) pro rata and *pari passu*:
 - (i) to the Collection Account Bank, any Collection Account Bank Liabilities; and
 - (ii) to the Transaction Account Bank, any Transaction Account Bank Liabilities and Transaction Account Bank Fees due on or prior to the date of payment;
- (c) pro rata and *pari passu*:
 - (i) to the Agents, the Agents’ Fees due on or prior to the date of payment and the Agents’ Liabilities;
 - (ii) to the Cash Manager, the Cash Manager Liabilities and the Cash Manager Fees due on or prior to the date of payment;
 - (iii) to the Corporate Services Provider, the Corporate Services Provider Liabilities and the Corporate Services Provider Fees due on or prior to the date of payment;
 - (iv) to the Servicer, the Servicer Fees due on or prior to the date of payment and the Servicer Liabilities;
 - (v) to the Back-Up Servicer, any unpaid Back-Up Servicer Fees and/or Back-Up Servicer Liabilities;
 - (vi) fees (other than commitment fees) and expenses accrued due and payable to a successor Servicer (after it has taken over as Servicer) agreed by the Issuer with the successor Servicer in relation to the successor Servicer’s obligations under the replacement Servicing Agreement; and
 - (vii) in reimbursement to the Legal Title Holder of any Protective Advances made by it not previously reimbursed to it from amounts standing to the credit of the Servicer Expense Account;

- (d) to the relevant Entitled Persons, all amounts of interest due in respect of the Class A Notes (*pro rata* according to the amount of such interest due to be paid to each such Entitled Person);
- (e) to the relevant Entitled Persons, all amounts of principal due but unpaid in respect of the Class A Notes (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person);
- (f) to the relevant Entitled Persons, all amounts of interest due in respect of the Class B Notes (*pro rata* according to the amount of such interest due to be paid to each such Entitled Person);
- (g) to the relevant Entitled Persons, all amounts of principal due but unpaid in respect of the Class B Notes (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person);
- (h) to the relevant Entitled Persons, all amounts of interest due in respect of the Class C Notes (*pro rata* according to the amount of such interest due to be paid to each such Entitled Person);
- (i) to the relevant Entitled Persons, all amounts of principal due but unpaid in respect of the Class C Notes *pro rata* according to the amount of such principal due to be paid to each such Entitled Person);
- (j) to the relevant Entitled Persons, all amounts of interest due in respect of the Class D Notes (*pro rata* according to the amount of such interest due to be paid to each such Entitled Person);
- (k) to the relevant Entitled Persons, all amounts of principal due but unpaid in respect of the Class D Notes (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person);
- (l) to the relevant Entitled Persons, all amounts of interest due in respect of the Class E Notes (*pro rata* according to the amount of such interest due to be paid to each such Entitled Person);
- (m) to the relevant Entitled Persons, all amounts of principal due but unpaid in respect of the Class E Notes (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person);
- (n) *pro rata* and *pari passu* in or towards payment of:
 - (i) the Deferred MSA Payment;
 - (ii) the Legal Title Holder Liabilities;
 - (iii) the Market Portfolio Purchase Agent Fees; and
 - (iv) the Market Portfolio Purchase Agent Liabilities;
- (o) in or towards payment to the Back-Up Servicer (following its appointment as the Servicer) of any indemnity in relation to TUPE under the relevant provisions of its replacement servicing agreement;
- (p) to the Reserve Subordinated Loan Provider, all amounts of interest due but unpaid in respect of the Reserve Subordinated Loan;
- (q) to the Reserve Subordinated Loan Provider, all amounts of principal due but unpaid in respect of the Reserve Subordinated Loan;
- (r) to the relevant Entitled Persons, all amounts of principal due but unpaid in respect of the Class Z1 Notes (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person);
- (s) to the relevant Entitled Persons, all amounts of principal due but unpaid in respect of the Class Z2 Notes (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person);
- (t) to the relevant Entitled Persons, all amounts of principal due but unpaid in respect of the Class Z3 Notes (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person);

- (u) to the relevant Entitled Persons, all amounts of principal due but unpaid in respect of the Class Z4 Notes (*pro rata* according to the amount of such principal due to be paid to each such Entitled Person); and
- (v) to the holders of the Certificates, any and all amounts in respect of the Certificates (*pro rata* according to the amount due to be paid to each such holder of the Certificates).

“**Seller Covenants**” means the covenants of the Beneficial Title Seller set out in Schedule 5 to the Incorporated Terms Memorandum and the covenants of the Legal Title Holder set out in Schedule 6 to the Incorporated Terms Memorandum;

“**Seller Warranties**” means the representations and warranties set forth in Schedule 3 to the Incorporated Terms Memorandum (*Beneficial Title Seller’s and Legal Title Holder’s Representations and Warranties*) to the Incorporated Terms Memorandum;

“**Trust Proceeds**” means all recoveries, receipts and benefits received by the Trustee by virtue of the Trust Property save for monies or other assets which it is entitled to retain for its own account or which are earmarked for receipt by a third party other than as part of the Trust Property; and

“**Trust Property**” means the Covenant to Pay, the Issuer Covenants, the Seller Covenants, the Issuer Warranties, the Seller Warranties, the Security, all proceeds of the Security and any other rights conferred on the Trustee on behalf of the Secured Creditors under the Transaction Documents.

CREDIT ENHANCEMENT AND LIQUIDITY SUPPORT

The Notes, the Subordinated Notes and the Certificates are obligations of the Issuer only and will not be the obligations of, or the responsibility of, or guaranteed by, any other party. However, there are a number of features of the transaction which enhance the likelihood of timely receipt of payments by the relevant Classes of the Noteholders, as follows:

- (a) The Principal Outstanding Balance of Mortgage Loans as at the Cut-Off Date is expected to be approximately £61,986,421.50 higher than the Principal Amount Outstanding of the Notes on the Closing Date.
- (b) Payment of interest and principal on the Notes on each Interest Payment Date in sequential order to the Classes of Notes and no payments may be made in respect of the Subordinated Notes until the Notes have been repaid in full.
- (c) A Senior Revenue Shortfall on any Interest Payment Date may be reduced or eliminated by applying amounts standing to the Liquidity Reserve Ledger and, if thereafter there remains a Senior Revenue Shortfall, by applying amounts standing to the General Reserve Ledger and, if thereafter there still remains a Senior Revenue Shortfall, by applying Principal Reallocation Amounts.
- (d) A Revenue Shortfall on any Interest Payment Date may be reduced or eliminated by applying amounts standing to the credit of the General Reserve Ledger.
- (e) Principal Losses, Principal Reallocation Amounts and Liquidity Reallocation Amounts will be debited to the sub-ledgers of the Principal Deficiency Ledger: first to the Class Z4 Principal Deficiency Sub-Ledger, second to the Class Z3 Principal Deficiency Sub-Ledger, third to the Class Z2 Principal Deficiency Sub-Ledger, fourth to the Class Z1 Principal Deficiency Sub-Ledger, fifth to the Class E Principal Deficiency Sub-Ledger, sixth to the Class D Principal Deficiency Sub-Ledger, seventh to the Class C Principal Deficiency Sub-Ledger, eighth to the Class B Principal Deficiency Sub-Ledger and lastly to the Class A Principal Deficiency Sub-Ledger.
- (f) Revenue Reallocation Amounts will be credited to the sub-ledgers of the Principal Deficiency Ledger in sequential order: first to the Class A Principal Deficiency Sub-Ledger, second to the Class B Principal Deficiency Sub-Ledger, third to the Class C Principal Deficiency Sub-Ledger, fourth to the Class D Principal Deficiency Sub-Ledger, fifth to the Class E Principal Deficiency Sub-Ledger, sixth to the Class Z1 Principal Deficiency Sub-Ledger, seventh to the Class Z2 Principal Deficiency Sub-Ledger, eighth to the Class Z3 Principal Deficiency Sub-Ledger and lastly to the Class Z4 Principal Deficiency Sub-Ledger.
- (g) Available Revenue Funds will be applied to replenish the General Reserve Fund and the Liquidity Reserve Fund. Available Principal Funds will also be applied, in certain circumstances, to replenish the Liquidity Reserve Fund.
- (h) In certain circumstances, Principal Addition Amounts may be applied to repay the Principal Amount Outstanding under the Notes.
- (i) A Class B Liquidity Shortfall on any Interest Payment Date may be reduced or eliminated by applying amounts standing to the credit of the Liquidity Reserve Ledger once any Senior Revenue Shortfall has been eliminated.

Each of these factors and certain other factors relating to credit enhancement and/or liquidity support are considered in more detail below.

Overcollateralisation

The Principal Outstanding Balance of the Mortgage Loans as at the Cut-Off Date was £295,016,421.50, while the initial Principal Amount Outstanding of the Notes on the Closing Date will be £233,030,000.

On the basis of the Issuer's performance expectations for the Mortgage Loans it is anticipated that, during the life of the Notes, the interest to be paid by Borrowers on the Mortgage Loans will be sufficient so that the Available Revenue Funds (excluding General Reserve Drawings and Liquidity Reserve Drawings) will be available to pay the amounts payable under items (a) to (n) of the Pre-Enforcement Revenue Payments Priorities. The actual amount of any excess will vary during the life of the Notes. Two of the key factors determining such variation are the interest rates applicable to the Mortgage Loans in the Mortgage Portfolio (as to which, see the section entitled "*Risk Factors – Risks Associated with Rising Mortgage Rates*" above) and the performance of the Mortgage Portfolio.

Liquidity support provided by use of Liquidity Reserve Fund, General Reserve Fund and Available Principal Funds

On the Business Day falling 3 Business Days prior to the related Interest Payment Date, the Cash Manager will, to the extent such information is available to it, determine whether Available Revenue Funds (excluding any Liquidity Reserve Drawings, General Reserve Drawings and Principal Reallocation Amounts) are sufficient to pay or provide for payment of items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities and (i) prior to redemption in full of the Class A Notes, any Interest Amount due and payable in respect of the Class A Notes and any Class B Liquidity Shortfall or (ii) at any other time, any Interest Amount due and payable in respect of the Most Senior Class of Notes. To the extent that such Available Revenue Funds (excluding any Liquidity Reserve Drawings, General Reserve Drawings and Principal Reallocation Amounts) are insufficient for this purpose, the Cash Manager shall, on behalf of the Issuer on the relevant Interest Payment Date, take the following actions: (i) debit the Liquidity Reserve Ledger by the lower of the amount of such shortfall and the credit balance of the Liquidity Reserve Ledger and (ii) credit the Revenue Ledger in an amount to reduce or eliminate such shortfall.

If following application of Available Revenue Funds (including Liquidity Reserve Drawings but excluding General Reserve Drawings and Principal Reallocation Amounts), the Cash Manager determines that such Available Revenue Funds (including Liquidity Reserve Drawings but excluding both General Reserve Drawings and Principal Reallocation Amounts) are insufficient to satisfy items (a) to (n) of the Pre-Enforcement Revenue Payments Priorities, the Cash Manager shall, on behalf of the Issuer on the relevant Interest Payment Date, take the following actions: (i) debit the General Reserve Ledger by the lower of the amount of such shortfall and the credit balance of the General Reserve Ledger and (ii) credit the Revenue Ledger in an amount to reduce or eliminate such shortfall.

If following application of Available Revenue Funds (including both General Reserve Drawings and Liquidity Reserve Drawings but excluding Principal Reallocation Amounts), the Cash Manager determines that such Available Revenue Funds (including both General Reserve Drawings and Liquidity Reserve Drawings but excluding Principal Reallocation Amounts) are insufficient to satisfy:

- (i) prior to the redemption in full of the Class A Notes, (A) items (a) to (e) of the Pre-Enforcement Revenue Payments Priorities, and (B) item (g) of the Pre-Enforcement Revenue Payments Priorities, provided that, if the Class A Notes remain outstanding, item (g) of the Pre-Enforcement Revenue Payments Priorities shall only be taken into account for the purposes of such calculation if the debit balance on the Class B Principal Deficiency Sub-Ledger is less than or equal to 80 per cent. of the Principal Amount Outstanding of the Class B Notes on the relevant Interest Payment Date; or

- (ii) following the redemption in full of the Class A Notes, items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities and any Interest Amount due and payable in respect of the Most Senior Class of Notes,

the Cash Manager shall, on behalf of the Issuer on the relevant Interest Payment Date, take the following actions: (i) debit the Principal Ledger by the lower of the amount of such shortfall and the credit balance of the Principal Ledger and (ii) credit the Revenue Ledger in an amount to reduce or eliminate such shortfall.

Principal Losses, Liquidity Reserve Drawings, Principal Reallocation Amounts and Liquidity Reallocation Amounts allocated to the Principal Deficiency Ledger

For each Calculation Date, the Servicer will determine the amount of Principal Losses on the Mortgage Portfolio and for each Cash Manager Determination Date, the Cash Manager will determine the amount of any Principal Reallocation Amount and Liquidity Reallocation Amount and the Cash Manager will be required to allocate such amounts to the sub-ledgers of the Principal Deficiency Ledger.

A principal deficiency ledger (the “**Principal Deficiency Ledger**”), comprising 9 sub-ledgers, one relating to the Class A Notes (the “**Class A Principal Deficiency Sub-Ledger**”), one relating to the Class B Notes (the “**Class B Principal Deficiency Sub-Ledger**”), one relating to the Class C Notes (the “**Class C Principal Deficiency Sub-Ledger**”), one relating to the Class D Notes (the “**Class D Principal Deficiency Sub-Ledger**”), one relating to the Class E Notes (the “**Class E Principal Deficiency Sub-Ledger**”) and four sub-ledgers not relating to the Notes, but relating to the Subordinated Notes only, one relating to the Class Z1 Notes (the “**Class Z1 Principal Deficiency Sub-Ledger**”), one relating to the Class Z2 Notes (the “**Class Z2 Principal Deficiency Sub-Ledger**”), one relating to the Class Z3 Notes (the “**Class Z3 Principal Deficiency Sub-Ledger**”) and one relating to the Class Z4 Notes, the “**Class Z4 Principal Deficiency Sub-Ledger**”) will be established on the Closing Date in order to record (i) any Principal Losses on the Mortgage Portfolio, (ii) the application of any Principal Reallocation Amounts to meet any Senior Revenue Shortfall and (iii) the application of any Liquidity Reallocation Amount to replenish the Liquidity Reserve Fund.

Principal Losses, Principal Reallocation Amounts and Liquidity Reallocation Amounts will be recorded as a debit to the Principal Deficiency Ledger as follows:

- (a) *first*, to the Class Z4 Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class Z4 Notes;
- (b) *second*, to the Class Z3 Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class Z3 Notes;
- (c) *third*, to the Class Z2 Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class Z2 Notes;
- (d) *fourth*, to the Class Z1 Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class Z1 Notes;
- (e) *fifth*, to the Class E Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class E Notes;
- (f) *sixth*, to the Class D Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class D Notes;
- (g) *seventh*, to the Class C Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class C Notes;
- (h) *eighth*, to the Class B Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class B Notes; and

- (i) *ninth*, to the Class A Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class A Notes.

Available Revenue Funds on each Interest Payment Date will be applied to the extent of funds available for such purpose pursuant to:

- (a) item (f) of the Pre-Enforcement Revenue Payments Priorities to credit the Class A Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (b) item (h) of the Pre-Enforcement Revenue Payments Priorities to credit the Class B Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (c) item (j) of the Pre-Enforcement Revenue Payments Priorities to credit the Class C Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (d) item (l) of the Pre-Enforcement Revenue Payments Priorities to credit the Class D Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (e) item (n) of the Pre-Enforcement Revenue Payments Priorities to credit the Class E Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (f) item (q) of the Pre-Enforcement Revenue Payments Priorities to credit the Class Z1 Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (g) item (r) of the Pre-Enforcement Revenue Payments Priorities to credit the Class Z2 Principal Deficiency Sub-Ledger to reduce the debit balance to zero;
- (h) item (s) of the Pre-Enforcement Revenue Payments Priorities to credit the Class Z3 Principal Deficiency Sub-Ledger to reduce the debit balance to zero; and
- (i) item (t) of the Pre-Enforcement Revenue Payments Priorities to credit the Class Z4 Principal Deficiency Sub-Ledger to reduce the debit balance to zero.

Available Revenue Funds allocated as described above will be applied in or towards redemption of the Notes as Available Principal Funds in accordance with the Pre-Enforcement Principal Payments Priorities.

Source of funds to establish and replenish the General Reserve Fund

The proceeds of the Reserve Subordinated Loan will be used by the Issuer to initially fund the General Reserve Fund on the Closing Date.

The General Reserve Fund will initially be funded in an amount equal to £5,900,328 which is approximately 2 per cent. of the aggregate Principal Outstanding Balance of the Mortgage Portfolio as at the Cut-Off Date. Thereafter, the General Reserve Fund will be funded in accordance with the Pre-Enforcement Revenue Payments Priorities from Available Revenue Funds to the level of the General Reserve Fund Target Amount. Accordingly, the size of the General Reserve Fund may decrease (or increase) from time to time, as further described in this section below.

The Cash Manager will maintain the General Reserve Ledger to record the balance from time to time of the General Reserve Fund, and the monies representing the General Reserve Fund will be held in the Transaction Account.

The amount of the General Reserve Fund, which is represented by the credit balance of the General Reserve Ledger, may increase and decrease over time.

The amount of the General Reserve Fund may decrease by virtue of debit entries to the General Reserve Ledger to increase Available Revenue Funds to reduce or eliminate any Revenue Shortfall. For details of the

required balance of the General Reserve Fund, see the definition of “General Reserve Fund Target Amount” in the section entitled “*Terms and Conditions of the Notes*” below.

The amount of the General Reserve Fund may increase on each Interest Payment Date to the extent that Available Revenue Funds are available to replenish the General Reserve Fund at item (o) of the Pre-Enforcement Revenue Payments Priorities but only to the extent necessary to bring the credit balance of the General Reserve Ledger up to an amount equal to the General Reserve Fund Target Amount.

Source of funds to establish and replenish the Liquidity Reserve Fund

The proceeds under the Reserve Subordinated Loan will also be used by the Issuer to initially fund the Liquidity Reserve Fund on the Closing Date.

The Liquidity Reserve Fund will initially be funded in an amount equal to £11,800,657 which is approximately 4 per cent. of the aggregate Principal Outstanding Balance of the Mortgage Portfolio as at the Cut-Off Date. Thereafter, the Liquidity Reserve Fund will be funded in accordance with the Pre-Enforcement Revenue Payments Priorities from Available Revenue Funds and, prior to the first Interest Payment Date on which the amount standing to the credit of the Liquidity Reserve Ledger is 6 per cent. of the aggregate Principal Outstanding Balance of the Mortgage Portfolio as at the Cut-Off Date, the Pre-Enforcement Principal Payments Priorities from Available Principal Funds to the level of the Liquidity Reserve Fund Target Amount.

The Cash Manager will maintain the Liquidity Reserve Ledger to record the balance from time to time of the Liquidity Reserve Fund, and the monies representing the Liquidity Reserve Fund will be held in the Transaction Account.

The amount of the Liquidity Reserve Fund, which is represented by the credit balance of the Liquidity Reserve Ledger, may increase and decrease over time.

The amount of the Liquidity Reserve Fund may decrease by virtue of debit entries to the Liquidity Reserve Ledger to increase Available Revenue Funds to reduce or eliminate any Senior Revenue Shortfall and Class B Liquidity Shortfall. For details of the required balance of the Liquidity Reserve Fund, see the definition of “Liquidity Reserve Fund Target Amount” in the section entitled “*Terms and Conditions of the Notes*” below.

General Reserve Fund and Liquidity Reserve Fund upon a Reserve Release Date, Market Portfolio Purchase, a Class Z4 Portfolio Purchase or an Issuer Call Option

Following the earlier of the Reserve Release Date, the occurrence of a Market Portfolio Purchase or a Class Z4 Portfolio Purchase and an exercise of the Issuer Call Option, the Issuer shall not be required to maintain the General Reserve Fund Target Amount or the Liquidity Reserve Fund Target Amount, and the General Reserve Fund Target Amount and the Liquidity Fund Target Amount shall each be reduced to zero.

On the Reserve Release Date, all amounts standing to the credit of the General Reserve Ledger and the Liquidity Reserve Ledger shall be credited to the Principal Ledger and applied as Available Principal Funds in accordance with the Pre-Enforcement Principal Payments Priorities. Any such amounts that were previously standing to the credit of the General Reserve Ledger and the Liquidity Reserve Ledger remaining after principal on the Notes have been paid will be credited to the Revenue Ledger and applied as Available Revenue Funds.

Upon the occurrence of a Market Portfolio Purchase or a Class Z4 Portfolio Purchase or an exercise of the Issuer Call Option, the Market Portfolio Purchase Price, the Portfolio Option Consideration or the Issuer Call Option Amount (as applicable) and all amounts standing to the credit of the General Reserve Ledger and the Liquidity Reserve Ledger will be credited to the Principal Ledger or Revenue Ledger and applied as Available Principal Funds or Available Revenue Funds in accordance with the Pre-Enforcement Payment Priorities such

that items (c) to (g) of the Pre-Enforcement Principal Payment Priorities (which relate to the Principal Amount Outstanding of the Notes) and items (a) to (m) (excluding items (f), (h), (j) and (l)) and items (u)(ii) and (in the case of a Market Portfolio Purchase) items (u)(iii) and (u)(iv) of the Pre-Enforcement Revenue Payment Priorities (which relate to, among other things, Interest Amounts in respect of the Notes and the fees, costs and expenses of the Market Portfolio Purchase Agent) are satisfied in full.

Principal Addition Amount applied to repay Notes

To the extent that the Issuer has Available Revenue Funds available to it after satisfying obligations set forth in items (a) to (v) of the Pre-Enforcement Revenue Payments Priorities, at any time when the Notes remain outstanding and the Principal Outstanding Balance of the Mortgage Loans which have an arrear balance greater than three Monthly Subscriptions exceeds 45 per cent. of the Principal Outstanding Balance of all Mortgage Loans, the Cash Manager shall take the following actions in relation to such Principal Addition Amounts: (i) debit the Revenue Ledger and (ii) credit the Principal Ledger.

Subordinated Notes and Certificates redeemed after redemption in full of the Notes

Following the redemption of the Notes (i) any Available Revenue Funds remaining, after payment of any expenses due and payable and set out in the Pre-Enforcement Revenue Payments Priorities, will be applied in payment to the holders of the Certificates and (ii) any Available Principal Funds remaining will be applied towards redemption of the Subordinated Notes in accordance with the Pre-Enforcement Principal Payments Priorities.

MATURITY AND PREPAYMENT CONSIDERATIONS

The term “**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 repayment of the Mortgage Loans in the Mortgage Portfolio.

The model used in this Prospectus for the Mortgage Loans represents an assumed constant per annum rate of prepayment (“**CPR**”) each month relative to the then current principal balance of a pool of mortgages, after taking into account the scheduled payments due in the period. CPR does not purport to be either an historical description of the prepayment experience of any pool of loans or a prediction of the expected rate of prepayment of any Mortgage Loans, including the Mortgages to be included in the Mortgage Portfolio.

The following tables were prepared based on the characteristics of the Mortgage Loans included in the Mortgage Portfolio and the following additional assumptions (the “**Modelling Assumptions**”):

- (a) there are no arrears (other than those specified herein) or enforcements and no Principal Losses;
- (b) no Mortgage Loan is sold by the Issuer;
- (c) neither of the Sellers are in breach of the terms of the Mortgage Sale Agreement;
- (d) no Mortgage Loan is repurchased by either of the Sellers and, in particular, no Further Advances or Ports are made in respect of the Mortgage Portfolio;
- (e) no Permitted Variations are made in respect of the Mortgage Portfolio;
- (f) all Calculation Periods (including the first Calculation Period) are assumed to be three months long;
- (g) 3 month LIBOR is equal to 0.58 per cent;
- (h) in the case of tables stating “With Early Redemption on Optional Redemption Date”, the Notes are redeemed at their Principal Amount Outstanding on the Optional Redemption Date;
- (i) the Notes will be redeemed in accordance with the Note Conditions;
- (j) the Notes will be issued on or about the 18th August 2015;
- (k) no Security has been enforced;
- (l) no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
- (m) the Mortgage Portfolio will be purchased on the Closing Date and is derived from the Provisional Mortgage Portfolio, which has the characteristics described in this Prospectus;
- (n) the interest rate on each Mortgage Loan remains constant for the life of the loan;
- (o) no Available Principal Funds are used as a Principal Reallocation Amount;
- (p) the interest and principal collections of the Mortgage Portfolio are calculated on a Mortgage Loan by Mortgage Loan basis, or where the Mortgage Loan has more than one part, a part by part basis;
- (q) the amortisation of any repayment Mortgage Loan is calculated as an annuity loan;
- (r) all Mortgage Loans which are not repayment Mortgage Loans are assumed to be interest only Mortgage Loans;
- (s) no Revenue Reallocation Amount is applied as Available Principal Funds;

- (t) on the Reserve Release Date, no amount from the General Reserve Fund or the Liquidity Reserve Fund is applied as Available Principal Funds;
- (u) the Liquidity Reserve Ledger is not credited through item (p) in the Pre-Enforcement Revenue Payments Priorities; and
- (v) the ratio of the Principal Amount Outstanding of:
 - (i) the Class A Notes to the Principal Outstanding Balance of the Mortgage Portfolio as at the Closing Date is 49.00 per cent.;
 - (ii) the Class B Notes to the Principal Outstanding Balance of the Mortgage Portfolio as at the Closing Date is 10.50 per cent.;
 - (iii) the Class C Notes to the Principal Outstanding Balance of the Mortgage Portfolio as at the Closing Date is 7.50 per cent.;
 - (iv) the Class D Notes to the Principal Outstanding Balance of the Mortgage Portfolio as at the Closing Date is 7.50 per cent.; and
 - (v) the Class E Notes to the Principal Outstanding Balance of the Mortgage Portfolio as at the Closing Date is 4.50 per cent..

The actual characteristics and performance of the Mortgage Loans are likely to differ from these assumptions. The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that the Mortgage Loans will prepay at a constant rate until maturity, that all of the Mortgage Loans will prepay at the same rate or that there will be no defaults or delinquencies on the Mortgage Loans. Moreover, the diverse remaining terms to maturity and mortgage rates of the Mortgage Loans 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 and weighted average mortgage rates of the Mortgage Loans are as assumed. Any difference between such assumptions and the actual characteristics and performance of the Mortgage Loans, or actual prepayment of loss experienced, will affect the percentage of the initial amount outstanding of the Notes which are outstanding over time and 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 CPR.

The weighted average lives shown below were determined by (i) multiplying the net reduction, if any, of the Principal Amount Outstanding of the Notes by the number of years from the date of issuance of the Notes to the related Interest Payment Date and (ii) adding the results and 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 Notes. These average lives have been calculated on an 30/360 fixed basis:

Without any Early Redemption

Class\CPR	0%	2%	4%	5%	6%	8%	10%	12%	15%
A.....	9.16	6.73	5.05	4.47	4.00	3.28	2.77	2.39	1.98
B.....	15.29	13.05	11.20	10.10	9.11	7.60	6.56	5.68	4.68
C.....	16.70	14.83	12.79	12.08	11.22	9.43	8.03	7.07	5.88
D.....	17.15	16.28	14.50	13.53	12.69	11.26	9.71	8.43	7.10
E.....	17.33	17.06	15.86	15.02	14.23	12.58	11.30	9.91	8.24

With Early Redemption on Optional Redemption Date

Class\CPR	0%	2%	4%	5%	6%	8%	10%	12%	15%
A.....	4.53	4.14	3.76	3.58	3.40	3.05	2.71	2.39	1.98
B.....	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.59
C.....	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83
D.....	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83
E.....	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83

EARLY REDEMPTION OF NOTES

Portfolio Option

The Issuer will, by the Deed Poll, grant to the holder of the highest number of Class Z4 Notes (the “**Portfolio Option Holder**”) an option (the “**Portfolio Option**”) to require the Issuer to (a) sell to the Portfolio Option Holder the beneficial title to all Mortgage Loans and Related Security in the Mortgage Portfolio and (b) transfer to the Portfolio Option Holder the right to have the legal title to all Mortgage Loans and Related Security in the Mortgage Portfolio transferred to it.

The Portfolio Option may be exercised by notice to the Issuer with a copy to the Trustee at any time in the period from the Business Day falling 20 Business Days prior to the Optional Redemption Date until the Business Day falling 10 Business Days prior to the Optional Redemption Date. Completion of the purchase by the Portfolio Option Holder will occur on the Business Day falling five Business Days prior to the Optional Redemption Date.

The purchase price for the Mortgage Portfolio under the Portfolio Option shall be the higher of (i) the aggregate market value of the Mortgage Portfolio as at the Class Z4 Portfolio Purchase Completion Date, and (ii) an amount equal to the aggregate Principal Amount Outstanding of the Notes as at the Class Z4 Portfolio Purchase Completion Date plus an amount not less than the amount required to satisfy items (a) to (m) (excluding items (f), (h), (j) and (l)) and (u)(ii) of the Pre-Enforcement Revenue Payments Priorities on the Interest Payment Date immediately following the Class Z4 Portfolio Purchase Completion Date, less (y) Available Principal Funds (without taking into account any amounts included under limb (a)(v) of the definition of Available Principal Funds) and Available Revenue Funds (without taking into account any amounts included under limb (e) of the definition of Available Revenue Funds) as applied in accordance with the Pre-Enforcement Principal Payments Priorities and the Pre-Enforcement Revenue Payments Priorities on the Interest Payment Date immediately following the Class Z4 Portfolio Purchase Completion Date and (z) the credit balance of the General Reserve Fund and the Liquidity Reserve Fund.

Sale of Portfolio

In the event that the Portfolio Option Holder does not acquire the Mortgage Portfolio on the Optional Redemption Date, the Market Portfolio Purchase Agent must (subject to obtaining a Satisfactory Tax Opinion) seek offers and may itself offer to purchase the Mortgage Portfolio for a price which is not less than the higher of (i) the aggregate market value of the Mortgage Portfolio as at the Market Portfolio Purchase Completion Date, and (ii) an amount equal to the aggregate Principal Amount Outstanding of the Notes as at the Market Portfolio Purchase Completion Date plus an amount not less than the amount required to satisfy items (a) to (m) (excluding items (f), (h), (j) and (l)), and (u)(ii), (u)(iii) and (u)(iv) of the Pre-Enforcement Revenue Payments Priorities on the Interest Payment Date on or immediately following the Market Portfolio Purchase Completion Date, less (y) Available Principal Funds (without taking into account any amounts included under limb (a)(v) of the definition of Available Principal Funds) and Available Revenue Funds (without taking into account any amounts included under limb (e) of the definition of Available Revenue Funds) as applied in accordance with the Pre-Enforcement Principal Payments Priorities and the Pre-Enforcement Revenue Payments Priorities on the Interest Payment Date on or immediately following the Market Portfolio Purchase Completion Date and (z) the credit balance of the General Reserve Fund and the Liquidity Reserve Fund.

If such purchase under the Market Portfolio Purchase Agreement does not occur on or prior to the Interest Payment Date falling in December 2020, the Market Portfolio Purchase Agent must (subject to obtaining a

Satisfactory Tax Opinion) appoint a third party agent (being a major accounting firm, bank or brokerage with reasonable experience in seeking offers to purchase mortgage portfolios) which will, at least once every six months, seek offers to purchase the Mortgage Portfolio for the Market Portfolio Purchase Price.

If by the Business Day falling 5 Business Days prior to the Optional Redemption Date, notice of the exercise of the Portfolio Option has not been delivered to the Issuer or notice of an exercise of the Issuer Call Option has not been delivered to the Trustee, the Issuer shall promptly obtain an opinion from an appropriately qualified and experienced United Kingdom tax adviser whether the process of seeking bids, or selling the portfolio to successful bidders should cause the Issuer to cease to be taxed in accordance with the Taxation of Securitisation Companies Regulations 2006. The Issuer shall confirm the conclusions of such opinion to the Market Portfolio Purchase Agent. The Market Portfolio Purchase Agent shall not take any action to seek offers to purchase the Mortgage Portfolio until the Issuer has confirmed that it has obtained an opinion from an appropriately qualified and experienced United Kingdom tax adviser that neither the process of seeking bids, nor selling the portfolio to successful bidders should cause the Issuer to cease to be taxed in accordance with the Taxation of Securitisation Companies Regulations 2006 (a “**Satisfactory Tax Option**”).

Issuer Call Option

In addition, the Issuer has the Issuer Call Option, being an option to redeem the Notes and the Subordinated Notes, subject to certain conditions. The Issuer Call Option may be exercised by notice to the Trustee at any time in the period from the Business Day falling 10 Business Days prior to the Optional Redemption Date until the Business Day falling 5 Business Days prior to the Interest Payment Date falling in December 2020.

The Issuer Call Option may only be exercised if the Issuer has sufficient available funds (including any Available Principal Funds, Available Revenue Funds and the credit balance of the General Reserve Fund and the Liquidity Reserve Fund) in an amount at least equal to the aggregate Principal Amount Outstanding of the Notes and the Subordinated Notes as at the Issuer Call Option Completion Date plus an amount not less than the amount required to satisfy items (a) to (m) (excluding items (f), (h), (j) and (l)) and (u)(ii) of the Pre-Enforcement Revenue Payments Priorities on the Issuer Call Option Completion Date.

Redemption of Notes

Upon sale of the Mortgage Portfolio or exercise of the Issuer Call Option, that part of the redemption amount or purchase price constituting the Purchase Revenue Amount shall be applied in accordance with the Pre-Enforcement Revenue Payments Priorities on the relevant Interest Payment Date. The remainder of the redemption amount or purchase price shall be applied in accordance with the Pre-Enforcement Principal Payments Priorities on the relevant Interest Payment Date, and will result in the Notes being redeemed in full.

Upon the occurrence of a Class Z4 Portfolio Purchase or a Market Portfolio Purchase or an exercise of the Issuer Call Option, the General Reserve Fund Target Amount and the Liquidity Reserve Fund Target Amount shall be reduced to zero and the entire credit balance of the General Reserve Fund and the Liquidity Reserve Fund shall constitute part of the Portfolio Purchase Available Funds.

Market Portfolio Purchase Agent

The Market Portfolio Purchase Agent will provide certain services to the Issuer in relation to the Market Portfolio Purchase on and after the Optional Redemption Date on the terms and subject to the conditions contained in the Market Portfolio Purchase Agreement.

If such purchase under the Market Portfolio Purchase Agreement does not occur on or prior to the Interest Payment Date falling in December 2020, the Market Portfolio Purchase Agent must (subject to obtaining a

Satisfactory Tax Opinion) appoint a third party agent (being a major accounting firm, bank or brokerage with reasonable experience in seeking offers to purchase mortgage portfolios) which will, at least once every six months, seek offers to purchase the Mortgage Portfolio for the Market Portfolio Purchase Price.

Release of Reserves

The “**Reserve Release Date**” is the first Interest Payment Date on which the aggregate of the amounts standing to the credit balance of the General Reserve Ledger and the Liquidity Reserve Ledger (after recording the debit entry of any Liquidity Reserve Drawing and General Reserve Drawing to be made on that Interest Payment Date) is greater than or equal to the Principal Amount Outstanding of the Notes as at that Interest Payment Date after the application of Available Principal Funds (ignoring for this purpose item (a)(iv) of that definition).

On the Reserve Release Date, the General Reserve Fund Target Amount and the Liquidity Reserve Fund Target Amount shall be reduced to zero and the entire credit balance of the General Reserve Fund and the Liquidity Reserve Fund shall constitute Available Principal Funds to the extent necessary to redeem the Notes in full, and any excess shall be applied as Available Revenue Funds.

SECURITY FOR THE ISSUER'S OBLIGATIONS

Security Deed

The Issuer will grant the following security to be held by the Trustee for itself and on trust for the benefit of the other Secured Creditors (which definition includes the Noteholders, the Subordinated Noteholders and the Certificateholders):

- (a) a first fixed charge over the benefit of the Issuer in each English Mortgage Loan, English Mortgage and other Related Security relating to such English Mortgage Loan, each English Mortgage Document and all English Receivables;
- (b) a first fixed charge over the benefit of the Issuer in each Northern Irish Mortgage Loan, Northern Irish Mortgage and other Related Security relating to such Northern Irish Mortgage Loan, each Northern Irish Mortgage Document and all Northern Irish Receivables;
- (c) an assignment in security of the Issuer's beneficial interest (as a beneficiary under the Scottish Declaration of Trust) in the Scottish Mortgage Loans and their Related Security;
- (d) an assignment of rights held by the Issuer against certain third parties and insurers;
- (e) a first fixed charge of the benefit of any bank or other accounts of the Issuer in which the Issuer may at any time have or acquire any benefit;
- (f) assignment of the benefit of the Issuer under each relevant Transaction Document to which the Issuer is a party (other than the Trust Documents, the Scottish Declaration of Trust and the Placement Agreement), including:
 - (i) the Agency Agreement;
 - (ii) the Cash Management Agreement;
 - (iii) the Collection Account Declaration of Trust;
 - (iv) the Collection Account Agreement;
 - (v) the Corporate Services Agreement;
 - (vi) the Mortgage Sale Agreement;
 - (vii) the Servicing Agreement;
 - (viii) the Back-Up Servicing Agreement;
 - (ix) the Transaction Account Agreement;
 - (x) the Reserve Subordinated Loan Agreement; and
 - (xi) the Market Portfolio Purchase Agreement; and
- (g) a first floating charge over all the assets and undertakings of the Issuer to the extent not effectively charged pursuant to paragraphs (a) to (f) above but extending over all assets and undertakings of the Issuer situated in, or otherwise governed by the laws of Northern Ireland or Scotland.

Collection Account Declaration of Trust

The Collection Accounts and the Servicer Expense Account are bank accounts held by the Legal Title Holder with the Collection Account Bank. Each of the Collection Accounts is a bank account to which the Servicer directs payment of Principal Collections and Revenue Collections. The Legal Title Holder may apply amounts standing to the credit of the Servicer Expense Account towards payment of expenses incurred by the Legal Title Holder in making Protective Advances. The Legal Title Holder will, on or about the Closing Date, declare a trust over the Collection Accounts and the Servicer Expense Account in favour of the Issuer pursuant to the Collection Account Declaration of Trust.

Post-Enforcement Payments Priorities

The Security Deed sets out the order of priority for the application of cash following the service of an Enforcement Notice by or on behalf of the Trustee (or a receiver of the Issuer appointed by the Trustee pursuant to the Security Deed). This order of priority is described in the section entitled “*Cashflows*”.

Enforcement

The Security shall only become enforceable on the service of an Enforcement Notice pursuant to Note Condition 12 (*Events of Default*) or, following the redemption in full of the Notes, Subordinated Note Condition 11 (*Events of Default*) or, following the redemption in full of the Notes and the Subordinated Notes, Certificate Condition 11 (*Events of Default*). The Security Deed will set out the procedures by which the Trustee may take steps to enforce the Security.

No withdrawals from Charged Accounts

From and including the date on which the Trustee delivers a notice substantially in the form set out in Schedule 1 to the Security Deed (a “**Security Protection Notice**”) to the Issuer pursuant to the Security Deed and unless and until it is withdrawn, no amount may be withdrawn from the Transaction Account (or any other account over which the Issuer has created Security in favour of the Trustee) without the prior written consent of the Trustee, provided that, unless an Enforcement Notice has been delivered, the Trustee shall not act in such a way as to require any payment other than in accordance with the Pre-Enforcement Payments Priorities or the Cash Management Agreement.

Application of monies standing to General Reserve Ledger and Liquidity Reserve Ledger

After an Enforcement Notice is delivered by the Trustee, all monies standing to the credit of the General Reserve Ledger and the Liquidity Reserve Ledger shall be held by or on behalf of the Trustee upon trust to be applied in payment of the amount required in the order of priority specified in the Post-Enforcement Payments Priorities.

Governing Law

The Security Deed and any non-contractual obligation arising out of or in relation to the Security Deed will be governed by English law although provisions thereof and security documents supplemental thereto which relate to Scottish Mortgage Loans and/or Scottish Related Security shall be governed by and construed in accordance with Scots law and any terms provisions thereof relating to Northern Irish Mortgage Loans and/or Northern Irish Related Security shall be governed by and construed in accordance with Northern Irish law.

THE TRUST DEED

The Issuer and the Trustee will enter into a Trust Deed on the Closing Date. The Trust Deed will contain the forms of the Notes of each Class, the Subordinated Notes of each Class and the forms of the Certificates. Under the Trust Deed, the Issuer will covenant to the Trustee to pay all amounts due under the Notes, the Subordinated Notes and the Certificates. The Trustee will hold the benefit of the Issuer's covenant to pay on trust for the Noteholders, the Subordinated Noteholders and Certificateholders.

Conflicts / Relationship with Noteholders, Subordinated Noteholders and Certificateholders

The Trust Deed will provide that, except where expressly provided otherwise, where the Trustee is required to have regard to the interests of the Noteholders, the Trustee shall have regard to the interests of all the Noteholders equally as a Class, provided that to the extent of any conflict between the interests of any Classes of Noteholders, the Trustee shall have regard only to the interests of the Noteholders of the Most Senior Class.

The Trust Deed contains provisions limiting the powers of:

- (a) the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders to request or direct the Trustee to take any action or to pass any Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders;
- (b) the Class C Noteholders, the Class D Noteholders and the Class E Noteholders to request or direct the Trustee to take any action or to pass any Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders and/or the Class B Noteholders;
- (c) the Class D Noteholders and the Class E Noteholders to request or direct the Trustee to take any action or to pass any Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, the Class B Noteholders and/or the Class C Noteholders; and
- (d) the Class E Noteholders to request or direct the Trustee to take any action or to pass any Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and/or the Class D Noteholders.

Except with regard to Reserved Matters, the Trust Deed imposes no such limitations on the powers of:

- (a) the Class A Noteholders, the exercise of which will be binding on the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Subordinated Noteholders and the Certificateholders;
- (b) the Class B Noteholders, the exercise of which will be binding on the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Subordinated Noteholders and the Certificateholders;
- (c) the Class C Noteholders, the exercise of which will be binding on the Class D Noteholders, the Class E Noteholders, the Subordinated Noteholders and the Certificateholders;
- (d) the Class D Noteholders, the exercise of which will be binding on the Class E Noteholders, the Subordinated Noteholders and the Certificateholders; and
- (e) the Class E Noteholders, the exercise of which will be binding on the Subordinated Noteholders and the Certificateholders.

The Trust Deed contains provisions requiring the Trustee not to have regard to the interests of the Subordinated Noteholders and the Certificateholders as regards all powers, trusts, authorities, duties and discretions of the Trustee, and the Trustee may only be directed by the Subordinated Noteholders and the

Certificateholders and any Extraordinary Resolution of the Subordinated Noteholders and the Certificateholders will only be effective (i) (except in the case of a direction or Extraordinary Resolution relating to a Reserved Matter) if the Trustee is of the opinion that the effect of the same will not be materially prejudicial to the interests of any Class of Noteholders and each Class of Subordinated Noteholder ranking senior to the Class so directing or passing an Extraordinary Resolution or (ii) (in all other cases) if the Trustee's action is sanctioned by an Extraordinary Resolution of each Class of Noteholders, each Class of Subordinated Noteholders and the Certificateholders.

The Trustee shall not be bound to take any action in relation to the Notes, the Subordinated Notes, the Certificates or the Transaction Documents, including delivering an Enforcement Notice, unless (and subject to being indemnified and/or secured and/or prefunded to its satisfaction) it has been directed to do so either by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding or in writing by the holders of more than 25 per cent. of the Principal Amount Outstanding of the Most Senior Class then outstanding. If there are no Notes outstanding, the Trustee shall not be bound to take any action in relation to the Subordinated Notes, the Certificates or the Transaction Documents, unless (and subject to being indemnified and/or secured and/or prefunded to its satisfaction) it has been directed to do so by an Extraordinary Resolution of the Most Senior Class of Subordinated Noteholders.

The Trustee is not obliged to take any action unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities, proceedings, claims, demands, costs, charges and expenses to which it may thereby become liable or which may be incurred by it in connection therewith.

Modification and waiver

The Trust Deed provides that, without the consent or sanction of the Instrumentholders or any of the other Secured Creditors, the Trustee may at any time and from time to time:

- (a) agree with the Issuer and any other relevant parties in making:
 - (i) any modification to the Note Conditions, the Subordinated Note Conditions, the Certificate Conditions, the Trust Documents, the Instruments or the Transaction Documents in relation to which its consent is required which, in the opinion of the Trustee, is made to correct a manifest error or is of a formal, minor or technical nature; or
 - (ii) any modification to the Note Conditions, the Subordinated Note Conditions, the Certificate Conditions, the Trust Documents (other than in respect of a Reserved Matter or any provision of the Trust Documents referred to in the definition of Reserved Matter), the Instruments or the Transaction Documents in relation to which its consent is required which, in the opinion of the Trustee, will not be materially prejudicial to the interests of the holders of the Most Senior Class;
- (b) in its sole discretion authorise or waive any breach or proposed breach of the covenants or provisions contained in the Trust Documents, the Instruments or any other Transaction Documents, if in the Trustee's sole opinion, the interests of the Most Senior Class will not be materially prejudiced thereby; and
- (c) in its sole discretion determine that any Event of Default or Potential Event of Default shall not be treated as such if, in the Trustee's sole opinion, the interests of the Most Senior Class will not be materially prejudiced thereby,

provided always that the Trustee shall not exercise any powers under paragraphs (b) or (c) in contravention of any express direction given by an Extraordinary Resolution, or by a request in writing of the holders of more

than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class then outstanding (but no such direction or request (a) shall affect any modification, waiver, authorisation or determination previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Reserved Matter unless (in the case of (b)) the holders of each Class of outstanding Notes, the holders of each Class of outstanding Subordinated Notes and the holders of the outstanding Certificates have, by Extraordinary Resolution, so authorised its exercise).

Unless the Trustee otherwise agrees, the Issuer shall cause any such modification, waiver, authorisation or determination to be notified to the Noteholders, the Subordinated Noteholders, the Certificateholders and the other Secured Creditors in accordance with the Notices Condition for the Notes, the Subordinated Notes and the Certificates and the Transaction Documents as soon as practicable thereafter.

Any authorisation, waiver, determination or modification referred to above is binding on the Instrumentholders and other Secured Creditors.

Additionally, the Trustee shall be obliged, in certain circumstances, to agree to amendments to the Note Conditions and/or the Transaction Documents for the purpose of (i) complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, (ii) complying with certain risk retention legislation, regulations or official guidance in relation thereto, (iii) enabling the Notes to be (or to remain) listed on the Irish Stock Exchange, (iv) enabling the Issuer or any of the other Transaction Parties to comply with FATCA and (v) complying with any changes in the requirements of the CRA Regulation after the Closing Date (each a “**proposed modification**”), without the consent of Noteholders pursuant to and in accordance with the detailed provisions of Note Condition 16.6 (*Additional Right of Modification*).

In relation to any such proposed modification, the Issuer is required to give at least 30 calendar days’ notice to the Noteholders of each Class of the proposed modification in accordance with the Notices Condition. Noteholders should be aware that, in relation to each proposed modification, unless Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have contacted the Issuer and the Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer and the Trustee that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have notified the Issuer and the Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class then outstanding is passed in favour of such modification in accordance with Note Condition 15 (*Meetings of Noteholders, Subordinated Noteholders and Certificateholders*).

The full requirements in relation to the modifications discussed above are set out in Note Condition 16.6 (*Additional Right of Modification*).

Fees and expenses

The Issuer will reimburse the Trustee for all costs and expenses incurred in acting as Trustee. In addition, the Issuer shall pay to the Trustee a fee of such amount and on such dates as will be agreed from time to time by the Trustee and the Issuer subject to and in accordance with the Trust Deed.

Retirement and removal

The Trustee may retire after giving not less than three calendar months' notice in writing to the Issuer. The Most Senior Class then outstanding may by an Extraordinary Resolution remove the Trustee.

The retirement or removal of the Trustee shall not become effective unless there remains at least one trustee under the Trust Deed and the Issuer will covenant in the Trust Deed to use its best endeavours to procure the appointment of a new Trustee after the resignation or removal of the existing Trustee. If the Issuer has failed to appoint a replacement Trustee prior to the expiry of the notice period given by the Trustee, the outgoing Trustee will be entitled to nominate a successor which shall be approved by an Extraordinary Resolution of the Most Senior Class then outstanding. The Rating Agencies shall be notified by the Issuer of such appointment.

Governing Law

The Trust Deed and any non-contractual obligation arising out of or in relation to the Trust Deed will be governed by English law.

DESCRIPTION OF THE GLOBAL NOTES

General

Each Class of Notes shall be initially represented by a temporary global note in bearer form, without coupons or talons (each a “**Temporary Global Note**”) (a) in the case of the Class A Notes, in the principal amount of £144,550,000, (b) in the case of the Class B Notes, in the principal amount of £30,970,000, (c) in the case of the Class C Notes, in the principal amount of £22,120,000, (d) in the Class D Notes, in the principal amount of £22,120,000 and (e) in the case of the Class E Notes, in the principal amount of £13,270,000. Each Temporary Global Note will be deposited on or around the Closing Date with a common depositary (the “**Common Depositary**”) for Euroclear Bank SA / NV (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**” and together with Euroclear, the “**Clearing Systems**”).

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

Interests in each Temporary Global Note will be exchangeable (provided certification of non-U.S. beneficial ownership by the Noteholders has been received) not earlier than 40 days after the issue date of the Notes (the “**Exchange Date**”) for interests in a permanent global note (each a “**Permanent Global Note**” and together with the Temporary Global Notes, the “**Global Notes**”), in bearer form, without coupons or talons, in the principal amount of the Notes of the relevant Class. No payments of principal, interest or any other amounts payable in respect of the Notes will be made under the Temporary Global Notes unless exchange for interests in the relevant Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Book-Entry Interests in respect of the Notes are recorded in denominations of £100,000 and integral multiples of £1,000 in excess thereof. Ownership of Book-Entry Interests will be limited to persons that have accounts with Euroclear or Clearstream, Luxembourg (“**Participants**”) or persons that hold interests in the Book-Entry Interests through Participants (“**Indirect Participants**”), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants will 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. 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 the Common Depositary holds a Global Note underlying the Book-Entry Interests, it will be considered the sole Noteholder of the Notes represented by that Global Note for all purposes under the Trust Deed. Except as set forth under “*Description of the Global Notes - Issuance of Definitive Notes*”, below, Participants or Indirect Participants will not receive or be entitled to receive physical delivery of Notes in definitive form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or

Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes under the Trust Deed. See “*Description of the Global Notes - Action in Respect of the Global Notes and the Book-Entry Interests*”, below.

Unlike legal owners or holders of the Notes, and subject as described in this section below under “*Description of the Global Notes - Written Resolution and Electronic Consent*”, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Note Conditions, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the Note Conditions. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Unless and until Book-Entry Interests are exchanged for Definitive Notes, the Notes held by the Common Depository may not be transferred except as a whole by that Common Depository to a successor of the Common Depository.

Purchasers of Book-Entry Interests in a Note will hold Book-Entry Interests in the Notes relating thereto. Investors may hold their Book-Entry Interests in respect of a Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set forth in the section entitled “*Transfers and Transfer Restrictions*”, below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in each Note on behalf of their account holders through securities accounts in the respective account holders’ names on Euroclear’s and Clearstream, Luxembourg’s respective book-entry registration and transfer systems.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Joint Lead Managers, 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.

Issuance of Definitive Notes

Each of the Permanent Global Notes will become exchangeable in whole, but not in part, for Definitive Notes of the relevant Class in denominations of £100,000, or above £100,000 in increments of £1,000 at the request of the bearer of the relevant Permanent Global Note against presentation and surrender of such Permanent Global Note to the Principal Paying Agent if Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so (an “**Exchange Event**”).

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons (as defined in the Note Conditions) attached, in an aggregate principal amount equal to the principal amount of the relevant Permanent Global Note to the bearer of such Permanent Global Note against the surrender of

such Permanent Global Note at the Specified Office (as defined in the Note Conditions) of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

Payments on Global Notes

All payments in respect of each Temporary Global Note and each Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the relevant Temporary Global Note or (as the case may be) the relevant Permanent Global Note at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes.

Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the Common Depository or its nominee in respect of those Book-Entry Interests. All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer, the Principal Paying Agent nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the Common Depository, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form, and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Joint Lead Managers or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

- Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.
- Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing.
- Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.
- Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing

corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

- An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer or the Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Security Deed, Euroclear or Clearstream, Luxembourg as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

Redemption

In the event that any Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the Common Depositary and, upon final payment, will surrender such Global Note (or portion thereof) to or to the order of the Issuer for cancellation. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Note (or portion thereof) relating thereto. For any redemptions of a Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be, deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

Cancellation

Cancellation of any Note represented by a Global Note and required by the Note Conditions to be cancelled following its redemption will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant schedule thereto.

Transfers and Transfer Restrictions

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants (see the section entitled "*Description of the Global Notes - General*" above).

Beneficial interests in the Global Notes may be held only through Euroclear or Clearstream, Luxembourg. The Global Notes will bear a legend substantially identical to that appearing under "*Transfer Restrictions and Investor Representations*" below and neither the Global Notes nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set forth in the legend appearing in the Global Notes.

Action in Respect of the Global Notes and the Book-Entry Interests

Not later than 10 days after receipt by the Issuer of any notice in respect of the Notes or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Notes, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Notes and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Notes in accordance with any instructions set forth in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under the section entitled “*Description of the Global Notes - General*” above, with respect to soliciting instructions from their respective Participants.

Notices

So long as the Notes are represented by a Global Note and such Global Note is held on behalf of Euroclear or Clearstream, Luxembourg, notices to the relevant Noteholders may be given by delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders or by publishing the notice on a Relevant Screen and, so long as the Notes are listed on the Stock Exchange, notices shall also be published in any other way as the rules of the Stock Exchange require (see also Note Condition 22 (*Notices*)).

Meetings of Noteholders

The holder of a Global Note will be deemed to be two persons for the purpose of forming a quorum at a meeting of Noteholders.

Written Resolution and Electronic Consent

Electronic Consent

For so long as all the outstanding Notes of a Class are represented by a Temporary Global Note and/or a Permanent Global Note and held within the Clearing Systems, then, in respect of any resolution proposed by the Issuer or the Trustee in respect of that Class of Notes where the terms of the proposed resolution have been notified to the Noteholders of the relevant Class through the relevant Clearing Systems, each of the Issuer and the Trustee shall be entitled to rely upon approval of such resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing Systems in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant Class of Notes then outstanding (“**Electronic Consent**”) by the close of business on the Relevant Date. Any resolution passed in such manner shall be binding on the relevant Class of Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. None of the Issuer or the Trustee shall be liable or responsible to anyone for such reliance.

- (i) When a proposal for a resolution to be passed as an Electronic Consent has been made, at least 10 days’ notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the relevant Class of Noteholders through the relevant Clearing System(s). The notice shall specify, in sufficient detail to enable the relevant Class of Noteholders to give their consents in relation to the proposed resolution, the method by which their

consents may be given (including, where applicable, blocking of their accounts in the relevant Clearing System(s)) and the time and date (the “**Relevant Date**”) by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant Clearing System(s).

- (ii) If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents are insufficient to pass the resolution, the resolution shall, if the party proposing such resolution (the “**Proposer**”) so determines, be deemed to be defeated. Such determination shall be notified in writing to the other party or parties to the Trust Deed. Alternatively, the Proposer may give a further notice to the relevant Class of Noteholders that the resolution will be proposed again on such date and for such period as shall be agreed with the Trustee (unless the Trustee is the Proposer). Such notice must inform the relevant Class of Noteholders that insufficient consents were received in relation to the original resolution and the information specified in sub-paragraph (i) above. For the purpose of such further notice, references to the “Relevant Date” shall be construed accordingly.

Written Resolution

For so long as all the outstanding Notes of a Class are represented by a Temporary Global Note and/or a Permanent Global Note and held within the Clearing Systems, then, in respect of any resolution proposed by the Issuer or the Trustee in respect of that Class of Notes and where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution has been validly passed, each of the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the Clearing System with entitlements to such Global Note and/or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and/or the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting or implementation of such consent or instruction. Any resolution passed in such manner shall be binding on all Noteholders of such Class and Couponholders of such Class, even if the relevant consent or instruction proves to be defective.

As used in the foregoing paragraph, “**commercially reasonable evidence**” includes any certificate or other document and/or issued by the relevant Clearing System, and/or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant Clearing System (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

TERMS AND CONDITIONS OF THE NOTES

1 General

- 1.1 The Issuer has agreed to issue the Notes subject to and with the benefit of the terms of the Trust Deed.
- 1.2 The Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.
- 1.3 Certain provisions of these Note Conditions are summaries of the Trust Documents and the Agency Agreement and are subject to their detailed provisions.
- 1.4 The Noteholders are bound by the terms of the Trust Documents, and are deemed to have notice of all the provisions of the Transaction Documents.
- 1.5 Copies of the Transaction Documents (excluding any schedules containing personal information) are available for inspection by Noteholders during normal business hours at the registered office of the Issuer, the initial registered office of which is set out below.

2 Definitions

- 2.1 In these Note Conditions and where used elsewhere in this Prospectus, the following defined terms have the meanings set out below:

“**Account Details**” means the details of each of the Accounts which are set out in Schedule 9 (*Account Details*) of the Incorporated Terms Memorandum;

“**Accounts**” means, together or in combination, each of the Collection Accounts, the Servicer Expense Account and the Transaction Account, each an “**Account**”;

“**Affiliate**” means, in relation to any party, any subsidiary or parent company of that party and any subsidiary of any such parent company, in each case from time to time;

“**Agency Agreement**” means the agreement so named dated on or about the Closing Date between the Issuer, the Agents and the Trustee;

“**Agent Bank**” means Citibank, N.A., London Branch in its capacity as agent bank in accordance with the terms of the Agency Agreement;

“**Agents**” means the Agent Bank, the Paying Agents and the Registrar and “**Agent**” means any one of them;

“**Agents’ Fees**” means the fees due and payable to the Principal Paying Agent for the account of the Agents in accordance with the terms of the Agency Agreement;

“**Appointee**” means any delegate, agent, nominee, custodian, attorney or manager appointed by the Trustee pursuant to the provisions of the Trust Documents;

“**Agents’ Liabilities**” means any Liabilities due and payable by the Issuer to the Agents in accordance with the terms of the Agency Agreement, in each case together with interest thereon as provided in the Agency Agreement;

“**Asset Warranties**” means the asset warranties given by the Beneficial Title Seller to the Issuer in Part 1 of Schedule 1 of the Mortgage Sale Agreement and “**Asset Warranty**” means any of them;

“**Asset Warranty Claim**” means any claim for a Relevant Breach of Asset Warranty or Legal Title Holder Asset Warranty made by the Issuer against the Beneficial Title Seller or against the Legal Title Holder under the terms of the Mortgage Sale Agreement;

“**Available Principal Funds**” means in relation to an Interest Payment Date, the amount calculated as at the related Calculation Date equal to the amount by which (a) exceeds (b) where:

- (a) is the aggregate of:
 - (i) the Principal Receipts received by the Issuer during the related Calculation Period (less any amounts that are Principal Receipts that are not transferred to the Transaction Account pursuant to Clause 8.2 of the Servicing Agreement);
 - (ii) the Revenue Reallocation Amount (if any) to be entered as a credit entry on the Principal Ledger on such Interest Payment Date;
 - (iii) Principal Addition Amounts;
 - (iv) (on the Reserve Release Date) all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund less any Reserve Addition Amount to be recorded as a credit entry on the Principal Ledger on such Interest Payment Date;
 - (v) (upon the occurrence of a Market Portfolio Purchase or a Class Z4 Portfolio Purchase or an exercise of the Issuer Call Option) any Purchase Principal Amount; and
- (b) is any amounts which the Cash Manager debited to the Principal Ledger during the immediately preceding Calculation Period pursuant to Paragraph 14 (*Payments from Principal Ledger on any Business Day*) of Part 3 of Schedule 1 of the Cash Management Agreement;

“**Available Redemption Funds**” means in relation to an Interest Payment Date, the amount calculated as at the related Calculation Date equal to the amount by which (a) exceeds (b) where:

- (a) is the aggregate of the Available Principal Funds for that Calculation Period; and
- (b) is the sum of Principal Reallocation Amounts to be recorded as a credit entry on the Revenue Ledger on such Interest Payment Date;

“**Available Revenue Funds**” means, in relation to a Calculation Period, the aggregate of:

- (a) all Revenue Receipts received by the Issuer during such Calculation Period (less any amounts that are Revenue Receipts that are not transferred to the Transaction Account pursuant to Clause 8.2 of the Servicing Agreement);
- (b) (prior to the Reserve Release Date, the occurrence of a Market Portfolio Purchase or a Class Z4 Portfolio Purchase or an exercise of the Issuer Call Option) the Liquidity Reserve Drawing to be recorded as a credit entry on the Revenue Ledger on the Interest Payment Date following such Calculation Period;
- (c) (prior to the occurrence of a Market Portfolio Purchase or a Class Z4 Portfolio Purchase or an exercise of the Issuer Call Option) the Principal Reallocation Amount (if any) to be recorded as a credit entry on the Revenue Ledger on the Interest Payment Date following such Calculation Period;
- (d) (prior to the Reserve Release Date, the occurrence of a Market Portfolio Purchase or a Class Z4 Portfolio Purchase or an exercise of the Issuer Call Option) the General Reserve Drawing to be

recorded as a credit entry on the Revenue Ledger on the Interest Payment Date following such Calculation Period; and

- (e) (upon the occurrence of a Market Portfolio Purchase or a Class Z4 Portfolio Purchase or an exercise of the Issuer Call Option) any Purchase Revenue Amount;
- (f) (on the Reserve Release Date) any Reserve Addition Amount; and
- (g) any interest earned during such Calculation Period on amounts in the Transaction Account and credited to such account,

less the following amounts which the Cash Manager may have debited to the Revenue Ledger during that Calculation Period pursuant to Paragraph 13 (*Payments from Revenue Ledger on any Business Day*) of Part 3 of Schedule 1 of the Cash Management Agreement:

- (i) any Borrower Repayment Amount of a revenue nature;
- (ii) any tax payment or any amount due in respect of VAT;
- (iii) any Third Party Expenses;
- (iv) any Agents' Fees and/or Agents' Liabilities;
- (v) any Transaction Account Bank Fees and/or Transaction Account Bank Liabilities;
- (vi) any Servicer Fees and/or Servicer Liabilities;
- (vii) any Corporate Services Provider Fees and/or Corporate Services Provider Liabilities;
- (viii) any Trustee Fees and/or Trustee Liabilities; and
- (ix) any amount necessary to be paid to the Collection Accounts to remedy an overdraft in relation to the Collection Accounts caused by a payment from the Collection Accounts by the Collection Account Bank to satisfy any of its obligations and/or liabilities properly incurred under the Direct Debiting Scheme or in respect of other unpaid sums (including but not limited to cheques and payment reversals) in each case relating to Borrowers under the Mortgage Loans, or to pay any amounts due or owing to the Collection Account Bank;

“Back-Up Servicer” means Homeloan Management Limited in its capacity as back-up servicer in accordance with the terms of the Back-Up Servicing Agreement;

“Back-Up Servicing Agreement” means a back-up servicing agreement to be entered into between, among others, the Issuer, the Legal Title Holder and the Back-Up Servicer on or about the Closing Date;

“Bank of America Merrill Lynch” means Merrill Lynch International;

“Beneficial Title Seller” means Dominions Mortgages Limited, a private limited company incorporated under the laws of Ireland (registered number 548184) with its registered office at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland;

“Beneficial Title Seller Power of Attorney” means the power of attorney granted by the Beneficial Title Seller on or about the Closing Date in favour of the Issuer and the Trustee, substantially in the form set out in Part 2 of Schedule 3 of the Mortgage Sale Agreement;

“Borrower” means, in relation to a Mortgage Loan, the corporate entity, individual or individuals specified as such in the relevant Mortgage Documents together with the corporate entity, individual or

individuals (if any) from time to time assuming an obligation to repay such Mortgage Loan or any part of it;

“**Breach of Duty**” means:

- (a) in relation to any person other than the Trustee and the Cash Manager, a wilful default, fraud, gross negligence or material breach of any agreement or breach of trust by such person; and
- (b) in relation to the Trustee and the Cash Manager, gross negligence, wilful default or fraud by the Trustee or the Cash Manager;

“**Business Day**” means:

- (a) in relation to any day falling prior to the Redenomination Date, a day on which commercial banks and foreign exchange markets settle payments in London; and
- (b) in relation to any day falling on or after the Redenomination Date, a day on which the TARGET2 system is operating;

“**Calculation Date**” means in relation to an Interest Payment Date, the first calendar day of each of March, June, September and December in each year (or, if such day is not a Business Day, the next Business Day), or, in the case of the first Calculation Date, 1 December 2015, and in relation to any Interest Payment Date, the “**related Calculation Date**” means, unless the context otherwise requires, the Calculation Date immediately preceding such Interest Payment Date;

“**Calculation Period**” means each three month period ending on February, May, August and November in each year (or in respect of the first Calculation Period, the period from and including the Closing Date to and including 30 November 2015) and, in relation to an Interest Payment Date, the “**related Calculation Period**” means, unless the context otherwise requires, the Calculation Period ending immediately prior to the related Calculation Date;

“**Cash Management Agreement**” means the agreement so named dated on or about the Closing Date between the Issuer, the Cash Manager and the Trustee;

“**Cash Manager**” means Elavon Financial Services Limited, UK Branch in its capacity as cash manager under the Cash Management Agreement;

“**Cash Manager Determination Date**” means the business day falling three Business Days prior to the related Interest Payment Date;

“**Certificate Conditions**” means the terms and conditions to be endorsed on the Certificates in, or substantially in, the form set out in Schedule 6 of the Trust Deed as any of the same may from time to time be modified in accordance with the Trust Deed and any reference to a particular numbered Certificate Condition shall be construed accordingly;

“**Certificateholders**” means the persons who for the time being are registered in the Register as the holders of the Certificates;

“**Certificates**” means the 100 residual revenue certificates issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof;

“**Charged Property**” means all the property, rights and assets of the Issuer which are subject to the Security;

“**Class A Definitive Notes**” means any Class A Notes issued in definitive bearer form in, or substantially in, the form set out in Part 1 of Schedule 3 of the Trust Deed;

“**Class A Global Notes**” means the Class A Temporary Global Note and the Class A Permanent Global Note;

“**Class A Noteholders**” means the persons who for the time being are holders of the Class A Notes;

“**Class A Notes**” means the £144,550,000 Class A Mortgage Backed Floating Rate Notes due March 2050 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Class A Definitive Notes or Class A Global Notes;

“**Class A Permanent Global Note**” means the permanent global note representing any Class A Note in, or substantially in, the form set out in Schedule 2 of the Trust Deed;

“**Class A Principal Deficiency Sub-Ledger**” means the sub-ledger of the Principal Deficiency Ledger applicable to the Class A Notes created in accordance with Paragraph 9.3 (*Principal Deficiency sub-Ledgers*) of Part 2 of Schedule 1 of the Cash Management Agreement;

“**Class A Revenue Reallocation Amount**” means in relation to any Interest Payment Date, the amount determined as at the related Calculation Date in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class A Principal Deficiency Sub-Ledger as at such Calculation Date and (b) the amount of Available Revenue Funds (excluding any Principal Reallocation Amount and Liquidity Reserve Drawing) available to the Issuer in the Revenue Ledger as at such Calculation Date after payment of the amounts determined in accordance with items (a) to (e) of the Pre-Enforcement Revenue Payments Priorities;

“**Class A Temporary Global Note**” means the temporary global note representing any Class A Notes in, or substantially in, the form set out in Schedule 1 of the Trust Deed;

“**Class B Definitive Notes**” means any Class B Notes issued in definitive bearer form in, or substantially in, the form set out in Part 1 of Schedule 3 of the Trust Deed;

“**Class B Global Notes**” means the Class B Temporary Global Note and the Class B Permanent Global Note;

“**Class B Liquidity Shortfall**” means, on an Interest Payment Date prior to the redemption in full of the Class A Notes, the lesser of:

- (a) any Interest Amount due and payable in respect of the Class B Notes which would remain unpaid after the application of Available Revenue Funds (without taking into account the amount of any Liquidity Reserve Drawing, General Reserve Drawing or Principal Reallocation Amount); and
- (b) 0.3 per cent. of the aggregate Principal Outstanding Balance of the Mortgage Portfolio as at the Cut-Off Date less the aggregate of all Class B Liquidity Shortfalls on all previous Interest Payment Dates;

“**Class B Noteholders**” means the persons who for the time being are holders of the Class B Notes;

“**Class B Notes**” means the £30,970,000 Class B Mortgage Backed Floating Rate Notes due March 2050 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Class B Definitive Notes or Class B Global Notes;

“**Class B Permanent Global Note**” means the permanent global note representing any Class B Note in, or substantially in, the form set out in Schedule 2 of the Trust Deed;

“**Class B Principal Deficiency Sub-Ledger**” means the sub-ledger of the Principal Deficiency Ledger applicable to the Class B Notes created in accordance with Paragraph 9.3 (*Principal Deficiency sub-Ledgers*) of Part 2 of Schedule 1 of the Cash Management Agreement;

“**Class B Revenue Reallocation Amount**” means in relation to any Interest Payment Date, the amount determined as at the related Calculation Date in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class B Principal Deficiency Sub-Ledger as at such Calculation Date and (b) the amount of Available Revenue Funds (excluding any Principal Reallocation Amount and Liquidity Reserve Drawing) available to the Issuer in the Revenue Ledger as at such Calculation Date after payment of the amounts determined in accordance with items (a) to (g) of the Pre-Enforcement Revenue Payments Priorities;

“**Class B Temporary Global Note**” means the temporary global note representing any Class B Notes in, or substantially in, the form set out in Schedule 1 of the Trust Deed;

“**Class C Definitive Notes**” means any Class C Notes issued in definitive bearer form in, or substantially in, the form set out in Part 1 of Schedule 3 of the Trust Deed;

“**Class C Global Notes**” means the Class C Temporary Global Note and the Class C Permanent Global Note;

“**Class C Noteholders**” means the persons who for the time being are holders of the Class C Notes;

“**Class C Notes**” means the £22,120,000 Class C Mortgage Backed Floating Rate Notes due March 2050 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Class C Definitive Notes or Class C Global Notes;

“**Class C Permanent Global Note**” means the permanent global note representing any Class C Note in, or substantially in, the form set out in Schedule 2 of the Trust Deed;

“**Class C Principal Deficiency Sub-Ledger**” means the sub-ledger of the Principal Deficiency Ledger applicable to the Class C Notes created in accordance with Paragraph 9.3 (*Principal Deficiency sub-Ledgers*) of Part 2 of Schedule 1 of the Cash Management Agreement;

“**Class C Revenue Reallocation Amount**” means in relation to any Interest Payment Date, the amount determined as at the related Calculation Date in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class C Principal Deficiency Sub-Ledger as at such Calculation Date and (b) the amount of Available Revenue Funds (excluding any Principal Reallocation Amount and Liquidity Reserve Drawing) available to the Issuer in the Revenue Ledger as at such Calculation Date after payment of the amounts determined in accordance with items (a) to (i) of the Pre-Enforcement Revenue Payments Priorities;

“**Class C Temporary Global Note**” means the temporary global note representing any Class C Notes in, or substantially in, the form set out in Schedule 1 of the Trust Deed;

“**Class D Definitive Notes**” means any Class D Notes issued in definitive bearer form in, or substantially in, the form set out in Part 1 of Schedule 3 of the Trust Deed;

“**Class D Global Notes**” means the Class D Temporary Global Note and the Class D Permanent Global Note;

“**Class D Noteholders**” means the persons who for the time being are holders of the Class D Notes;

“**Class D Notes**” means the £22,120,000 Class D Mortgage Backed Floating Rate Notes due March 2050 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Class D Definitive Notes or Class D Global Notes;

“**Class D Permanent Global Note**” means the permanent global note representing any Class D Note in, or substantially in, the form set out in Schedule 2 of the Trust Deed;

“**Class D Principal Deficiency Sub-Ledger**” means the sub-ledger of the Principal Deficiency Ledger applicable to the Class D Notes created in accordance with Paragraph 9.3 (*Principal Deficiency sub-Ledgers*) of Part 2 of Schedule 1 of the Cash Management Agreement;

“**Class D Revenue Reallocation Amount**” means in relation to any Interest Payment Date, the amount determined as at the related Calculation Date in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class D Principal Deficiency Sub-Ledger as at such Calculation Date and (b) the amount of Available Revenue Funds (excluding any Principal Reallocation Amount and Liquidity Reserve Drawing) available to the Issuer in the Revenue Ledger as at such Calculation Date after payment of the amounts determined in accordance with items (a) to (k) of the Pre-Enforcement Revenue Payments Priorities;

“**Class D Temporary Global Note**” means the temporary global note representing any Class D Notes in, or substantially in, the form set out in Schedule 1 of the Trust Deed;

“**Class E Definitive Notes**” means any Class E Notes issued in definitive bearer form in, or substantially in, the form set out in Part 1 of Schedule 3 of the Trust Deed;

“**Class E Global Notes**” means the Class E Temporary Global Note and the Class E Permanent Global Note;

“**Class E Noteholders**” means the persons who for the time being are holders of the Class E Notes;

“**Class E Notes**” means the £13,270,000 Class E Mortgage Backed Floating Rate Notes due March 2050 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof, whether represented by Class E Definitive Notes or Class E Global Notes;

“**Class E Permanent Global Note**” means the permanent global note representing any Class E Note in, or substantially in, the form set out in Schedule 2 of the Trust Deed;

“**Class E Principal Deficiency Sub-Ledger**” means the sub-ledger of the Principal Deficiency Ledger applicable to the Class E Notes created in accordance with Paragraph 9.3 (*Principal Deficiency sub-Ledgers*) of Part 2 of Schedule 1 of the Cash Management Agreement;

“**Class E Revenue Reallocation Amount**” means in relation to any Interest Payment Date, the amount determined as at the related Calculation Date in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class E Principal Deficiency Sub-Ledger as at such Calculation Date and (b) the amount of Available Revenue Funds (excluding any Principal Reallocation Amount and Liquidity Reserve Drawing) available to the Issuer in the Revenue Ledger as at such Calculation Date after payment of the amounts determined in accordance with items (a) to (m) of the Pre-Enforcement Revenue Payments Priorities;

“**Class E Temporary Global Note**” means the temporary global note representing any Class E Notes in, or substantially in, the form set out in Schedule 1 of the Trust Deed;

“**Class Z1 Noteholders**” means the persons who for the time being are holders of the Class Z1 Notes;

“**Class Z1 Notes**” means the £14,759,000 Class Z1 Mortgage Backed Notes due March 2050 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof;

“**Class Z1 Principal Deficiency Sub-Ledger**” means the sub-ledger of the Principal Deficiency Ledger applicable to the Class Z1 Notes created in accordance with Paragraph 9.3 (*Principal Deficiency sub-Ledgers*) of Part 2 of Schedule 1 of the Cash Management Agreement;

“**Class Z1 Revenue Reallocation Amount**” means in relation to any Interest Payment Date, the amount determined as at the related Calculation Date in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class Z1 Principal Deficiency Sub-Ledger as at such Calculation Date and (b) the amount of Available Revenue Funds (excluding any Principal Reallocation Amount, Liquidity Reserve Drawing and General Reserve Drawing) available to the Issuer in the Revenue Ledger as at such Calculation Date after payment of the amounts determined in accordance with items (a) to (p) of the Pre-Enforcement Revenue Payments Priorities;

“**Class Z2 Noteholders**” means the persons who for the time being are holders of the Class Z2 Notes;

“**Class Z2 Notes**” means the £14,759,000 Class Z2 Mortgage Backed Notes due March 2050 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof;

“**Class Z2 Principal Deficiency Sub-Ledger**” means the sub-ledger of the Principal Deficiency Ledger applicable to the Class Z2 Notes created in accordance with Paragraph 9.3 (*Principal Deficiency sub-Ledgers*) of Part 2 of Schedule 1 of the Cash Management Agreement;

“**Class Z2 Revenue Reallocation Amount**” means in relation to any Interest Payment Date, the amount determined as at the related Calculation Date in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class Z2 Principal Deficiency Sub-Ledger as at such Calculation Date and (b) the amount of Available Revenue Funds (excluding any Principal Reallocation Amount, Liquidity Reserve Drawing and General Reserve Drawing) available to the Issuer in the Revenue Ledger as at such Calculation Date after payment of the amounts determined in accordance with items (a) to (q) of the Pre-Enforcement Revenue Payments Priorities;

“**Class Z3 Noteholders**” means the persons who for the time being are holders of the Class Z3 Notes;

“**Class Z3 Notes**” means the £17,709,000 Class Z3 Mortgage Backed Notes due March 2050 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereof;

“**Class Z3 Principal Deficiency Sub-Ledger**” means the sub-ledger of the Principal Deficiency Ledger applicable to the Class Z3 Notes created in accordance with Paragraph 9.3 (*Principal Deficiency sub-Ledgers*) of Part 2 of Schedule 1 of the Cash Management Agreement;

“**Class Z3 Revenue Reallocation Amount**” means in relation to any Interest Payment Date, the amount determined as at the related Calculation Date in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class Z3 Principal Deficiency Sub-Ledger as at such Calculation Date and (b) the amount of Available Revenue Funds (excluding any Principal Reallocation Amount, Liquidity Reserve Drawing and General Reserve Drawing) available to the Issuer in the Revenue Ledger as at such Calculation Date after payment of the amounts determined in accordance with items (a) to (r) of the Pre-Enforcement Revenue Payments Priorities;

“**Class Z4 Noteholders**” means the persons who for the time being are holders of the Class Z4 Notes;

“**Class Z4 Notes**” means the £14,759,000 Class Z4 Mortgage Backed Notes due March 2050 issued or due to be issued by the Issuer on the Closing Date or, as the case may be, a specific number thereon;

“**Class Z4 Portfolio Purchase**” means a purchase of all (but not part) of the Mortgage Loans and their Related Security by the Portfolio Option Holder;

“**Class Z4 Portfolio Purchase Completion Date**” means the completion date of the Class Z4 Portfolio Purchase;

“**Class Z4 Principal Deficiency Sub-Ledger**” means the sub-ledger of the Principal Deficiency Ledger applicable to the Class Z4 Notes created in accordance with Paragraph 9.3 (*Principal Deficiency sub-Ledgers*) of Part 2 of Schedule 1 of the Cash Management Agreement;

“**Class Z4 Revenue Reallocation Amount**” means in relation to any Interest Payment Date, the amount determined as at the related Calculation Date in accordance with the provisions of the Cash Management Agreement, being the lesser of (a) the debit balance on the Class Z4 Principal Deficiency Sub-Ledger as at such Calculation Date and (b) the amount of Available Revenue Funds (excluding any Principal Reallocation Amount, Liquidity Reserve Drawing and General Reserve Drawing) available to the Issuer in the Revenue Ledger as at such Calculation Date after payment of the amounts determined in accordance with items (a) to (s) of the Pre-Enforcement Revenue Payments Priorities;

“**Clearing Systems**” means Euroclear and Clearstream, Luxembourg;

“**Clearstream, Luxembourg**” means Clearstream Banking, *société anonyme*;

“**Closing Date**” means 21 August 2015 or such other date as the Issuer and the Joint Lead Managers may agree pursuant to the Placement Agreement;

“**Closing Transaction Documents**” means the Agency Agreement, the Back-Up Servicing Agreement, the Cash Management Agreement, the Collection Account Agreement, the Collection Account Declaration of Trust, the Corporate Services Agreement, the Deed Poll, the Mortgage Sale Agreement, the Scottish Declaration of Trust, the Security Deed, the Servicing Agreement, the Beneficial Title Seller Power of Attorney, the Legal Title Holder Power of Attorney, the Transaction Account Agreement, the Reserve Subordinated Loan Agreement, the Market Portfolio Purchase Agreement and the Trust Deed;

“**Collection Accounts**” means the Legal Title Holder’s accounts so named specified in the Account Details or such other account or accounts as may, with the prior written consent of the Trustee, be the Collection Account(s);

“**Collection Account Agreement**” means the agreement so named dated on or about the Closing Date between the Legal Title Holder, the Collection Account Bank, the Issuer and the Trustee;

“**Collection Account Bank**” means Barclays Bank PLC in its capacity as account bank in accordance with the terms of the Collection Account Agreement;

“**Collection Account Declaration of Trust**” means the declaration of trust so named in relation to the Collection Accounts and the Servicer Expense Account dated on or about the Closing Date;

“**Collections Procedures**” means the collections procedures of the Servicer, as amended from time to time with the prior written consent of the parties as required by the Servicing Agreement (except in the case of any amendment (i) which is necessary for the Servicer to comply with any change in any law, rule, regulation or regulatory policy applicable to it or (ii) which is not, in the reasonable opinion of the Servicer (acting as a Prudent Mortgage Servicer), material);

“**Corporate Services Agreement**” means the agreement so named dated on or about the Closing Date between the Corporate Services Provider, the Share Trustee and the Issuer;

“Corporate Services Provider” means Structured Finance Management Limited (registered number 3853947), a private limited company incorporated under the laws of England and Wales, whose registered office is at 35 Great St. Helen’s, London, EC3A 6AP or such other person or persons for the time being acting as corporate services provider to the Issuer under the Corporate Services Agreement;

“Corporate Services Provider Fees” means the fees due and payable to the Corporate Services Provider and the Share Trustee in accordance with the terms of the Corporate Services Agreement;

“Corporate Services Provider Liabilities” means any Liabilities due and payable by the Issuer to the Corporate Services Provider and the Share Trustee in accordance with the terms of the Corporate Services Agreement;

“Couponholders” means the persons who for the time being are holders of the Coupons;

“Coupons” means the interest coupons related to the Class A Definitive Notes, Class B Definitive Notes, Class C Definitive Notes, Class D Definitive Notes or Class E Definitive Notes in, or substantially in, the form set out in Part 3 of Schedule 3 of the Trust Deed and for the time being outstanding or, as the context may require, a specific number of such coupons;

“Covenant to Pay” means the covenants of the Issuer in respect of the Notes contained in Clause 5 (*Covenant to Repay Principal*) and Clause 6 (*Covenant to Pay Interest and Residual Payments*) of the Trust Deed and, in respect of the Secured Amounts, contained in Clause 3 (*Issuer’s Undertaking to Pay*) of the Security Deed;

“Current Balance” means, in relation to any Mortgage Loan as at any date, all sums owing by a Borrower to a Seller under that Mortgage Loan as at that date including, but not limited to any amount which has become due and payable by the Borrower but remains unpaid in respect of the period up to, but not beyond, that date;

“Cut-Off Date” means 6 August 2015;

“Day Count Fraction” means in respect of an Interest Period for the Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes:

- (i) prior to the Redenomination Date, the actual number of days in such period divided by 365; or
- (ii) on or after the Redenomination Date the actual number of days in such period divided by 360;

“Deed Poll” means the portfolio option deed poll dated on or about the Closing Date, executed by the Issuer, in favour of the Portfolio Option Holder, from time to time;

“Deferred Interest Amount Arrears” has the meaning given to it in Note Condition 7.10 (*Interest Deferred*);

“Definitive Notes” means any Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes issued in definitive bearer form in, or substantially in, the form set out in Part 1 of Schedule 3 of the Trust Deed;

“Electronic Consent” means, for so long as all the outstanding Notes of a Class are represented by a Temporary Global Note and/or a Permanent Global Note and held within the Clearing Systems, in respect of any resolution proposed by the Issuer or the Trustee, where the terms of the proposed resolution have been notified to the relevant Class of Noteholders through the relevant Clearing Systems, approval of such resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing Systems in accordance with their operating rules and procedures by or on behalf of

the holders of not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant Class of Notes then outstanding;

“**Eligible Investments**” means:

- (a) demand or time deposits, certificates of deposit and other short term unsecured debt obligations provided that, in each case, at the time the deposit is made or the certificate or obligation is acquired the then current rating of the unsecured and unguaranteed debt obligations of that institution (or, where the investment in question is guaranteed, of the guaranteeing institution) is AA- or A-1+ by S&P; and at least one of (a) P-1 (short-term) or at least A2 (long-term) (if applicable) from Moody’s; and (b) F1+ or AA- from Fitch, or in each case such other ratings as may be required by the Rating Agencies from time to time;
- (b) short term unsecured debt obligations issued by a body corporate provided that the then current rating of the unsecured and unguaranteed debt obligations of that body corporate (or where the debt obligations in question are guaranteed, of the guaranteeing institution) is AA- or A-1+ by S&P; and at least one of (a) P-1 (short-term) or at least A2 (long-term) (if applicable) from Moody’s; and (b) F1+ or AA- from Fitch, or in each case such other ratings as may be required by the Rating Agencies from time to time; or
- (c) money market funds that meet the European Securities and Markets Authority (ESMA) Short-Term Money Market Fund definition, set out in Guideline reference 10-049 of the Committee for European Securities Regulators, provided that such money market funds hold an AAAM money market fund rating from S&P and an equivalent money market fund rating from a recognised credit rating agency such as Moody’s or Fitch,

provided that no withholding or deduction for or account of tax will be made on any payments of interest or principal in respect of any such deposit, bond, debenture, note or other investment or security evidencing debt, and provided further that no such instrument will be a volatile instrument (as specified in the Rating Agencies’ published criteria) and/or an instrument issued by a mutual fund or similar investment vehicle, and provided further that each such instrument shall mature (or otherwise be capable of being redeemed, terminated or broken (at no additional cost)) on or before the next succeeding Calculation Date so that such funds will be available for withdrawal on such date;

“**Encumbrance**” means:

- (a) a mortgage, Standard Security, assignation in security, charge, pledge, lien or other encumbrance securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect;

“**Enforcement Notice**” means:

- (a) in relation to the Notes, a notice delivered by the Trustee to the Issuer in accordance with Note Condition 12 (*Events of Default*);
- (b) in relation to the Subordinated Notes, a notice delivered by the Trustee to the Issuer in accordance with Subordinated Note Condition 11 (*Events of Default*); or

(c) in relation to the Certificates, a notice delivered by the Trustee to the Issuer in accordance with Certificate Condition 11 (*Events of Default*);

“**Enforcement Procedures**” means the exercise of the rights and remedies against a Borrower or in relation to the security for the Borrower’s obligations arising from any default by the Borrower under or in connection with his Mortgage Loan or Related Security in accordance with the Collections Procedures of the Servicer;

“**euro**”, “**EUR**” or “**€**” means the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended;

“**Euro Commencement Date**” means the date on which the United Kingdom becomes a Participating Member State;

“**Euro Reference Rate**” means, on any Interest Determination Date falling on, after or immediately prior to the Redenomination Date, the rate determined by the Agent Bank by reference to the Euro Screen Rate on such date or if, on such date, the Euro Screen Rate is unavailable:

- (a) the Rounded Arithmetic Mean of the offered quotations, as at or about 11:00 a.m. (Brussels time) on that date, of the Reference Banks to major banks in the Euro-zone interbank market for euro deposits for the Relevant Period in the London interbank market in the Representative Amount, determined by the Agent Bank after request of the principal Euro-zone office of each of the Reference Banks; or
- (b) if, on such date, two or three only of the Reference Banks provide such quotations the rate determined in accordance with paragraph (a) above on the basis of the quotations of those Reference Banks providing such quotations; or
- (c) if, on such date, one only or none of the Reference Banks provide such a quotation, the Euro Reserve Reference Rate;

“**Euro Reserve Reference Rate**” means on any Interest Determination Date falling on, after or immediately prior to the Redenomination Date:

- (a) the Rounded Arithmetic Mean of the rates quoted by major banks in the Euro-zone, selected by the Agent Bank in consultation with the Issuer, at approximately 11:00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in euro to major European banks) for the Relevant Period and in the Representative Amount; or
- (b) if the Agent Bank certifies that it cannot determine such Rounded Arithmetic Mean as aforesaid, the Euro Reference Rate in effect for the immediately preceding Interest Period;

“**Euro Screen Rate**” means, in relation to an Interest Determination Date, the rate for euro deposits for the Relevant Period which appears on the Screen as at or about 11:00 a.m. (Brussels time) on that date;

“**Euroclear**” means Euroclear Bank SA / NV;

“**Euro-zone**” means the region comprising member states of the European Union which adopt the euro in accordance with the Treaty;

“**Event of Default**” means any one of the events specified in Note Condition 12 (*Events of Default*);

“**Exercise Notice**” has the meaning given in the Incorporated Terms Memorandum.

“**Extraordinary Resolution**” means:

- (a) in relation to the Notes, (i) a resolution passed at a Meeting of Noteholders duly convened and held in accordance with the Provisions for Meetings of Noteholders by a majority of not less than three quarters of the votes cast, (ii) a Written Resolution or (iii) an Electronic Consent;
- (b) in relation to the Subordinated Notes, (i) a resolution passed at a Meeting of Subordinated Noteholders duly convened and held in accordance with the Provisions for Meetings of Subordinated Noteholders by a majority of not less than three quarters of the votes cast or (ii) a Written Resolution; or
- (c) in relation to the Certificates, (i) a resolution passed at a Meeting of Certificateholders duly convened and held in accordance with the Provisions for Meetings of Certificateholders by a majority of not less than three quarters of the votes cast or (ii) a Written Resolution;

“**FATCA**” means the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), any inter-governmental agreement or implementing legislation adopted by another jurisdiction or any agreement with the US Internal Revenue Service in connection with these provisions;

“**Final Discharge Date**” means the date on which the Trustee notifies the Issuer and the Secured Creditors that it is satisfied that all the Secured Amounts and/or all other monies and other liabilities due or owing by the Issuer have been paid or discharged in full;

“**Final Maturity Date**” means the Interest Payment Date falling in March 2050;

“**First Interest Payment Date**” means the Interest Payment Date falling in December 2015;

“**Fitch**” means Fitch Ratings Ltd or any successor to its rating business;

“**General Reserve Drawing**” means a drawing from the General Reserve Fund, which, for an Interest Payment Date, shall be the lower of (i) the amount standing to the credit of the General Reserve Fund for that Interest Payment Date and (ii) the amount required to eliminate such Revenue Shortfall for that Interest Payment Date;

“**General Reserve Fund**” means the credit balance from time to time of the General Reserve Ledger which, on the Closing Date, will be an amount equal to £5,900,328 (being approximately 2 per cent. of the aggregate Principal Outstanding Balance of the Mortgage Portfolio as at the Cut-Off Date) funded initially from a drawing on the Reserve Subordinated Loan provided by the Beneficial Title Seller, and thereafter from Available Revenue Funds;

“**General Reserve Fund Target Amount**” means:

- (a) in respect of the Closing Date, 2 per cent. of the aggregate Principal Outstanding Balance of the Mortgage Portfolio as at the Cut-Off Date;
- (b) in respect of each Interest Payment Date prior to the redemption of the Notes in full, 2 per cent. of the aggregate Principal Outstanding Balance of the Mortgage Portfolio as at the Cut-Off Date; and
- (c) on the Interest Payment Date on which the Notes are redeemed in full or the Reserve Release Date, and on each subsequent Interest Payment Date, an amount equal to zero;

“**General Reserve Ledger**” means the ledger in the books of the Issuer so named;

“**Global Notes**” means the Permanent Global Notes and the Temporary Global Notes;

“**holder**” means, in relation to a Note, the bearer of that Note and, in relation to a Subordinated Noteholder or a Certificate, the person whose name appears in the Register as the holder of that Subordinated Note or that Certificate and the words “**holders**” and related expressions shall (where appropriate) be construed accordingly;

“**Incorporated Terms Memorandum**” means the document so named which is dated on or about the Closing Date and signed for the purpose of identification by each of the Transaction Parties;

“**Initial Margin**” means:

- (a) in respect of the Class A Notes, 1.2000 per cent. per annum;
- (b) in respect of the Class B Notes, 1.4000 per cent. per annum;
- (c) in respect of the Class C Notes, 1.7000 per cent. per annum;
- (d) in respect of the Class D Notes, 2.2500 per cent. per annum; and
- (e) in respect of the Class E Notes, 2.9500 per cent. per annum;

“**Insolvency Act**” means the Insolvency Act 1986;

“**Insolvency Event**” in respect of the Issuer means:

- (a) such company is unable or admits its inability to pay its debts as they fall due (after taking into account any grace period or permitted deferral), or suspends making payments on any of its debts; or
- (b) a moratorium is declared in respect of any indebtedness of such company; or
- (c) the commencement of negotiations with one or more creditors of such company with a view to rescheduling any indebtedness of such company other than in connection with any refinancing in the ordinary course of business; or
- (d) any corporate action, legal proceedings or other procedure or step is taken in relation to, and has not been withdrawn or rejected or otherwise remedied within a period of 21 days from the occurrence of such corporate action, legal proceedings or other procedure:
 - (i) the appointment of an Insolvency Official in relation to such company or in relation to the whole or any part of the undertaking or assets of such company except, in the case of the Issuer, the application to the court under paragraph 12 or the filing of notice of intention to appoint an administrator under paragraph 26 of Schedule B1 to the Insolvency Act by the Issuer or its directors, or the appointment of an administrative receiver by the Trustee following any such application or notice; or
 - (ii) an encumbrancer (excluding, in relation to the Issuer, the Trustee or any Receiver) taking possession of the whole or any part of the undertaking or assets of such company; or
 - (iii) the making of an arrangement, composition, or compromise (whether by way of voluntary arrangement, scheme of arrangement or otherwise) with any creditor of such company, a reorganisation of such company, a conveyance to or assignment for the creditors of such company generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally other than in connection with any refinancing in the ordinary course of business; or

- (iv) any distress, diligence, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any part of the undertaking or assets of such company (excluding, in relation to the Issuer, by the Trustee or any Receiver); or
- (e) any procedure or step is taken, or any event occurs, analogous to those set out in (a) to (d) above, in any jurisdiction.

“**Insolvency Official**” means, in relation to a company, a liquidator (except, in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding), provisional liquidator, examiner, administrator, administrative receiver, receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction;

“**Instrumentholders**” means the persons who for the time being are holders of the Instruments;

“**Instruments**” means the Global Notes, the Definitive Notes, the Subordinated Notes, the Certificates and the Coupons and “**Instrument**” means any one of them;

“**Interest Amount**” means:

- (a) in respect of a Note for the Interest Period beginning on the Closing Date, the Note Interest calculated on the Interest Determination Date falling on the Closing Date;
- (b) in respect of a Note for any subsequent Interest Period, the aggregate of:
 - (i) the Note Interest calculated on the related Interest Determination Date; and
 - (ii) the amount of any Deferred Interest Amount Arrears in respect of such Note on the preceding Interest Payment Date, together with accrued interest on such arrears in accordance with Note Condition 7.12 (*Additional Interest*);
- (c) in relation to a Class for the Interest Period beginning on the Closing Date or any subsequent Interest Period, the aggregate amount calculated in accordance with paragraph (a) or (b) respectively above in respect of such Class for such Interest Period;

“**Interest Determination Date**” means:

- (a) prior to the Redenomination Date, each Interest Payment Date or, in the case of the first Interest Period, the Closing Date; and
- (b) on or after the Redenomination Date, each day which is two TARGET2 Settlement Days prior to an Interest Payment Date,

and, in relation to an Interest Period, the “**related Interest Determination Date**” means, on or prior to the Redenomination Date, the Interest Determination Date which falls on the first day of such Interest Period and, after the Redenomination Date, the Interest Determination Date immediately preceding the commencement of such Interest Period;

“**Interest Payment Date**” means the 18th day of March, June, September and December in each year commencing on the First Interest Payment Date, provided that if any such day is not a Business Day, the Interest Payment Date shall be the immediately succeeding Business Day unless it would as a

result fall into the next calendar month, in which case it will be brought forward to the immediately preceding Business Day;

“**Interest Period**” means each period from (and including) an Interest Payment Date (or in respect of the first Interest Period, from the Closing Date) to (but excluding) the next Interest Payment Date (or in respect of the first Interest Period, the First Interest Payment Date) and, in relation to an Interest Determination Date, the “**related Interest Period**” means the Interest Period in which such Interest Determination Date falls or, if such Interest Determination Date does not fall on an Interest Payment Date, the Interest Period next commencing after such Interest Determination Date;

“**Issuer**” means Thrones 2015-1 plc, a public limited company incorporated in England and Wales with registered number 9687653 as issuer of the Notes, the Subordinated Notes and the Certificates;

“**Issuer Call Option**” means the option granted to the Issuer set out in Note Condition 8.12 (*Issuer Call Option*);

“**Issuer Call Option Completion Date**” means the first Interest Payment Date after the notice of exercise of the Issuer Call Option is given by the Issuer under Note Condition 8.12 (*Issuer Call Option*), which must be an Issuer Optional Redemption Date;

“**Issuer Call Option Amount**” means, on the Issuer Call Option Completion Date, all available funds of the Issuer less (y) Available Principal Funds (without taking in account any amounts included under limb (a)(v) of the definition of Available Principal Funds) and Available Revenue Funds (without taking into account any amounts included under limb (e) of the definition of Available Revenue Funds) as applied in accordance with the Pre-Enforcement Principal Payments Priorities and the Pre-Enforcement Revenue Payments Priorities and (z) the credit balance of the General Reserve Fund and the Liquidity Reserve Fund;

“**Issuer Optional Redemption Date**” means any of the Interest Payment Dates falling in June 2020, September 2020 and December 2020;

“**Issuer Covenants**” means the covenants of the Issuer set out in Schedule 7 (*Issuer Covenants*) of the Incorporated Terms Memorandum;

“**Issuer Jurisdiction**” means England and Wales or such other jurisdiction in which the Issuer or any Issuer substitute (as contemplated by Note Condition 21 (*Substitution of Issuer*)) is incorporated and/or subject to taxation;

“**Issuer Profit Ledger**” means the ledger in the books of the Issuer so named;

“**Issuer Security Power of Attorney**” means the power of attorney contained in Clause 26 of the Security Deed;

“**Issuer Warranties**” means the representations and warranties of the Issuer set out in Schedule 4 (*Issuer’s Representations and Warranties*) of the Incorporated Terms Memorandum;

“**Joint Lead Managers**” means Citigroup Global Markets Limited (registered number 1763297) (in relation to the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes) and Merrill Lynch International (registered number 2312079) (in relation to the Class D Notes and Class E Notes only) and “**Joint Lead Manager**” means any one of them;

“**Legal Title Holder**” means Mars Capital Finance Limited (registered number 5859881);

“**Legal Title Holder Asset Warranties**” means the asset warranties given by the Legal Title Holder to the Issuer in Part 2 of Schedule 1 of the Mortgage Sale Agreement and “**Legal Title Holder Asset Warranty**” means any of them;

“**Legal Title Holder Power of Attorney**” means the power of attorney granted on or about the Closing Date by the Legal Title Holder in favour of the Issuer and the Trustee substantially in the form in Part 1 of Schedule 3 of the Mortgage Sale Agreement;

“**Liabilities**” means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including proper legal fees and any Taxes and penalties incurred by that person;

“**LIBOR**” means London Interbank Offered Rate;

“**Liquidity Reallocation Amount**” means in relation to any Interest Payment Date;

- (a) prior to the first Interest Payment Date on which the amount standing to the credit of the Liquidity Reserve Ledger is 6 per cent. of the aggregate Principal Outstanding Balance of the Mortgage Portfolio as at the Cut-Off Date, an amount necessary to bring the credit balance of the Liquidity Reserve Ledger up to the Liquidity Reserve Fund Target Amount, after the application of amounts (if any) under item (p) of the Pre-Enforcement Revenue Payments Priorities on that Interest Payment Date; and
- (b) thereafter an amount equal to zero;

“**Liquidity Reserve Drawing**” means a drawing from the Liquidity Reserve Fund, which, for an Interest Payment Date, shall be the lower of (a) the amount standing to the credit of the Liquidity Reserve Ledger and (b) the aggregate of the amount required to eliminate the Senior Revenue Shortfall and (prior to the redemption in full of the Class A Notes) the Class B Liquidity Shortfall;

“**Liquidity Reserve Fund**” means the credit balance from time to time of the Liquidity Reserve Ledger which, on the Closing Date, will be an amount equal to £11,800,657 (being approximately 4 per cent. of the aggregate Principal Outstanding Balance of the Mortgage Portfolio on the Cut-Off Date) funded initially from a drawing on the Reserve Subordinated Loan provided by the Beneficial Title Seller, and thereafter from the Available Revenue Funds and (in certain circumstances) Available Principal Funds;

“**Liquidity Reserve Fund Target Amount**” means:

- (a) in respect of the Closing Date, 4 per cent. of the aggregate Principal Outstanding Balance of the Mortgage Portfolio as at the Cut-Off Date;
- (b) on any Interest Payment Date prior to the Reserve Release Date, an amount equal to 6 per cent. of the aggregate Principal Outstanding Balance of the Mortgage Portfolio as at the Cut-Off Date; or
- (c) on the Interest Payment Date on which the Notes are redeemed in full or the Reserve Release Date and on each subsequent Interest Payment Date, an amount equal to zero;

“**Liquidity Reserve Ledger**” means the ledger in the books of the Issuer so named;

“**Market Portfolio Purchase**” means a purchase of all (but not part) of the Mortgage Loans and their Related Security by a party other than the Portfolio Option Holder;

“**Market Portfolio Purchase Agent**” means Mars Capital Finance Limited in its capacity as market portfolio purchase agent under the Market Portfolio Purchase Agreement or any replacement market portfolio purchase agent;

“**Market Portfolio Purchase Agreement**” means the agreement so named dated on or about the Closing Date between the Issuer, the Market Portfolio Purchase Agent and the Trustee;

“**Market Portfolio Purchase Completion Date**” means the completion date of the Market Portfolio Purchase;

“**Market Portfolio Purchase Price**” has the meaning given to it in the Market Portfolio Purchase Agreement;

“**Meeting**” means a meeting of Noteholders of any Class or Classes or a meeting of Subordinated Noteholders of any Class or Classes or a meeting of Certificateholders (whether originally convened or resumed following an adjournment);

“**MHA/CPA Documentation**” means an affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 and/or (as applicable) the Civil Partnership Act 2004 in connection with a Scottish Mortgage or the Scottish Property to which it relates;

“**Minimum Amount**” means, prior to the Redenomination Date, one penny and thereafter 0.01 euro;

“**Minimum Denomination**” means:

- (a) prior to the Redenomination Date, £100,000 and, for so long as Euroclear and Clearstream, Luxembourg so permit, any amount in excess thereof in integral multiples of £1,000;
- (b) on and after the Redenomination Date, €100,000 and, for so long as Euroclear and Clearstream, Luxembourg so permit, any amount in excess thereof in integral multiples of €1,000;

“**Monthly Subscription**” means, in relation to any Mortgage Loan, the amount in the ordinary course of administration of that Mortgage Loan due to be paid by the relevant Borrower on each scheduled payment date, comprising interest and, where applicable, contractual repayments of principal and other sums, as determined in accordance with the terms and conditions of that Mortgage Loan, without regard for any discounted or additional payment arrangements agreed with the relevant Borrower;

“**Moody’s**” means Moody’s Investors Service Limited;

“**Mortgage**” means in respect of any Mortgage Loan, each first fixed charge by way of legal mortgage or first legal charge, each other charge by way of legal mortgage or legal charge and each Standard Security which is sold by the Sellers to the Issuer pursuant to the Mortgage Sale Agreement which secures the repayment of the relevant Mortgage Loan, including the Mortgage Documents applicable to it, and, together, the “**Mortgages**”;

“**Mortgage Document**” means any agreement (including a Mortgage) in relation to a Mortgage Loan between the relevant lender and a Borrower and “**Mortgage Documents**” means all or some of them as the context may require;

“**Mortgage Loan**” means a residential or Semi-Commercial mortgage loan (including all advances, any accrued interest and any fees, costs and other amounts owing to any Seller from the Borrower (including all capitalised sums)) which is included in the Mortgage Portfolio;

“**Mortgage Portfolio**” means the portfolio of Mortgage Loans, the Mortgages, the Related Security and all rights, interest, benefit, income and payments sold to the Issuer by the Sellers on the Closing Date, as listed in Annexure 2 (*The Mortgage Portfolio*) of the Mortgage Sale Agreement, but excluding (for the avoidance of doubt) any Mortgage Loan and its Related Security which is repurchased by the Beneficial Title Seller or purchased by the Legal Title Holder, in each case pursuant to the Mortgage Sale Agreement and no longer beneficially owned by the Issuer;

“**Mortgage Sale Agreement**” means the agreement so named dated on or about the Closing Date between the Issuer, the Sellers and the Trustee;

“**Most Senior Class**” means the Class A Notes whilst they remain outstanding, thereafter the Class B Notes whilst they remain outstanding, thereafter the Class C Notes whilst they remain outstanding, thereafter the Class D Notes whilst they remain outstanding, thereafter the Class E Notes while they remain outstanding, thereafter the Class Z1 Notes while they remain outstanding, thereafter the Class Z2 Notes while they remain outstanding, thereafter the Class Z3 Notes while they remain outstanding, thereafter the Class Z4 Notes while they remain outstanding, and thereafter the Certificates;

“**Northern Irish Mortgage**” means a fixed charge or mortgage over a Northern Irish Property securing a Mortgage Loan or a Northern Irish Mortgage Loan and all principal sums, interest, costs and other amounts secured or intended to be secured by that charge or Mortgage;

“**Northern Irish Mortgage Document**” means a Mortgage Document entered into in connection with a Northern Irish Mortgage Loan;

“**Northern Irish Mortgage Loan**” means a Mortgage Loan secured by an Encumbrance over a Northern Irish Property;

“**Northern Irish Property**” means a Property located in Northern Ireland;

“**Northern Irish Receivables**” means Receivables arising under a Northern Irish Mortgage Document;

“**Northern Irish Related Security**” means Northern Irish Mortgages and other Related Security relating to Northern Irish Mortgage Loans;

“**Note Conditions**” means the terms and conditions to be endorsed on the Notes in, or substantially in, the form set out in Schedule 5 of the Trust Deed as any of the same may from time to time be modified in accordance with the Trust Deed and any reference to a particular numbered Note Condition shall be construed accordingly;

“**Note Interest**” means, in respect of a Note for any Interest Period, the amount of interest determined in respect of such Note for such Interest Period by (i) multiplying (a) the Principal Amount Outstanding of such Note on the Interest Payment Date coinciding with such Interest Determination Date or, after the Redenomination Date, next following such Interest Determination Date by (b) the Note Rate and (ii) multiplying (x) the amount so calculated by (y) the relevant Day Count Fraction and rounding the resultant figure to the nearest Minimum Amount;

“**Note Principal Payment**” means, on any Interest Payment Date:

- (a) in the case of each Class A Note, an amount equal to the lesser of the Available Redemption Funds and the Principal Amount Outstanding of the Class A Notes, each determined as at the related Calculation Date, multiplied by a fraction whose numerator is an amount equal to the Principal Amount Outstanding under that Class A Note and whose denominator is the aggregate Principal Amount Outstanding under all Class A Notes, rounded down to the nearest multiple of the Minimum Amount;

- (b) in the case of each Class B Note, an amount equal to the lesser of the Available Redemption Funds (minus the amount to be applied in redemption of the Class A Notes (if any) on such Interest Payment Date) and the Principal Amount Outstanding of the Class B Notes, each determined as at the related Calculation Date, multiplied by a fraction whose numerator is an amount equal to the Principal Amount Outstanding under that Class B Note and whose denominator is the aggregate Principal Amount Outstanding under all Class B Notes, rounded down to the nearest multiple of the Minimum Amount;
- (c) in the case of each Class C Note, an amount equal to the lesser of the Available Redemption Funds (minus the aggregate of the amount to be applied in redemption of (i) the Class A Notes (if any) and (ii) the Class B Notes (if any) on such Interest Payment Date) and the Principal Amount Outstanding of the Class C Notes, each determined as at the related Calculation Date, multiplied by a fraction whose numerator is an amount equal to the Principal Amount Outstanding under that Class C Note and whose denominator is the aggregate Principal Amount Outstanding under all Class C Notes, rounded down to the nearest multiple of the Minimum Amount;
- (d) in the case of each Class D Note, an amount equal to the lesser of the Available Redemption Funds (minus the aggregate of the amount to be applied in redemption of (i) the Class A Notes (if any), (ii) the Class B Notes (if any) and (iii) the Class C Notes (if any) on such Interest Payment Date) and the Principal Amount Outstanding of the Class D Notes, each determined as at the related Calculation Date, multiplied by a fraction whose numerator is an amount equal to the Principal Amount Outstanding under that Class D Note and whose denominator is the aggregate Principal Amount Outstanding under all Class D Notes, rounded down to the nearest multiple of the Minimum Amount; and
- (e) in the case of each Class E Note, an amount equal to the lesser of the Available Redemption Funds (minus the aggregate of the amount to be applied in redemption of (i) the Class A Notes (if any), (ii) the Class B Notes (if any), (iii) the Class C Notes (if any) and (iv) the Class D Notes (if any) on such Interest Payment Date) and the Principal Amount Outstanding of the Class E Notes, each determined as at the related Calculation Date, multiplied by a fraction whose numerator is an amount equal to the Principal Amount Outstanding under that Class E Note and whose denominator is the aggregate Principal Amount Outstanding under all Class E Notes, rounded down to the nearest multiple of the Minimum Amount;

“**Note Rate**” means, in respect of each Class of Notes for each Interest Period, the Reference Rate determined as at the related Interest Determination Date plus for the period from (and including) the Closing Date to (and including) the Optional Redemption Date, the Initial Margin and from (but excluding) the Optional Redemption Date, the Step-Up Margin, in each case for each respective Class of Notes;

“**Noteholders**” means the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders;

“**Notes**” means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes;

“**Notices Condition**” means Note Condition 22 (*Notices*);

“**Notices Details**” means, in relation to any party, the provisions set out in Schedule 8 (*Notices Details*) of the Incorporated Terms Memorandum;

“**Optional Redemption Date**” means the Interest Payment Date falling in June 2020;

“**outstanding**” means, in relation to the Notes, all the Notes other than:

- (a) those which have been redeemed in full and cancelled in accordance with the Note Conditions;
- (b) those in respect of which the date for redemption, in accordance with the provisions of the Note Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to the Trustee or the Principal Paying Agent in the manner provided for in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with the Notices Condition) and remain available for payment in accordance with the Note Conditions;
- (c) those which have become void under the Note Conditions;
- (d) those mutilated or defaced Notes which have been surrendered or cancelled and those Notes which are alleged to have been lost, stolen or destroyed and in all cases in respect of which replacement Notes have been issued pursuant to the Note Conditions; and
- (e) any Temporary Global Note to the extent that it shall have been exchanged for a Permanent Global Note of the same Class or any Permanent Global Note to the extent that it shall have been exchanged for the Definitive Notes of the same Class pursuant to the provisions contained therein and the Note Conditions;

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of Noteholders and resolve by Extraordinary Resolution;
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Clause 16 (*Waiver*), Clause 17 (*Modifications*), Clause 20 (*Proceedings and Actions by the Trustee*), Clause 30 (*Appointment of Trustees*) and Clause 31 (*Notice of a New Trustee*) of the Trust Deed and Note Condition 12 (*Events of Default*), Note Condition 13 (*Enforcement*) and Note Condition 15 (*Meetings of Noteholders, Subordinated Noteholders and Certificateholders*) and the Provisions for Meetings of Noteholders; and
- (iii) any discretion, power or authority, whether contained in the Trust Deed or provided by law, which the Trustee is required to exercise in or by reference to the interests of the Noteholders or any of them,

those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer or the Beneficial Title Seller or any holding company of the Beneficial Title Seller, the Issuer or any other subsidiary of such holding company shall (unless and until ceasing to be so held) be deemed not to remain outstanding provided that if all Notes of a particular Class are held by the Beneficial Title Seller, the Issuer, any holding company of the Beneficial Title Seller or any other subsidiary of such holding company (the “**relevant Class of Notes**”) and no other Classes of Notes exist that rank junior or pari passu to the relevant Class of Notes, the relevant Class of Notes will be deemed to remain outstanding;

“**Participant**” means an accountholder with Euroclear or Clearstream, Luxembourg;

“**Participating Member State**” means at any time any member state of the European Union that has adopted the euro as its lawful currency in accordance with the Treaty;

“**Paying Agents**” means the paying agents named in the Agency Agreement together with any successor or additional paying agents appointed from time to time in connection with the Notes, the Subordinated Notes and the Certificates under the Agency Agreement;

“**Payments Priorities**” means the Pre-Enforcement Payments Priorities and the Post-Enforcement Payments Priorities;

“**Permanent Global Notes**” means the Class A Permanent Global Note, the Class B Permanent Global Note, the Class C Permanent Global Note, the Class D Permanent Global Note and the Class E Permanent Global Note;

“**Placement Agreement**” means the agreement so named dated on or about the Signing Date between, the Issuer, the Beneficial Title Seller, the Legal Title Holder and the Joint Lead Managers;

“**Portfolio Option**” means the option granted to the Portfolio Option Holder documented in the Deed Poll;

“**Portfolio Option Consideration**” has the meaning given to it in the Incorporated Terms Memorandum;

“**Portfolio Option Holder**” means the holder of the highest number of Class Z4 Notes;

“**Portfolio Purchase Available Funds**” means:

- (a) on the Interest Payment Date on or immediately following the Market Portfolio Purchase Completion Date, the Market Portfolio Purchase Price (net of VAT and all other applicable taxes and stamp duty and similar transfer taxes) plus any amounts standing the credit of the General Reserve Fund and the Liquidity Reserve Fund;
- (b) on the Interest Payment Date immediately following the Class Z4 Portfolio Purchase Completion Date, the Portfolio Option Consideration (net of VAT and all other applicable taxes and stamp duty and similar transfer taxes) plus any amounts standing the credit of the General Reserve Fund and the Liquidity Reserve Fund; or
- (c) on the Interest Payment Date which is the Issuer Call Option Completion Date, the Issuer Call Option Amount (net of VAT and all other applicable taxes and stamp duty and similar transfer taxes) plus any amounts standing the credit of the General Reserve Fund and the Liquidity Reserve Fund;

“**Portfolio Purchase Expenses Shortfall Amount**” means:

- (a) in relation to a Market Portfolio Purchase, the greater of zero and:
 - (i) the amount required to satisfy items (a) to (m) (excluding items (f), (h), (j) and (l)), and (u)(ii), (u)(iii) and (u)(iv) of the Pre-Enforcement Revenue Payments Priorities on the Interest Payment Date on or immediately following the Market Portfolio Purchase Completion Date, which would remain unpaid after the application of Available Revenue Funds (without taking into account the amount of any Purchase Revenue Amount); *less*
 - (ii) any amounts standing the credit of the General Reserve Fund and the Liquidity Reserve Fund;
- (b) in relation to a Class Z4 Portfolio Purchase, the greater of zero and:

- (i) the amount required to satisfy items (a) to (m) (excluding items (f), (h), (j) and (l)) and (u)(ii) of the Pre-Enforcement Revenue Payments Priorities on the Interest Payment Date immediately following the Class Z4 Portfolio Purchase Completion Date, which would remain unpaid after the application of Available Revenue Funds (without taking into account the amount of any Purchase Revenue Amount); *less*
- (ii) any amounts standing the credit of the General Reserve Fund and the Liquidity Reserve Fund;
- (c) in relation to an exercise of the Issuer Call Option, the greater of zero and:
 - (i) the amount required to satisfy items (a) to (m) (excluding items (f), (h), (j) and (l)) and (u)(ii) of the Pre-Enforcement Revenue Payments Priorities on the Issuer Call Option Completion Date, which would remain unpaid after the application of Available Revenue Funds (without taking into account the amount of any Purchase Revenue Amount); *less*
 - (ii) any amounts standing the credit of the General Reserve Fund and the Liquidity Reserve Fund;

“Portfolio Purchase Reserve Principal Top-Up Amount” means:

- (a) in relation to a Market Portfolio Purchase, the greater of zero and:
 - (i) the aggregate Principal Amount Outstanding of the Notes as at the Market Portfolio Purchase Completion Date; *less*
 - (ii) the Market Portfolio Purchase Price (net of VAT and all other applicable taxes and stamp duty and similar transfer taxes);
- (b) in relation to a Class Z4 Portfolio Purchase, the greater of zero and:
 - (i) the aggregate Principal Amount Outstanding of the Notes as at the Class Z4 Portfolio Purchase Completion Date; *less*
 - (ii) the Portfolio Option Consideration (net of VAT and all other applicable taxes and stamp duty and similar transfer taxes);
- (c) in relation to an exercise of the Issuer Call Option, the greater of zero and:
 - (i) the aggregate Principal Amount Outstanding of the Notes and the Subordinated Notes as at the Issuer Call Option Completion Date; *less*
 - (ii) the Issuer Call Option Amount (net of VAT and all other applicable taxes and stamp duty and similar transfer taxes);

“Post-Enforcement Payments Priorities” means the provisions relating to the order of priority of payments from the Transaction Account, set out in Clause 16 (*Post-Enforcement Payments Priorities*) of the Security Deed;

“Potential Event of Default” means any event which may become (with the passage of time, the giving of notice, the making of any determination or any combination thereof) an Event of Default;

“Pre-Enforcement Payments Priorities” means the Pre-Enforcement Principal Payments Priorities and the Pre-Enforcement Revenue Payments Priorities;

“Pre-Enforcement Principal Payments Priorities” means the provisions relating to the order of priority of payments from the Principal Ledger set out in Paragraph 16 (*Payments from Principal Ledger on an Interest Payment Date*) of Part 3 of Schedule 1 of the Cash Management Agreement;

“Pre-Enforcement Revenue Payments Priorities” means the provisions relating to the order of priority of payments from the Revenue Ledger set out in Paragraph 15 (*Payments from Revenue Ledger on an Interest Payment Date*) of Part 3 of Schedule 1 of the Cash Management Agreement;

“Principal Addition Amount” means, in relation to an Interest Payment Date to which item (w) of the Pre-Enforcement Revenue Payments Priorities applies, the amount by which the Available Revenue Funds exceed the aggregate of the amounts required to satisfy items (a) to (v) of the Pre-Enforcement Revenue Payments Priorities on that Interest Payment Date;

“Principal Amount Outstanding” means, on any day:

- (a) in relation to the Notes:
 - (i) in relation to a Note, the principal amount of that Note on the Closing Date less the aggregate amount of any principal payments in respect of that Note which have become due and payable (and have been paid) on or prior to that day;
 - (ii) in relation to a Class, the aggregate of the amount in paragraph (i) above in respect of all Notes outstanding in such Class; and
 - (iii) in relation to all the Notes outstanding at any time, the aggregate of the amount in paragraph (i) above in respect of all Notes outstanding;
- (b) in relation to the Subordinated Notes:
 - (i) in relation to a Subordinated Note, the principal amount of that Subordinated Note on the Closing Date less the aggregate amount of any principal payments in respect of that Subordinated Note which have become due and payable (and have been paid) on or prior to that day;
 - (ii) in relation to a Class, the aggregate of the amount in paragraph (i) above in respect of all Subordinated Notes outstanding in such Class; and
 - (iii) in relation to all the Subordinated Notes outstanding at any time, the aggregate of the amount in paragraph (i) above in respect of all Subordinated Notes outstanding; and
- (c) in relation to the Certificates, the number of Certificates outstanding;

“Principal Collections” means all Principal Receipts received by the Issuer;

“Principal Deficiency Ledger” means the ledger in the books of the Issuer so named;

“Principal Ledger” means the ledger in the books of the Issuer so named;

“Principal Loss” means, in relation to any Mortgage Loan on an Interest Payment Date, the amount (if any) determined in good faith by the Servicer on the related Calculation Date in respect of the related Calculation Period as being:

- (a) the amount of a principal nature due in respect of such Mortgage Loan after the earlier of (a) completion of Enforcement Procedures over the related Property or (b) the sale (whether by way of voluntary sale by the mortgagor or following enforcement by or on behalf of the Borrower) of the related Property; or

- (b) any loss to the Issuer as a result of an exercise of any set-off by any Borrower in respect of its Mortgage Loan;

“Principal Outstanding Balance” means:

- (a) in relation to any Mortgage Loan and on any day, the aggregate of:
- (i) the original principal amount advanced to any relevant Borrower pursuant to the related Mortgage Documents together with any further advance of principal, in each case inclusive of fees charged that are added to that Mortgage Loan in connection with the origination of such Mortgage Loan, made to such Borrower pursuant to the related Mortgage Documents; plus
 - (ii) any interest or fees in respect of that Mortgage Loan (other than in connection with the origination of such Mortgage Loan) which are unpaid by the relevant Borrower and have been capitalised; minus
 - (iii) any repayments or reduction of the amounts specified in (i) and (ii) above,
- but after completion of any Enforcement Procedures in relation to a Mortgage Loan, the Principal Outstanding Balance of such Mortgage Loan will be deemed to be zero; and
- (b) in relation to the Mortgage Portfolio and any day, the aggregate of the Principal Outstanding Balances in respect of the Mortgage Loans contained in that Mortgage Portfolio;

“Principal Paying Agent” means Citibank, N.A., London Branch in its capacity as principal paying agent in accordance with the terms of the Agency Agreement;

“Principal Reallocation Amount” means, in relation to any Interest Payment Date, the aggregate amount determined on the related Calculation Date, in accordance with the provisions of Paragraph 16 (*Payments from Principal Ledger on an Interest Payment Date*) of Part 3 of Schedule 1 of the Cash Management Agreement, as being the amount (if any) of Available Principal Funds (excluding any Revenue Reallocation Amount to be credited to the Principal Ledger on such Interest Payment Date) which are to be utilised by the Issuer to reduce or eliminate any Senior Revenue Shortfall on such Interest Payment Date after the making of any Liquidity Reserve Drawing and General Reserve Drawing on such Interest Payment Date;

“Principal Receipts” or **“Principal Receivables”** means, in relation to a Calculation Period, the amount calculated as at the related Calculation Date equal to the aggregate of (without double counting):

- (a) all amounts representing principal repayments under the Mortgage Loans and their Related Security (including capitalised interest, costs, expenses and arrears), received or recovered in respect of the Mortgage Loans and their Related Security during such Calculation Period;
- (b) all Recoveries representing principal repayments under the Mortgage Loans (including capitalised interest, expenses and arrears) recovered upon enforcement of the Related Security during such Calculation Period;
- (c) the net proceeds of the disposal by the Issuer of one or more Mortgage Loans during such Calculation Period (other than the Market Portfolio Purchase Price or Portfolio Option Consideration) to the extent such proceeds constitute principal; and
- (d) all insurance related proceeds received or recovered during such Calculation Period in respect of the Mortgage Loans in the Mortgage Portfolio and their Related Security to which the Issuer

is beneficially entitled to the extent applied towards sums of the type referred to in paragraph (a) or (b) above;

“**Property**” means, in relation to a Mortgage Loan and its related Mortgage, the freehold or leasehold property or (if located in Scotland) the heritable or long lease property charged as security for the repayment of such Mortgage Loan;

“**Prospectus**” means the prospectus dated on or about the Signing Date prepared in connection with the issue by the Issuer of the Notes;

“**Provisional Cut-Off Date**” means 30 June 2015;

“**Provisions for Meetings of Certificateholders**” means the provisions contained in Schedule 8 of the Trust Deed;

“**Provisions for Meetings of Noteholders**” means the provisions contained in Schedule 7 of the Trust Deed;

“**Provisions for Meetings of Subordinated Noteholders**” means the provisions contained in Schedule 7A of the Trust Deed;

“**Prudent Mortgage Servicer**” means a leading regulated mortgage servicer acting prudently in administering mortgage facilities to, and in compliance with all laws applicable to it in connection with mortgage loans made to borrowers in England, Wales, Scotland and Northern Ireland (including, but not limited to, corporate entities, the self-employed, independent contractors, and/or individuals who may have experienced previous credit problems including individuals who generally may not satisfy the lending criteria of other residential mortgage lenders providing first-ranking residential mortgage loans in England, Wales, Scotland and Northern Ireland);

“**Purchase Principal Amount**” means:

- (a) on the Interest Payment Date on or immediately following the Market Portfolio Purchase Completion Date, part of the Portfolio Purchase Available Funds in an amount equal to (A) the Market Portfolio Purchase Price (net of VAT and all other applicable taxes and stamp duty and similar transfer taxes) plus (B) the Portfolio Purchase Reserve Principal Top-Up Amount minus (C) the Portfolio Purchase Expenses Shortfall Amount; or
- (b) on the Interest Payment Date immediately following the Class Z4 Portfolio Purchase Completion Date, part of the Portfolio Purchase Available Funds in an amount equal to the aggregate of (A) the Portfolio Option Consideration (net of VAT and all other applicable taxes and stamp duty and similar transfer taxes) and (B) the Portfolio Purchase Reserve Principal Top-Up Amount minus (C) the Portfolio Purchase Expenses Shortfall Amount; or
- (c) on the Issuer Call Option Completion Date, part of the Portfolio Purchase Available Funds in an amount equal to the aggregate of (A) the Issuer Call Option Amount (net of VAT and all other applicable taxes and stamp duty and similar transfer taxes) and (B) the Portfolio Purchase Reserve Principal Top-Up Amount minus (C) the Portfolio Purchase Expenses Shortfall Amount;

“**Purchase Revenue Amount**” means the Portfolio Purchase Available Funds less the Purchase Principal Amount;

“**Rating Agencies**” means Fitch and S&P and “**Rating Agency**” means any of them;

“**Realisation**” means, in relation to any Charged Property, the deriving, to the fullest extent practicable, of proceeds from or in respect of such Charged Property including (without limitation) through sale or through performance by a Borrower in accordance with the provisions of the Transaction Documents;

“**Receivables**” means the Principal Receivables and the Revenue Receivables;

“**Receiver**” means any receiver, manager, administrative receiver or administrator appointed in respect of the Issuer by the Trustee in accordance with Clause 18.2 (*Appointment of a Receiver*) of the Security Deed;

“**Record Date**” means:

- (a) in respect of any payment, the close of business on the Business Day prior to the relevant date for payment; and
- (b) in respect of a Meeting of Subordinated Noteholders or a Meeting of Certificateholders, such date determined in accordance with Paragraph 2.4 of the Provisions of Meetings for Subordinated Noteholders or Paragraph 2.4 of the Provisions of Meetings for Certificateholders in Schedule 7A and Schedule 8 of the Trust Deed respectively;

“**Recoveries**” means any payments received in respect of a Mortgage Loan after the Servicer has completed the Enforcement Procedures (including enforcement of security) in respect of such Mortgage Loan;

“**Redenomination Date**” means an Interest Payment Date falling on or after the Euro Commencement Date on which the Issuer intends to (or does) redenominate the currency of the Notes into euro;

“**Reference Banks**” means, prior to the Redenomination Date, the principal London office of four major banks in the London interbank market and after the Redenomination Date, the principal Euro-zone office of four major banks in the Euro-zone interbank market, in either case, selected by the Agent Bank in consultation with the Issuer at the relevant time;

“**Reference Rate**” means, on any (save for the final) Interest Determination Date prior to the Redenomination Date, the Sterling Reference Rate and, for the final Interest Determination Date prior to the Redenomination Date and, after the Euro Commencement Date, the Euro Reference Rate;

“**Register**” means the register on which the names and addresses of the holders of the Subordinated Notes and the Certificates and the particulars of the Subordinated Notes and the Certificates shall be entered and kept by the Issuer at the Specified Office of the Registrar pursuant to the Agency Agreement;

“**Registrar**” means the party responsible for maintaining the Register, which at the Closing Date is Citigroup Global Markets Deutschland AG acting in such capacity pursuant to the Agency Agreement;

“**Related Security**” means, in relation to a Mortgage Loan, the Mortgage or Mortgages relating thereto and all other collateral security for, and rights in respect of, such Mortgage Loan which is held on trust for, or assigned or transferred to, the Beneficial Title Seller;

“**Relevant Breach**” means, in relation to a Mortgage Loan, a breach of an Asset Warranty and/or Legal Title Holder Asset Warranty which materially adversely affects either:

- (a) the value of that Mortgage Loan;

- (a) the value of the Property secured by the related Mortgage and therefore materially adversely affects the value of the Mortgage Loan;
- (b) the rights available to a mortgagee or a heritable creditor in respect of the repayment of that Mortgage Loan (including, without limitation, the enforceability of rights against third parties) and therefore materially adversely affects the value of the Mortgage Loan; or
- (c) the amount likely to be received upon a sale or likely to be financed against the security of that Mortgage Loan;

“**Relevant Date**” means, in respect of any payment in relation to the Notes, the Subordinated Notes or the Certificates, whichever is the later of:

- (a) the date on which the payment in question first becomes due; and
- (b) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with the Notices Condition;

“**Relevant Period**” means in relation to an Interest Determination Date, the length in months of the related Interest Period;

“**Relevant Screen**” means a page of the Reuters service or of the Bloomberg service, or of any other medium for the electronic display of data as may be previously approved in writing by the Trustee and as has been notified to the Noteholders in accordance with the Notices Condition;

“**Representative Amount**” means an amount that is representative for a single transaction in the relevant market at the relevant time;

“**Required Paying Agent**” means any Paying Agent (which may be the Principal Paying Agent) which is the sole remaining Paying Agent with its Specified Office in any city where a stock exchange on which the Notes are listed requires there to be a Paying Agent;

“**Reserve Addition Amount**” means, on the Reserve Release Date, the lesser of:

- (a) the amount by which (y) the aggregate of the Available Principal Funds calculated in respect of that related Calculation Date (without taking into account any amounts included under limb (a)(iv) of the definition of Available Principal Funds) and the aggregate amount standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund; exceeds (z) the aggregate of the amounts required to satisfy items (a) to (g) of the Pre-Enforcement Principal Payments Priorities on that Interest Payment Date; and
- (b) the aggregate amount standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund (immediately before the inclusion of the General Reserve Fund and the Liquidity Reserve Fund as Available Principal Funds);

“**Reserve Release Date**” means the first Interest Payment Date on which the aggregate of the amounts standing to the credit balance of the General Reserve Ledger and the Liquidity Reserve Ledger (after recording the debit entry of any Liquidity Reserve Drawing and General Reserve Drawing to be made on that Interest Payment Date) is greater than or equal to the Principal Amount Outstanding of the Notes as at that Interest Payment Date after the application of Available Principal Funds (ignoring for this purpose item (a)(iv) of that definition);

“**Reserved Matter**” means any proposal:

- (a) to change any date fixed for payment of principal or interest (including, for the avoidance of doubt, the Final Maturity Date) or any other amount in respect of the Notes or Subordinated Notes of any Class or the Certificates, to change the amount of principal or interest or any other amount due on any date in respect of the Notes or Subordinated Notes of any Class or the Certificates or to alter the method of calculating the amount of any payment in respect of the Notes or Subordinated Notes of any Class or the Certificates on redemption or maturity;
- (b) (except in accordance with Note Condition 21 (*Substitution of Issuer*) and Clause 18 (*Substitution*) of the Trust Deed) to effect the exchange, conversion or substitution of the Notes or Subordinated Notes of any Class or the Certificates for, or the conversion of such Notes or Certificates into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (c) to change the currency in which amounts due in respect of the Notes or Subordinated Notes of any Class or the Certificates are payable (other than pursuant to redenomination into euro);
- (d) to release any Security, other than as expressly contemplated in the Transaction Documents, other than for fair market value having regard to prevailing market conditions;
- (e) to alter the Payments Priorities or any other amounts in respect of the Notes or Subordinated Notes of any Class or the Certificates;
- (f) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution;
- (g) to restrict the transferability of any Note, Subordinated Note or Certificate; or
- (h) to amend this definition;

“**Residual Payment**” means:

- (a) prior to the delivery of an Enforcement Notice, for an Interest Payment Date, the amount by which Available Revenue Funds exceed the amounts required to satisfy items (a) to (y) of the Pre-Enforcement Revenue Payments Priorities on that Interest Payment Date; and
- (b) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Payments Priorities, the amount by which amounts available for payment in accordance with the Post-Enforcement Payments Priorities exceed the amounts required to satisfy items (a) to (u) of the Post-Enforcement Payments Priorities on that date;

“**Revenue Collections**” means all Revenue Receipts received by the Issuer;

“**Revenue Ledger**” means the ledger in the books of the Issuer so named;

“Revenue Reallocation Amount” means any of a Class A Revenue Reallocation Amount, Class B Revenue Reallocation Amount, Class C Revenue Reallocation Amount, Class D Revenue Reallocation Amount, Class E Revenue Reallocation Amount, Class Z1 Revenue Reallocation Amount, Class Z2 Revenue Reallocation Amount, Class Z3 Revenue Reallocation Amount or Class Z4 Revenue Reallocation Amount;

“Revenue Receipts” or **“Revenue Receivables”** means, in relation to a Calculation Period, the aggregate (without double counting) of:

- (a) all amounts representing interest, fees and charges received or recovered in respect of the Mortgage Loans and their Related Security during such Calculation Period;
- (b) any Recoveries received during such Calculation Period other than such as are referred to under paragraph (b) of the definition of “Principal Receipts”;
- (c) the net proceeds of disposal of any Mortgage Loan or the related Property (other than the Market Portfolio Purchase Price or Portfolio Option Consideration) or any amounts recovered from third parties received by the Issuer during such Calculation Period to the extent such proceeds are not attributable to principal;
- (d) all insurance related proceeds received or recovered during such Calculation Period in respect of the Mortgage Loans and their Related Security to which the Issuer is beneficially entitled to the extent applied towards sums of the type referred to in paragraph (a) or (b) above;
- (e) any sums received or recovered in connection with an Asset Warranty Claim during such Calculation Period;
- (f) any amounts representing income from Eligible Investments credited to the Transaction Account during the immediately preceding Calculation Period; and
- (g) any interest on the credit balance of the Collection Accounts from time to time and credited to the Collection Accounts during such Calculation Period;

“Revenue Shortfall” means, as at any Interest Payment Date, an amount equal to (a) minus (b) where:

- (a) is the amount of the Available Revenue Funds calculated in respect of the related Calculation Period, but:
 - (i) (for the purposes of calculating a Liquidity Reserve Drawing) without taking into account the amount of any Liquidity Reserve Drawing, General Reserve Drawing or Principal Reallocation Amount, to be recorded as a credit entry on the Revenue Ledger on such Interest Payment Date;
 - (ii) (for the purposes of calculating a General Reserve Drawing) taking into account any Liquidity Reserve Drawing but without taking into account the amount of any General Reserve Drawing or Principal Reallocation Amount, to be recorded as a credit entry on the Revenue Ledger on such Interest Payment Date;
 - (iii) (for the purposes of calculating a Principal Reallocation Amount) taking into account the amount of any Liquidity Reserve Drawing and General Reserve Drawing but without taking into account the amount of any Principal Reallocation Amount, to be recorded as a credit entry on the Revenue Ledger on such Interest Payment Date; and
- (b) is the aggregate of the amounts required by the Issuer to pay or to provide in full on such Interest Payment Date for the items falling in:

- (i) (for the purposes of calculating a Liquidity Reserve Drawing) items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities and (y) prior to redemption in full of the Class A Notes, any Interest Amount due and payable in respect of the Class A Notes; or otherwise (z) any Interest Amount due and payable in respect of the Most Senior Class of Notes;
- (ii) (for the purposes of calculating a General Reserve Drawing) items (a) to (n) of the Pre-Enforcement Revenue Payments Priorities; and
- (iii) (for the purposes of calculating a Principal Reallocation Amount):
 - (I) prior to the redemption in full of the Class A Notes, (A) items (a) to (e) of the Pre-Enforcement Revenue Payments Priorities, and (B) item (g) of the Pre-Enforcement Revenue Payments Priorities, provided that, if the Class A Notes remain outstanding, item (g) of the Pre-Enforcement Revenue Payments Priorities shall only be taken into account for the purposes of calculating a Principal Reallocation Amount if the debit balance on the Class B Principal Deficiency Sub-Ledger is less than or equal to 80 per cent. of the Principal Amount Outstanding of the Class B Notes on the relevant Interest Payment Date,
 - (II) following the redemption in full of the Class A Notes, items (a) to (d) of the Pre-Enforcement Revenue Payments Priorities and any Interest Amount due and payable in respect of the Most Senior Class of Notes,

provided that no Revenue Shortfall will arise if the amount of (a) minus (b) is equal to or greater than zero, in which case (i) a Liquidity Reserve Drawing or a General Reserve Drawing shall not be made and (ii) no Principal Reallocation Amount will be applied in accordance with the Pre-Enforcement Revenue Payments Priorities;

“**Rounded Arithmetic Mean**” means the arithmetic mean (rounded, if necessary, to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards);

“**S&P**” means Standard & Poor’s Credit Market Services Europe Limited;

“**Scottish Declaration of Trust**” means each declaration of trust made pursuant to the Mortgage Sale Agreement by means of which the beneficial interest in the Scottish Mortgage Loans (together with the Scottish Related Security) is held on trust by the Legal Title Holder for the Issuer substantially in the form set out in Schedule 10 to the Mortgage Sale Agreement entitled “Form of Scottish Declaration of Trust”;

“**Scottish Mortgage**” means a Standard Security over a Scottish Property securing a Scottish Mortgage Loan and all principal sums, interest, costs and other amounts secured or intended to be secured by that Standard Security;

“**Scottish Mortgage Loan**” means a Mortgage Loan secured by an Encumbrance over a Scottish Property;

“**Scottish Property**” means a Property located in Scotland;

“**Scottish Related Security**” means the Scottish Mortgages and their Related Security relating to Scottish Mortgage Loans;

“**Screen**” means, in relation to Sterling, the display as quoted on the Reuters page LIBOR01 and, in relation to euro, the display as quoted on the Reuters page EURIBOR01; or

- (a) such other page as may replace Reuters page LIBOR01 or, as the case may be, Reuters page EURIBOR01 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 Trustee) as may replace such screen;

“**Secured Amounts**” means the aggregate of all monies and Liabilities which from time to time are or may become due, owing or payable by the Issuer to each, some or any of the Secured Creditors under the Notes, the Subordinated Notes, the Certificates or the Transaction Documents;

“**Secured Creditors**” means (i) the Trustee in its own capacity and as trustee on behalf of those persons listed as entitled to payment in Clause 16 (*Post-Enforcement Payments Priorities*) of the Security Deed and (ii) each such person so listed;

“**Security**” means the security created in favour of the Trustee pursuant to the Security Deed;

“**Security Deed**” means the deed so named dated on or about the Closing Date between the Issuer, the Trustee and the Legal Title Holder (including any security documents supplemental thereto);

“**Seller Covenants**” means the covenants of the Beneficial Title Seller set out in Schedule 5 to the Incorporated Terms Memorandum and the covenants of the Legal Title Holder set out in Schedule 6 to the Incorporated Terms Memorandum;

“**Seller Warranties**” means the representations and warranties set forth in Schedule 3 (*Beneficial Title Seller’s and Legal Title Holder’s Representations and Warranties*) to the Incorporated Terms Memorandum;

“**Sellers**” means the Beneficial Title Seller and the Legal Title Holder;

“**Semi-Commercial**” with respect to a property means a property which is used for predominantly residential, but also for commercial purposes, and with respect to a mortgage loan means a mortgage loan which is secured by a Mortgage over such a property;

“**Senior Revenue Shortfall**” means a Revenue Shortfall for the purposes of calculating a Liquidity Reserve Drawing or a Principal Reallocation Amount;

“**Servicer**” means Mars Capital Finance Limited in its capacity as servicer in accordance with the terms of the Servicing Agreement or any replacement servicer;

“**Servicer Fees**” means the fees, costs and expenses due and payable by the Issuer to the Servicer in accordance with the Servicing Agreement;

“**Servicer Liabilities**” means any and all of:

- (a) amounts due to the Servicer in connection with the enforcement of any Mortgage Loan and/or the protection or enforcement of the Trustee’s rights and remedies in relation to such enforcement in the immediately preceding Calculation Period; and
- (b) any other Liabilities properly and reasonably incurred by or on behalf of the Servicer in connection with the performance of the Servicer’s functions under the Servicing Agreement (including without limitation, any costs, expenses and charges payable by the Issuer to the Servicer in accordance with the Servicing Agreement but excluding any amounts already paid to the Servicer from the Servicer Expense Account in satisfaction of such costs, expenses and charges);

“**Servicing Agreement**” means the agreement so named dated on or about the Closing Date between the Issuer, the Servicer, the Legal Title Holder and the Trustee, as amended and restated from time to time;

“**Share Trust Deed**” means the deed so named dated 28 July 2015 and executed by the Share Trustee;

“**Share Trustee**” means SFM Corporate Services Limited as share trustee of one share in the Issuer or the trustee or trustees for the time being of the Share Trust Deed;

“**Signing Date**” means on or about 18 August 2015;

“**Signing Transaction Documents**” means the Prospectus and the Placement Agreement;

“**Specified Office**” means, in relation to any Agent:

- (a) the office specified against its name in the Notices Details; or
- (b) such other office as such Agent may specify in accordance with Clause 14.8 (*Changes in Specified Offices*) of the Agency Agreement;

“**SPV Criteria**” means the criteria established from time to time by the Rating Agencies for a single purpose company in the Issuer Jurisdiction;

“**Standard Security**” means a heritable security created by a standard security over any interest in land in Scotland in terms of the Conveyancing and Feudal Reform (Scotland) Act 1970;

“**Step-Up Margin**” means:

- (a) in respect of the Class A Notes, 2.1000 per cent. per annum;
- (b) in respect of the Class B Notes, 2.4500 per cent. per annum;
- (c) in respect of the Class C Notes, 2.9750 per cent. per annum;
- (d) in respect of the Class D Notes, 3.9375 per cent. per annum; and
- (e) in respect of the Class E Notes, 5.1625 per cent. per annum;

“**Sterling**” and “**£**” denote the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;

“**Sterling Reference Rate**” means, on any Interest Determination Date falling more than two Business Days prior to the Redenomination Date, the rate determined by the Agent Bank by reference to the Sterling Screen Rate on such date or if, on such date, the Sterling Screen Rate is unavailable:

- (a) the Rounded Arithmetic Mean of the offered quotations as at or about 11:00 a.m. (London time) on that date of the Reference Banks to major banks for Sterling deposits for the Relevant Period in the London interbank market in the Representative Amount determined by the Agent Bank after request of the principal London office of each of the Reference Banks;
- (b) if, on such date, two or three only of the Reference Banks provide such quotations, the rate determined in accordance with paragraph (a) above on the basis of the quotations of those Reference Banks providing such quotations; or
- (c) if, on such date, one only or none of the Reference Banks provide such a quotation, the Sterling Reserve Reference Rate;

“**Sterling Reserve Reference Rate**” means on any Interest Determination Date falling more than two Business Days prior to the Redenomination Date:

- (a) the Rounded Arithmetic Mean of the rates at which deposits in Sterling are offered in the London interbank market at approximately 11:00 a.m. (London time) on the Interest Determination Date by the principal London office of each of four major banks selected by the Agent Bank in consultation with the Issuer for Sterling loans for the Relevant Period in the Representative Amount to major European banks; or
- (b) if the Agent Bank certifies that it cannot determine such Rounded Arithmetic Mean as aforesaid, the Sterling Reference Rate in effect for the Interest Period ending on the Business Day immediately preceding the related Interest Determination Date;

“**Sterling Screen Rate**” means:

- (a) in relation to the first Interest Determination Date, the linear interpolation (by reference to the first Interest Period) of the offered quotation for Sterling deposits for a period of three months and for a period of six months;
- (b) for any other Interest Determination Dates, the offered quotations for Sterling deposits for the Relevant Period,

in each case, which appears on the Screen as at or about 11:00 a.m. (London time) on that date;

“**Stock Exchange**” means The Irish Stock Exchange p.l.c.;

“**Subordinated Note Conditions**” means the terms and conditions to be endorsed on the Subordinated Notes in, or substantially in, the form set out in Schedule 5A of the Trust Deed as any of the same may from time to time be modified in accordance with the Trust Deed and any reference to a particular numbered Subordinated Note Condition shall be construed accordingly;

“**Subordinated Noteholders**” means the Class Z1 Noteholders, the Class Z2 Noteholders, the Class Z3 Noteholders and the Class Z4 Noteholders;

“**Subordinated Notes**” means the Class Z1 Notes, the Class Z2 Notes, the Class Z3 Notes and the Class Z4 Notes;

“**Substituted Obligor**” means a single purpose company incorporated in any jurisdiction that meets the SPV Criteria;

“**TARGET2 Settlement Day**” means any day on which the TARGET2 system is open for the settlement of payments in euro;

“**TARGET2 system**” means the Trans European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

“**Tax**” shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same, but excluding taxes on net income) imposed or levied by or on behalf of (or pursuant to any agreement with) any Tax Authority and “**Taxes**”, “**taxation**”, “**taxable**” and comparable expressions shall be construed accordingly;

“**Tax Authority**” means any government, state or municipality or any local, state, federal or other authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function (including, without limitation, Her Majesty’s Revenue and Customs);

“**Tax Deduction**” means any deduction or withholding on account of Tax;

“**Temporary Global Notes**” means the Class A Temporary Global Note, the Class B Temporary Global Note, the Class C Temporary Global Note, the Class D Temporary Global Note and the Class E Temporary Global Note;

“**Transaction Account**” means the sterling account so named specified in the Account Details or such other account or accounts as may, with the prior written consent of the Trustee, be designated by the Issuer as such account;

“**Transaction Account Agreement**” means the agreement so named dated on or about the Closing Date between the Issuer, the Cash Manager, the Transaction Account Bank and the Trustee;

“**Transaction Account Bank**” means Citibank, N.A., London Branch in its capacity as account bank in accordance with the terms of the Transaction Account Agreement;

“**Transaction Account Bank Fees**” means the fees, costs and expenses of the Transaction Account Bank for the operation of the Transaction Account as determined in accordance with the Transaction Account Agreement;

“**Transaction Account Bank Liabilities**” means any Liabilities due and payable to the Transaction Account Bank in accordance with the terms of the Transaction Account Agreement;

“**Transaction Documents**” means the Signing Transaction Documents, the Closing Transaction Documents and any document designated as such by the Issuer and the Trustee;

“**Transaction Party**” means any person who is a party to a Transaction Document and “**Transaction Parties**” means some or all of them;

“**Treaty**” means the Treaty on the Functioning of the European Union;

“**Trust Deed**” means the deed so named dated on or about the Closing Date between the Issuer and the Trustee;

“**Trust Documents**” means the Trust Deed and the Security Deed and (unless the context requires otherwise) includes any deed or other document executed in accordance with or pursuant to the provisions of the Trust Deed or (as applicable) the Security Deed and expressed to be supplemental to the Trust Deed or the Security Deed (as applicable);

“**Trust Proceeds**” means all recoveries, receipts and benefits received by the Trustee by virtue of the Trust Property save for monies or other assets which it is entitled to retain for its own account or which are earmarked for receipt by a third party other than as part of the Trust Property;

“**Trust Property**” means the Covenant to Pay, the Issuer Covenants, the Seller Covenants, the Issuer Warranties, the Seller Warranties, the Security, all proceeds of the Security and any other rights conferred on the Trustee on behalf of the Secured Creditors under the Transaction Documents;

“**Trustee**” means Citicorp Trustee Company Limited in its capacity as trustee under the Trust Deed;

“**Trustee Fees**” means the fees payable by the Issuer to the Trustee, together with interest payable thereon in accordance with the terms of the Trust Deed;

“**Trustee Liabilities**” means any Liabilities due and payable by the Issuer to the Trustee in accordance with the terms of the Trust Deed together with interest payable thereon in accordance with the terms of the Trust Deed;

“**VAT**” means:

- (a) any tax imposed in compliance with the council directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112) (including, in relation to the United Kingdom, value added tax imposed by VATA and legislation and regulations supplemental thereto); and
- (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in (a), or elsewhere;

“**VATA**” means the Value Added Tax Act 1994; and

“**Written Resolution**” means:

- (a) in the case of a Class of Notes, a resolution in writing signed by or on behalf of holders of not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class of Notes for the time being outstanding, who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for the Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes of such Class;
- (b) in the case of a Class of Subordinated Notes, a resolution in writing signed by or on behalf of holders of not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class of Subordinated Notes for the time being outstanding, who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for the Meetings of Subordinated Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Subordinated Notes of such Class; or
- (c) in the case of the Certificates, a resolution in writing signed by or on behalf of all holders of the Certificates for the time being outstanding who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for the Meetings of Certificateholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Certificates.

2.2 **Interpretation**

Any reference in the Note Conditions to:

a “**Class**” shall be a reference to:

- (i) in relation to the Notes, a class of the Notes being the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes; and
- (ii) in relation to the Subordinated Notes, a class of the Subordinated Notes being the Class Z1 Notes, the Class Z2 Notes, the Class Z3 Notes or the Class Z4 Notes,

and “**Classes**” shall be construed accordingly;

“**continuing**”, in respect of an Event of Default, shall be construed as a reference to an Event of Default which has not been waived in writing in accordance with the terms of the Note Conditions or, as the case may be, the relevant Transaction Document or which has not been remedied;

“**including**” shall be construed as a reference to “**including without limitation**”, so that any list of items or matters appearing after the word “**including**” shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word “including”;

“**indebtedness**” shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a “**law**” shall be construed as any law (including common or customary law), statute, constitution, decree, judgment, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court;

a “**person**” shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;

“**principal**” shall, where applicable, include premium;

“**reasonable**” or “**reasonably**” and similar expressions when used in any of the Transaction Documents relating to the Trustee and any exercise of power, opinion, determination or other similar matter shall be construed as meaning reasonable or reasonably (as the case may be) having regard to, and taking into account the interests of the Noteholders only, and “**acting reasonably**” means, in relation to the Trustee, if acting reasonably in the interests of the Noteholders;

“**redeem**” and “**pay**” shall each include both of the others and “**redeemed**”, “**redeemable**” and “**redemption**” and “**paid**”, “**payable**” and “**payment**” shall be construed accordingly;

“**set-off**” includes equivalent or analogous rights under jurisdictions other than England and Wales;

a “**successor**” of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred; and

a reference to any person defined as a “**Transaction Party**” in the Note Conditions shall be construed so as to include its and any subsequent successors and permitted transferees in accordance with their respective interests.

2.3 ***Transaction Documents and other agreements***

Any reference to any document defined as a Transaction Document or any other agreement or document shall be construed as a reference to such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated, supplemented or replaced.

2.4 ***Statutes and Treaties***

Any reference to a statute or treaty shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted.

2.5 ***Schedules***

Any Schedule of, or Appendix to, a Transaction Document forms part of such Transaction Document and shall have the same force and effect as if the provisions of such Schedule or Appendix were set out

in the body of such Transaction Document. Any reference to a Transaction Document shall include any such Schedule or Appendix.

2.6 **Headings**

Note Condition headings are for ease of reference only.

2.7 **Sections**

Except as otherwise specified in the Note Condition, reference in the Note Conditions to:

2.7.1 a “**Section**” shall be construed as a reference to a Section of such Transaction Document;

2.7.2 a “**Part**” shall be construed as a reference to a Part of such Transaction Document;

2.7.3 a “**Schedule**” shall be construed as a reference to a Schedule of such Transaction Document;

2.7.4 a “**Clause**” shall be construed as a reference to a Clause of a Part or Section (as applicable) of such Transaction Document; and

2.7.5 a “**Paragraph**” shall be construed as a reference to a Paragraph of a Schedule of such Transaction Document.

2.8 **Number**

In any Transaction Document, save where the context otherwise requires, words importing the singular number include the plural and vice versa.

3 **Form, Denomination and Title**

3.1 **Form and Denomination**

The Notes are in bearer form in the Minimum Denomination with Coupons attached at the time of issue. Title to the Global Notes, the Definitive Notes and the Coupons will pass by delivery.

3.2 **Title**

The holder of any Global Note, Definitive Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (including the making of any payment) whether or not any payment is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof and no person shall be liable for so treating such holder.

3.3 **Redenomination**

After the Euro Commencement Date and redenomination of the Notes pursuant to Note Condition 17 (*Redenomination, Renominalisation and Reconventioning*):

3.3.1 if Definitive Notes are required to be issued, they shall be issued at the expense of the Issuer in the Minimum Denomination or such other denomination as the Issuer, with the consent of the Trustee, shall determine and notify to the Noteholders in accordance with the Notices Condition; and

3.3.2 the amount of interest due in respect of the Notes will be calculated by reference to the Principal Amount Outstanding of such Notes and the amount of such payment shall be rounded down to the nearest €0.01.

4 Status and Ranking

4.1 Status

The Notes and the Coupons relating thereto constitute secured obligations of the Issuer.

4.2 Ranking

The Notes in each Class will at all times rank without preference or priority *pari passu* and rateably amongst themselves.

4.3 Sole Obligations

The Notes and the Coupons are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other Transaction Parties.

4.4 Pre-Enforcement Revenue Payments Priorities

Payments of interest on the Class A Notes will at all times rank in priority to payments of interest on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and Residual Payments to the Certificates; payments of interest on the Class B Notes will at all times rank in priority to payments of interest on the Class C Notes, the Class D Notes, the Class E Notes and Residual Payments to the Certificates; payments of interest on the Class C Notes will at all times rank in priority to payments of interest on the Class D Notes, the Class E Notes Residual Payments to the Certificates; payments of interest on the Class D Notes will at all times rank in priority to payments of interest on the Class E Notes and Residual Payments to the Certificates and payment of interest on the Class E Notes will at all times rank in priority to Residual Payments to the Certificates, in each case in accordance with the Pre-Enforcement Revenue Payments Priorities.

4.5 Payment Priorities

Prior to the delivery of an Enforcement Notice, the Issuer is required to apply Available Revenue Funds and Available Principal Funds in accordance with the applicable Pre-Enforcement Payments Priorities. Following the delivery of an Enforcement Notice, the Issuer is required to apply Trust Proceeds in accordance with the Post-Enforcement Payments Priorities.

5 Security

5.1 Security

The Notes are secured by the Security.

5.2 Enforceability

The Security will become enforceable upon the delivery by the Trustee of an Enforcement Notice in accordance with Note Condition 12 (*Events of Default*) and subject to the matters referred to in Note Condition 13 (*Enforcement*).

6 Issuer Covenants

The Issuer makes the Issuer Covenants in favour of the Trustee, which, amongst other things, restrict the ability of the Issuer to create or incur any indebtedness (save as permitted in the Trust Deed), dispose of assets or change the nature of its business. So long as any Note remains outstanding, the Issuer shall comply with the Issuer Covenants.

7 Interest

7.1 *Accrual of Interest*

Each Note bears interest on its Principal Amount Outstanding from the Closing Date.

7.2 *Cessation of Interest*

Each Class of Notes shall cease to bear interest from its due date for final redemption unless, upon due presentation, payment of the principal is improperly withheld or refused, in which case, it will continue to bear interest in accordance with this Note Condition (both before and after judgment) until whichever is the earlier of:

7.2.1 the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and

7.2.2 the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders of such Class that it has received all sums due in respect of the Notes of such Class up to such seventh day (except to the extent that there is any subsequent default in payment).

7.3 *Calculation Period of less than 1 year*

Whenever it is necessary to compute an amount of interest in respect of any Note for a period of less than a full year, such interest shall be calculated on the basis of the applicable Day Count Fraction.

7.4 *Interest Payments*

Interest on each Class of Notes is payable in Sterling (or, after the Redenomination Date, in euro) in arrear on each Interest Payment Date commencing on the First Interest Payment Date, in an amount equal to the Interest Amount in respect of such Note for the Interest Period ending on the day immediately preceding such Interest Payment Date.

7.5 *Calculation of Interest Amount*

Upon or as soon as practicable after each Interest Determination Date, the Issuer shall calculate (or shall cause the Agent Bank to calculate) the Interest Amount payable on each Class of Notes for the related Interest Period.

7.6 *Notification of Note Rate, Interest Amount and Interest Payment Date*

As soon as practicable after each Interest Determination Date, the Agent Bank will cause:

7.6.1 the Note Rate for each Class of the Notes for the related Interest Period;

7.6.2 the Interest Amount for each Class of the Notes for the related Interest Period; and

7.6.3 the Interest Payment Date next following the related Interest Period,

to be notified to the Issuer, the Cash Manager, the Trustee, the Principal Paying Agent and, for so long as the relevant Notes are listed on the Stock Exchange, the Stock Exchange.

7.7 *Publication of Note Rate, Interest Amount and Interest Payment Date*

As soon as practicable after receiving each notification of the Note Rate, the Interest Amount and the Interest Payment Date in accordance with Note Condition 7.6 (*Notification of Note Rate, Interest Amount and Interest Payment Date*), the Issuer will cause such Note Rate for each Class of Notes and the Interest Amount for each Class of Notes and the next following Interest Payment Date to be published by the Principal Paying Agent in accordance with the Notices Condition.

7.8 ***Amendments to Publications***

The Note Rate and the Interest Amount for each Class of Notes and the Interest Payment Date so published 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 relevant Interest Period.

7.9 ***Determination or Calculation by Trustee***

If neither the Issuer nor the Agent Bank (as applicable) at any time for any reason determines the Note Rate for each Class of Notes or the Interest Amount for each Class of Notes in accordance with this Note Condition, the Trustee (or its Appointee) may (but without any liability accruing to the Trustee or its Appointee as a result):

- 7.9.1 determine the Note Rate for such Class at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Note Condition), it shall deem fair and reasonable in all the circumstances; and/or
- 7.9.2 calculate the Interest Amount for such Class in the manner specified in this Note Condition, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.

7.10 ***Interest Deferred***

To the extent that funds available to the Issuer to pay Interest Amounts due and payable on any Note other than the Most Senior Class of Notes on an Interest Payment Date are insufficient to pay the full amount of such Interest Amounts, payment of the shortfall in respect of such Interest Amounts (“**Deferred Interest Amount Arrears**”) will not then fall due but will instead be deferred until the first Interest Payment Date thereafter on which funds are available to the Issuer (after allowing for the Issuer’s liabilities of higher priority in accordance with the Payments Priorities and subject to and in accordance with these Note Conditions) to fund the payment of some or all of the Deferred Interest Amount Arrears, and will fall due on such Interest Payment Date to the extent of such available funds.

7.11 ***Notification of Deferred Interest Amount Arrears***

If, on any Calculation Date, the Issuer shall determine that any Deferred Interest Amount Arrears will arise on the immediately succeeding Interest Payment Date, notice to this effect shall be given by the Issuer in accordance with the Notices Condition, specifying the amount of Deferred Interest Amount Arrears in respect of each Class to be deferred on such following Interest Payment Date in respect of each relevant Note.

7.12 ***Additional Interest***

- 7.12.1 Any Deferred Interest Amount Arrears in respect of a Class shall bear interest (“**Additional Interest**”) during the period from (and including) the due date therefor in respect of such Class in respect of the relevant amount. Additional Interest shall accrue from day to day at the Note Rate from time to time applicable to the relevant Class and shall be deferred until the first Interest Payment Date thereafter on which funds are available (subject to and in accordance with these Note Conditions and after allowing for the Issuer’s liabilities of a higher priority in accordance with the Payments Priorities) to the Issuer to pay such Additional Interest, to the extent of such available funds.
- 7.12.2 Payment of Deferred Interest Amount Arrears and Additional Interest shall not be deferred beyond the Final Maturity Date or beyond any earlier date on which the relevant Notes fall to be redeemed in full in accordance with Note Condition 8 (*Final Redemption, Mandatory*

Redemption in part and Cancellation) and any such amount which has not then been paid shall thereupon become due and payable in full.

7.13 *Notification of Availability for Payment*

The Issuer shall cause notice of the availability for payment of any Deferred Interest Amount Arrears in respect of a Class and interest thereon (and date for payment thereof in respect of such Class) to be published in accordance with the Notices Condition.

7.14 *Calculations final and binding*

Each calculation by or on behalf of the Issuer or by the Trustee pursuant to Note Condition 7.9.2 of any Interest Amount payable on each Class of Notes for the related Interest Period shall (in the absence of any Breach of Duty) be final and binding on all persons.

8 Final Redemption, Mandatory Redemption in part and Cancellation

8.1 *Final Redemption*

Unless previously redeemed and cancelled as provided in this Note Condition, the Issuer shall redeem the Notes in each Class at their Principal Amount Outstanding on the Final Maturity Date together with any accrued (and unpaid) interest up to (and including) the Final Maturity Date.

8.2 *Redemption by Class Z4 Portfolio Purchase or Market Portfolio Purchase*

On the occurrence of a Class Z4 Portfolio Purchase or a Market Portfolio Purchase, the consideration received by the Issuer will be applied in accordance with the Pre-Enforcement Payments Priorities on the immediately succeeding Interest Payment Date with the result that the Notes will be redeemed in full in accordance with this Note Condition 8.2 (Redemption by Class Z4 Portfolio Purchase or Market Portfolio Purchase).

8.3 *Mandatory Redemption in part*

On each Interest Payment Date prior to the delivery of an Enforcement Notice, the Issuer is required to apply Available Principal Funds in accordance with the Pre-Enforcement Principal Payments Priorities, which shall include the redemption of the Notes to the extent that there are such amounts available to do so in accordance with the Pre-Enforcement Principal Payments Priorities.

8.4 *Calculation of Note Principal Payment and Principal Amount Outstanding*

Not later than the Cash Manager Determination Date, the Issuer shall cause the Cash Manager to calculate (and the Cash Manager will calculate on behalf of the Issuer):

8.4.1 the aggregate of the Note Principal Payments due in relation to each Note of each Class on the Interest Payment Date immediately succeeding such Cash Manager Determination Date; and

8.4.2 the Principal Amount Outstanding of each Note of each Class on the Interest Payment Date immediately succeeding such Cash Manager Determination Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date in relation to such Class).

8.5 *Calculations final and binding*

Each calculation by or on behalf of the Issuer of any Note Principal Payment or of the Principal Amount Outstanding of a Note of each Class shall in each case (in the absence of any Breach of Duty) be final and binding on all persons.

8.6 *Trustee to determine amounts in case of Issuer default*

If the Issuer does not at any time for any reason calculate (or cause the Cash Manager to calculate) any Note Principal Payment due in relation to each Note of each Class or the Principal Amount Outstanding in relation to each Note of each Class in accordance with this Note Condition, such amounts may be calculated by the Trustee or its Appointee (without any liability accruing to the Trustee or its Appointee as a result) in accordance with this Note Condition (based on information supplied to it by the Issuer or the Cash Manager) and each such calculation shall be deemed to have been made by the Issuer.

8.7 *Notice of Calculation*

The Issuer will cause each calculation of the aggregate of the Note Principal Payment due in relation to each Class of Notes or the Principal Amount Outstanding in relation to each Note to be notified immediately after calculation by the Cash Manager to the Trustee, the Agents and, for so long as the Notes are listed on the Stock Exchange, the Stock Exchange, and will immediately cause details of each such calculation of the Principal Amount Outstanding in relation to each Class of Notes to be published in accordance with the Notices Condition by not later than three Business Days prior to each Interest Payment Date.

8.8 *Notice of no Note Principal Payment*

If no Note Principal Payment is due to be made on the Notes in relation to any Class on any Interest Payment Date, a notice to this effect will be given to the Noteholders in accordance with the Notices Condition by not later than three Business Days prior to such Interest Payment Date.

8.9 *Notice irrevocable*

Any such notice as is referred to in Note Condition 8.7 (*Notice of Calculation*) shall be irrevocable and the Issuer shall be bound to redeem the Notes to which such notice relates in an amount equal to the Note Principal Payment in respect of each Note calculated in respect of the relevant Interest Payment Date if effected pursuant to Note Condition 8.3 (*Mandatory Redemption in part*).

8.10 *Cancellation of redeemed Notes*

All Notes redeemed in full will be cancelled forthwith by the Issuer together with all unmatured Coupons appertaining thereto or surrendered therewith, and no Global Notes, Definitive Notes or Coupons may be reissued or resold.

8.11 *Agents*

The Issuer shall ensure that, so long as any of the Notes remain outstanding there shall at all times be an Agent Bank and a Principal Paying Agent. In the event of an Agent being unable or unwilling to continue to act as an Agent, the Issuer shall appoint such other person as may be previously approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign until a successor agent bank is appointed in accordance with the Agency Agreement. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given by the Issuer to the Noteholders in accordance with the Notices Condition.

8.12 *Issuer Call Option*

Subject to:

- 8.12.1 no Exercise Notice having been delivered prior to the Optional Redemption Date (except for any Exercise Notice which has been delivered but has not been accepted by the Issuer or where the exercise of the Portfolio Option has been cancelled);
- 8.12.2 no Enforcement Notice having been delivered; and
- 8.12.3 the Issuer having, immediately prior to giving such notice, certified to the Trustee that it will have the necessary funds to pay the aggregate Principal Amount Outstanding of the Notes and the Subordinated Notes as at the Issuer Call Option Completion Date plus an amount not less than the amount required to satisfy items (a) to (m) (excluding items (f), (h), (j) and (l)) and (u)(ii) of the Pre-Enforcement Revenue Payments Priorities on the Issuer Call Option Completion Date (such certification to be provided by way of certificate signed by two directors of the Issuer),

the Issuer may, on giving not more than 10 Business Days and no less than 5 Business Days notice to the Trustee, redeem on an Issuer Optional Redemption Date all of the Notes and Subordinated Notes.

9 Limited Recourse

9.1 If at any time following:

9.1.1 the occurrence of either:

- (a) the Final Maturity Date or any earlier date upon which all of the Notes are due and payable; or
- (b) the service of an Enforcement Notice; and

9.1.2 realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Payments Priorities,

the proceeds of such Realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Payments Priorities, to pay in full all amounts then due and payable under any Class of Notes then the amount remaining to be paid (after such application in full of the amounts first referred to in paragraph 9.1.2 above) under such Class of Notes (and any Class of Notes junior to that Class of Notes) shall, on the day following such application in full of the amounts referred to in paragraph 9.1.2 above, cease to be due and payable by the Issuer.

10 Payments

10.1 *Principal*

Payments of principal shall be made only against:

- 10.1.1 (in the case of final redemption, provided that payment is made in full) presentation and surrender of the relevant Notes; and
- 10.1.2 in respect of any Note Principal Payment which becomes due on an Interest Payment Date, presentation and endorsement of the relevant Notes,

at the Specified Office of any Paying Agent outside the United States, prior to the Redenomination Date, by cheque drawn in Sterling, or by transfer to an account in Sterling maintained by the payee with a bank in London or, after the Redenomination Date, by cheque drawn in euro or by transfer to an

account in euro maintained by the payee with a bank in a city in which banks have access to the TARGET2 system.

10.2 ***Interest***

Payments of interest shall, subject to Note Condition 10.5 (*Payments on business days*), be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Note Condition 10.1 (*Principal*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

10.3 ***Payments subject to fiscal laws***

A payment will be subject in all cases to any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer agrees to be subject, and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements.

10.4 ***Unmatured Coupons Void***

On the due date for final redemption of any Note pursuant to Note Condition 8.3 (*Mandatory Redemption in part*) or Note Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

10.5 ***Payments on business days***

If any Note or Coupon is presented for payment on a day which is not a business day in the place of presentation, payment shall not be made on such day but on the next succeeding business day in such place and no further interest or other payment in respect of any such delay shall be due in respect of such Note or Coupon.

10.6 ***Business Days***

In this Note Condition 10, “**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 an account in Sterling, or after the Redenomination Date, in euro, as referred to above, on which dealings in foreign currencies may be carried on both in London and in such place of presentation or, after the Redenomination Date, on which the TARGET2 system is open.

10.7 ***Other Interest***

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.

10.8 ***Partial Payments***

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse on such Note or Coupon a statement indicating the amount and date of such payment.

10.9 ***Notifications to be final***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of these Note Conditions, whether by the Reference Banks (or any of them), the Cash Manager, the Paying Agents, the Agent Bank or the Trustee shall (in

the absence of any Breach of Duty, or manifest error) be binding on the Issuer and all Noteholders and Couponholders and (in the absence of any Breach of Duty or manifest error) no liability to the Trustee, the Noteholders or the Couponholders shall attach to the Reference Banks, the Cash Manager, the Agents, or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under these Note Conditions.

11 Taxation

11.1 *Payments free of Tax*

All payments of principal and interest in respect of the Notes or Coupons shall be made free and clear of, and without withholding or deduction for, any Taxes imposed, levied, collected, withheld or assessed, unless the Issuer, the Trustee or the Paying Agents (as the case may be) are required by law to make any Tax Deduction. In that event, the Issuer, the Trustee or the Paying Agents (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted.

11.2 *No payment of additional amounts*

None of the Issuer, the Trustee or the Paying Agents will be obliged to pay any additional amounts to the Noteholders as a result of any such Tax Deduction.

11.3 *FATCA*

Notwithstanding any other provision in these Note Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

11.4 *Taxing Jurisdiction*

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Issuer Jurisdiction, references in these Note Conditions to the Issuer Jurisdiction shall be construed as references to the Issuer Jurisdiction and/or such other jurisdiction.

11.5 *Tax Deduction not Event of Default*

Notwithstanding that the Trustee, the Issuer or the Paying Agents are required to make a Tax Deduction, making such deduction shall not constitute an Event of Default.

12 Events of Default

12.1 *Events of Default*

Subject to the other provisions of this Note Condition, each of the following events shall be treated as an “**Event of Default**”:

12.1.1 *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes within five days of the due date for payment of such principal or fails to pay any amount of interest in respect of the Most Senior Class of Notes within ten days of the due date for payment of such

interest. For the avoidance of doubt, any deferral of interest in accordance with Note Condition 7.10 (*Interest Deferred*) shall not constitute an Event of Default; or

12.1.2 *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or under the Transaction Documents and such default (a) is, in the opinion of the Trustee, incapable of remedy or (b) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 30 days after the Trustee has given written notice of such default to the Issuer, and provided that the Trustee shall have certified that in its opinion any such default is materially prejudicial to the interests of the Noteholders of the Most Senior Class; or

12.1.3 *Misrepresentation*: the Issuer makes any misrepresentation in respect of any Issuer Warranty and the matters giving rise to such misrepresentation are in the opinion of the Trustee, (a) incapable of remedy such that the representation could not be given by the Issuer without a misrepresentation being made or (b) capable of remedy such that the representation could be given by the Issuer without a misrepresentation being made, but remain unremedied for 30 days after the Trustee has given written notice of such misrepresentation to the Issuer, and provided that the Trustee shall have certified that in its opinion any such default is materially prejudicial to the interests of the Noteholders of the Most Senior Class; or

12.1.4 *Insolvency Event*: an Insolvency Event occurs in relation to the Issuer; or

12.1.5 *Unlawfulness*: 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 Trust Documents.

12.2 ***Delivery of Enforcement Notice***

If an Event of Default occurs and is continuing, the Trustee may at its discretion and shall:

12.2.1 if so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class then outstanding; or

12.2.2 if so directed by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding,

deliver an Enforcement Notice to the Issuer with a copy to the Servicer.

12.3 ***Conditions to delivery of Enforcement Notice***

Notwithstanding Note Condition 12.2 (*Delivery of Enforcement Notice*) the Trustee shall not:

12.3.1 deliver an Enforcement Notice following the occurrence of any of the events mentioned in Note Condition 12.1.2 (*Breach of other obligations*) or Note Condition 12.1.3 (*Misrepresentation*), unless and until the Trustee shall have certified in writing that such event is in its opinion materially prejudicial to the interests of the Most Senior Class or, if there are no Notes or Subordinated Notes outstanding, the interests of the Certificateholders; and

12.3.2 be obliged to deliver an Enforcement Notice unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

12.4 *Consequences of delivery of Enforcement Notice*

Upon the delivery of an Enforcement Notice, the Notes of each Class shall become immediately due and payable without further action or formality at their Principal Amount Outstanding together with any accrued Deferred Interest Amount Arrears.

13 **Enforcement**

13.1 *Proceedings*

At any time after the delivery of an Enforcement Notice the Trustee may, at its discretion and without further notice, institute such proceedings or take any other action or step as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes and Subordinated Notes of each Class and the Certificates and under the other Transaction Documents and/or enforce the Security, but it shall not be bound to do so unless:

13.1.1 so requested in writing by the holders of at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class then outstanding; or

13.1.2 so directed by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding,

and in any such case, only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13.2 *Directions to the Trustee*

If the Trustee shall take any action, step or proceedings described in Note Condition 13.1 (*Proceedings*) it may take such action, step or proceedings without having regard to the effect of such action on individual Noteholders, Couponholders, Subordinated Noteholders, Certificateholders or any other Secured Creditor, provided that so long as any of the Most Senior Class are outstanding, the Trustee shall not, and shall not be bound to, act at the request or direction of the Noteholders of any other Class of Notes unless:

13.2.1 to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders of the Classes of Notes ranking senior to such other Class; or

13.2.2 (if the Trustee is not of that opinion) such action is sanctioned by an Extraordinary Resolution of the Noteholders of the Notes ranking senior to such other Class.

13.3 *Restrictions on disposal of Issuer's assets*

If an Enforcement Notice has been delivered by the Trustee otherwise than by reason of non-payment of any amount due in respect of the Notes, the Trustee will not be entitled to dispose of the Charged Property or any part thereof unless either:

13.3.1 a sufficient amount would be realised to allow payment in full of all amounts owing to the holders of the Notes and the Coupons relating thereto after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Payments Priorities; or

13.3.2 the Trustee is of the opinion, which shall be binding on the Noteholders and the other Secured Creditors, 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 (and if the Trustee is unable to obtain such advice having made reasonable efforts to do so this Note Condition 13.3.2 shall

not apply), 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 due in respect of the Notes of each Class and the Coupons of each Class relating thereto after payment of all other claims ranking in priority to the Notes in accordance with the Post-Enforcement Payments Priorities; and

- 13.3.3 the Trustee shall not be bound to make the determination contained in Note Condition 13.3.2 unless the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

13.4 *Third Party Rights*

No person shall have any right to enforce any Note Condition or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

14 No action by Noteholders, Couponholders or any other Secured Creditor

- 14.1 Only the Trustee may pursue the remedies available under the general law or under the Trust Documents to enforce the Security or any other Transaction Document to which the Trustee is a party and no Noteholder, Couponholders or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Security or pursue remedies available under or enforce any Transaction Document to which the Trustee is a party. In particular, none of the Noteholders, Couponholders or any other Secured Creditor (nor any person on its or their behalf, other than the Trustee where appropriate) are entitled:

- 14.1.1 otherwise than as permitted by these Note Conditions, to direct the Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security or any other Transaction Document to which the Trustee is a party;
- 14.1.2 to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Noteholders, Couponholders or any other Secured Creditors; or
- 14.1.3 until the date falling two years after the Final Discharge Date, to initiate or join any person in initiating any Insolvency Event in relation to the Issuer; or
- 14.1.4 to take or join in the taking of any steps or proceedings which would result in the Payments Priorities not being observed.

15 Meetings of Noteholders, Subordinated Noteholders and Certificateholders

15.1 *Convening*

The Trust Deed contains “Provisions for Meetings of Noteholders” for convening separate or combined meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Note Conditions or the Trust Deed which modifications may be sanctioned by an Extraordinary Resolution.

15.2 *Separate and combined meetings*

The Trust Deed provides that:

- 15.2.1 an Extraordinary Resolution which in the opinion of the Trustee affects the Notes of only one Class shall be transacted at a separate meeting of the Noteholders of that Class;
- 15.2.2 an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the holders of another Class of Notes shall be transacted either at separate meetings of the Noteholders of each such Class or at a single meeting of the Noteholders of all such Classes of Notes as the Trustee shall determine in its absolute discretion; and
- 15.2.3 an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one Class and gives rise to any actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate meetings of the Noteholders of each such Class.

15.3 *Request from Noteholders*

A meeting of Noteholders of a particular Class may be convened by the Trustee or the Issuer at any time and must be convened by the Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders of a particular Class holding not less than 10 per cent. of the aggregate Principal Amount Outstanding of the outstanding Notes of that Class.

15.4 *Quorum*

The quorum at any meeting convened to vote on:

- 15.4.1 an Extraordinary Resolution, other than regarding a Reserved Matter, relating to a meeting of a particular Class or Classes of Notes will be one or more persons holding or representing a majority of the Principal Amount Outstanding of the outstanding Notes in that Class or those Classes or, at any adjourned meeting, one or more persons holding or representing not less than in the aggregate 25 per cent. of the Principal Amount Outstanding of the outstanding Notes in the relevant Class or Classes; and
- 15.4.2 an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each Class of Noteholders) will be one or more persons holding or representing not less than in the aggregate 75 per cent. of the Principal Amount Outstanding of the outstanding Notes in the relevant Class or Classes or, at any adjourned meeting, one or more persons holding or representing not less than in the aggregate 25 per cent. of the Principal Amount Outstanding of the outstanding Notes in the relevant Class or Classes.

15.5 *Relationship between Notes, Subordinated Notes and Certificates*

In relation to the Notes, Subordinated Notes and the Certificates:

- 15.5.1 no Extraordinary Resolution involving a Reserved Matter that is passed by the holders of one Class of Notes or by the holders of one Class of Subordinated Notes or by the holders of the Certificates shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (to the extent that there are outstanding Notes in each such other Classes), each of the other Classes of Subordinated Notes (to the extent that there are outstanding Subordinated Notes in each such other Classes) and the Certificates;

15.5.2 no Extraordinary Resolution to approve any matter other than a Reserved Matter of any Class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes ranking senior to such Class (to the extent that there are outstanding Notes ranking senior to such Class) unless the Trustee is of the opinion that the absence of such sanction would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes ranking senior to such Class; and

15.5.3 any resolution passed at a Meeting of Noteholders of one or more Classes of Notes duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not voting and upon all Couponholders of such Class or Classes and, except in the case of a meeting relating to a Reserved Matter, any resolution passed at a meeting of the holders of the Most Senior Class then outstanding duly convened and held as aforesaid shall also be binding upon the holders of all the other Classes of Notes and the holders of the Coupons relating thereto.

15.6 *Resolutions in writing*

A Written Resolution shall take effect as an Extraordinary Resolution.

15.7 *Electronic Consent*

Electronic Consent shall take effect as an Extraordinary Resolution.

16 **Modification and Waiver**

16.1 *Modification*

The Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Secured Creditors, concur with the Issuer and any other relevant parties in making:

16.1.1 any modification to these Note Conditions, the Subordinated Note Conditions, the Certificate Conditions, the Trust Documents (other than in respect of a Reserved Matter or any provisions of the Trust Documents referred to in the definition of a Reserved Matter), the Notes, the Subordinated Notes, the Certificates, any Instrument or the other Transaction Documents in relation to which its consent is required which, in the opinion of the Trustee, will not be materially prejudicial to the holders of the Most Senior Class; or

16.1.2 any modification to Trust Documents, the Notes, the Note Conditions, the Subordinated Notes, the Subordinated Note Conditions, the Certificates, the Certificate Conditions, any Instrument or the other Transaction Documents in relation to which its consent is required, if, in the opinion of the Trustee, such modification is of a formal, minor or technical nature or is made to correct a manifest error.

16.2 *Waiver*

In addition, the Trustee may, at any time and from time to time at its sole discretion without the consent of the Noteholders or any other Secured Creditor, authorise or waive any breach or proposed breach of any of the covenants or provisions contained in the Trust Documents, the Instruments or any of the other Transaction Documents (including an Event of Default or Potential Event of Default) if, in the opinion of the Trustee, the holders of the Most Senior Class will not be materially prejudiced by such authorisation or waiver.

16.3 ***Restriction on power to waive***

The Trustee shall not exercise any powers conferred upon it by Note Condition 16.2 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class then outstanding or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class then outstanding, but so that no such direction or request shall (a) affect any authorisation, waiver or determination previously given or made or (b) authorise or waive any such proposed breach or breach relating to a Reserved Matter unless (in the case of (b)) the holders of each Class of outstanding Notes and each Class of outstanding Subordinated Notes and the holders of the outstanding Certificates has, by Extraordinary Resolution, so authorised its exercise.

16.4 ***Notification***

Unless the Trustee otherwise agrees, the Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Noteholders, the Subordinated Noteholders, the Certificateholders and the other Secured Creditors in accordance with the Notices Condition and the Transaction Documents, as soon as practicable after it has been made.

16.5 ***Binding Nature***

Any authorisation, waiver, determination or modification referred to in Note Condition 16.1 (*Modification*) or Note Condition 16.2 (*Waiver*) shall be binding on the Instrumentholders and the other Secured Creditors.

16.6 ***Additional Right of Modification:***

Notwithstanding the provisions of this Note Condition 16 (*Modification and Waiver*), the Trustee shall be obliged, without any consent or sanction of the Noteholders, the Subordinated Noteholders, the Certificateholders or, subject to paragraph 16.6.5(C) below, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to these Note Conditions or any other Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary:

16.6.1 for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that:

- (a) the Issuer certifies in writing to the Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
- (b) in the case of any modification to a Transaction Document proposed by any of the Servicer, the Collection Account Bank and the Transaction Account Bank, in order (i) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (ii) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
 - (A) the Servicer, the Collection Account Bank and the Transaction Account Bank, as the case may be, certifies in writing to the Issuer or the Trustee that such modification is necessary for the purposes described in paragraph (b)(i) and/or (ii) above (and in the case of a certification provided to the Issuer, the Issuer shall certify to the Trustee that it has received the same from the Servicer, the Collection Account Bank and the Transaction Account Bank as the case may be);

- (B) either:
- (I) the Servicer, the Collection Account Bank and the Transaction Account Bank, as the case may be, obtains from each of the Rating Agencies written confirmation (or certifies in writing to the Issuer and the Trustee that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of Notes by such Rating Agency and would not result in any Rating Agency placing any Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer and the Trustee; or
 - (II) the Issuer certifies in writing to the Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); and
- (C) the Servicer, the Collection Account Bank and the Transaction Account Bank, as the case may be, pays all costs and expenses (including legal fees) incurred by the Issuer and the Note Trustee in connection with such modification;

16.6.2 for the purpose of complying with any changes in the requirements of Article 405 of the Regulation (EU) No. 575/2013 (“**CRR**”), Article 17 of the Regulation (EU) No. 61/2011 (“**AIFMD**”), Article 51 of the Regulation (EU) No. 231/2013 (“**AIFMR**”) or Article 254(2) of the Commission Delegated Regulation (EU) No. 2015/35 (“**Solvency II Regulation**”), after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the CRR, the AIFMR or the Solvency II Regulation or any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

16.6.3 for the purpose of enabling the Notes to be (or to remain) listed on the Stock Exchange, provided that the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

16.6.4 for the purposes of enabling the Issuer or any of the other Transaction Parties to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), provided that the Issuer or the relevant Transaction Party, as applicable, certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; and

16.6.5 for the purpose of complying with any changes in the requirements of the Regulation (EC) No. 1060/2009 (“**CRA Regulation**”) after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by the Issuer or the relevant Transaction Party, as the case may be, pursuant to paragraphs 16.6.1 to 16.6.5 above being a “**Modification Certificate**”), provided that:

- (A) at least 30 calendar days’ prior written notice of any such proposed modification has been given to the Trustee;
- (B) the Modification Certificate in relation to such modification shall be provided to the Trustee both at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect;
- (C) the consent of each Secured Creditor which is party to the relevant Transaction Document has been obtained;
- (D) other than in the case of a modification pursuant to Note Condition 16.6.1(b), either:
 - (I) the Issuer obtains from each of the Rating Agencies written confirmation (or certifies in the Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); or
 - (II) the Issuer certifies in the Modification Certificate that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); and
- (E) (I) the Issuer has provided at least 30 calendar days’ notice to the Noteholders of each Class of the proposed modification in accordance with the Notices Condition and (II) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have not contacted the Issuer and the Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer and the Trustee that such Noteholders do not consent to the modification.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have notified the Issuer and the Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class then outstanding is passed in favour of such modification in accordance with Note Condition 15 (*Meetings of Noteholders, Subordinated Noteholders and Certificateholders*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Trustee’s satisfaction (having regard to prevailing market practices) of the relevant Noteholder’s holding of the Notes.

Other than where specifically provided in this Note Condition 16.6 (*Additional Right of Modification*) or any Transaction Document:

- (a) when implementing any modification pursuant to this Note Condition 16.6 (*Additional Right of Modification*) (save to the extent the Trustee considers that the proposed modification would constitute a Reserved Matter), the Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Note Condition 16.6 (*Additional Right of Modification*) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (b) the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the Transaction Documents and/or these Note Conditions.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:

- (a) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;
- (b) the Secured Creditors; and
- (c) the Noteholders, the Subordinated Noteholders and the Certificateholders in accordance with the Notices Condition.

17 Redenomination, Renominalisation and Reconventioning

17.1 Notice of Redenomination

If the United Kingdom becomes, or announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders and Couponholders, on giving at least 30 days' prior notice to the Noteholders and the Paying Agents, designate an Interest Payment Date as the Redenomination Date.

17.2 Redenomination

Notwithstanding the other provisions of these Note Conditions with effect from the Redenomination Date:

- 17.2.1 the Notes in each Class will be deemed to be redenominated into euro in the denomination of euro 0.01 with the Principal Amount Outstanding of each Note being equal to the Principal Amount Outstanding of each Note in that Class in Sterling, converted into euro at the rate for conversion of Sterling 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 Union regulations); and
- 17.2.2 notwithstanding Note Condition 17.2.1, if the Issuer determines, with the agreement of the Trustee, that the then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provision shall be

deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the Stock Exchange and the Paying Agents of such deemed amendments in accordance with the Notices Condition.

17.3 *Notice of Redenomination Date*

The Issuer will notify the Noteholders of the intended Redenomination Date in accordance with the Notices Condition.

17.4 *Effect of Redenomination*

With effect from the Redenomination Date:

17.4.1 if Definitive Notes have been issued by the Issuer, all unmatured Coupons denominated in Sterling (whether or not attached to the Notes) will become void and no payments will be made in respect of such Coupons;

17.4.2 the payment obligations contained in all Definitive Notes denominated in Sterling will become void but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Note Condition) shall remain in full force and effect;

17.4.3 if Definitive Notes have been issued by the Issuer, new Notes and Coupons denominated in euro will be issued in exchange for Notes and Coupons denominated in Sterling in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in accordance with the Notices Condition; and

17.4.4 all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as 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 Participating Member State.

18 Prescription

18.1 *Principal*

Claims for principal in respect of Notes shall become void unless the relevant Notes are presented for payment and surrendered or (in the case of any Note Principal Payment which became due on an Interest Payment Date) endorsement within 10 years of the appropriate Relevant Date.

18.2 *Interest*

Claims for interest in respect of Notes shall become void unless the relevant Coupons are presented for payment and surrendered within five years of the appropriate Relevant Date.

19 Replacement of Global Notes, Definitive Notes and Coupons

If any Global Note, Definitive Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and Stock Exchange 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 reasonably require. Mutilated or defaced Global Notes, Definitive Notes and Coupons must be surrendered before replacements will be issued.

20 Trustee and Agents

20.1 *Trustee's right to Indemnity*

Under the Transaction Documents, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

20.2 *Trustee not responsible for loss or for monitoring*

The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of the Charged Property or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Servicer or by any person on behalf of the Trustee. The Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents.

20.3 *Regard to Classes of Noteholders*

In the exercise of its powers and discretions under these Note Conditions and the Trust Deed, the Trustee will:

20.3.1 have regard to the interests of each Class of Noteholders as a class and will not be responsible for any consequence for individual Noteholders or Couponholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and

20.3.2 have regard only to the holders of the Most Senior Class and will not have regard to any lower ranking Class of Notes nor to the interests of the other Secured Creditors except to ensure the application of the Issuer's funds after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Payments Priorities.

20.4 *Paying Agents solely agents of Issuer*

In acting under the Agency Agreement and in connection with the Notes, the Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

20.5 *Initial Paying Agents*

The initial Paying Agents and their initial Specified Offices are listed in the Notices Details. The Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or agent bank and additional or successor paying agents at any time, having given not less than 30 days' notice to such Agent.

20.6 *Maintenance of Agents*

The Issuer shall at all times maintain a Paying Agent, a principal paying agent and an agent bank which, in the case of any Paying Agent, shall make payments from an office in a member state of the European Union which does not require amounts payable under these Note Conditions to be withheld pursuant to the EU Savings Directive. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with the Notices Condition.

21 Substitution of Issuer

21.1 *Substitution of Issuer*

The Trustee may, without the consent of the Instrumentholders or any other Secured Creditor, subject to:

21.1.1 the consent of the Issuer; and

21.1.2 such further conditions as are specified in the Trust Deed,

agree to the substitution of a Substituted Obligor in place of the Issuer as the principal debtor in respect of the Transaction Documents, the Notes, the Subordinated Notes, the Certificates and the Secured Amounts.

21.2 *Notice of Substitution of Issuer*

Not later than 14 days after any substitution of the Issuer in accordance with this Note Condition, the Substituted Obligor shall cause notice of such substitution to be given to the Noteholders, the Subordinated Noteholders, the Certificateholders and the other Secured Creditors in accordance with the Notices Condition and the other relevant Transaction Documents.

21.3 *Change of Law*

In the case of a substitution pursuant to this Note Condition, the Trustee may in its absolute discretion agree, without the consent of the Noteholders or the other Secured Creditors to a change of the law governing the Notes or Coupons and/or any of the Transaction Documents provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the holders of the Most Senior Class, provided that the Rating Agencies are notified.

21.4 *No indemnity*

No Noteholder shall, in connection with any such substitution, be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders.

22 Notices

22.1 *Valid Notices*

Any notice to Noteholders shall be validly given if such notice is:

22.1.1

- (a) in respect of Notes represented by Global Notes, sent to the Clearing Systems for delivery to their accountholders; or
- (b) published on the Relevant Screen; and

22.1.2 sent in such other manner as may be required by the Stock Exchange.

22.2 *Date of publication*

Any notices so published shall be deemed to have been given on the date on which it was so sent or, as the case may be, on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required or on the Relevant Screen.

22.3 *Other Methods*

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the relevant Noteholders in such manner as the Trustee shall require.

22.4 *Couponholders deemed to have notice*

The Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Note Condition.

23 **Governing Law and Jurisdiction**

23.1 *Governing law*

The Trust Documents and the Notes and all non-contractual obligations arising from or connected with them are governed by and shall be construed in accordance with English law except that (a) to the extent that the provisions of the Mortgage Sale Agreement, the Security Deed and any security documents supplemental thereto relate to Scottish Mortgage Loans and Scottish Related Security, such provisions and documents shall be governed by and construed in accordance with Scots law and (b) to the extent that the provisions of the Mortgage Sale Agreement, the Security Deed and any security documents supplemental thereto relate to Northern Irish Mortgage Loans and Northern Irish Related Security, such provisions shall be governed by and construed in accordance with Northern Irish law.

23.2 *Jurisdiction*

The Courts of England (the “**Courts**”) are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Coupons and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, Coupons or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes, Coupons and/or the Transaction Documents may be brought in such Courts.

USE OF PROCEEDS

The net proceeds from the issue of the Notes will equal £221,175,339 and will be used by the Issuer to pay the purchase price for the Mortgage Portfolio in accordance with the Mortgage Sale Agreement.

Citigroup Global Markets Limited will be paid a structuring fee for its role in the transaction.

TAXATION

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current United Kingdom tax law as applied in England and Wales and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may not be binding and may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes (other than in relation to the comments below concerning stamp duty). The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom. The withholding tax position in respect of the Subordinated Notes and the Certificates is not discussed below.

The section also includes a discussion of certain relevant provisions of EU and US law.

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 within the meaning of section 1005 of the Income Tax Act 2007. 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 a recognised stock exchange (within the meaning of Section 1005 Income Tax Act 2007) and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in countries in the European Economic Area and admitted to trading on the regulated market of the Stock Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

In all cases falling outside the exemption described above, interest on the Notes 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.

Provision of Information

Noteholders should note that 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 holders of the Notes, 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 Savings Directive

Council Directive 2003/48/EC (the “**Savings Directive**”) requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or secured by such a person for the benefit of) an individual resident, or to (or secured for) certain other types of entity established, in that other EU Member State, except that Austria will instead impose a withholding system for a transitional period (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 it elects otherwise.

The Council of the European Union has adopted a Council Directive amending the Savings Directive on 24 March 2014 (the “**Amending Directive**”) which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

The Council of the European Union has also adopted a Directive (the “**Amending Cooperation Directive**”) amending Council Directive 2011/16/EU on administrative cooperation in the field of taxation so as to introduce an extended automatic exchange of information regime in accordance with the Global Standard released by the OECD Council in July 2014. The Amending Cooperation Directive requires EU Member States to adopt national legislation necessary to comply with it by 31 December 2015, which legislation must apply from 1 January 2016 (1 January 2017 in the case of Austria). The Amending Cooperation Directive is generally broader in scope than the Savings Directive, although it does not impose withholding taxes, and provides that to the extent there is overlap of scope, the Amending Cooperation Directive prevails. The European Commission has therefore published a proposal for a Council Directive repealing the Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to transitional arrangements). The proposal also provides that, if it is adopted, EU Member States will not be required to implement the Amending Directive. Information reporting and exchange will however still be required under Council Directive 2011/16/EU (as amended).

Investors who are in any doubt as to their position or would like to know more 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 Note Condition 21 or otherwise and does not consider the tax consequences of any such substitution.

Stamp Duty and stamp duty reserve tax

No United Kingdom stamp duty or stamp duty reserve tax is chargeable on the issue of the Notes, the Subordinated Notes or the Certificates.

U.S. Foreign Account Tax Compliance

Certain provisions of U.S. law, commonly known as FATCA, impose reporting requirements and a withholding tax of 30 per cent., among other things, certain payments by non-U.S. financial institutions (“**foreign passthru payments**”) made to persons that fail to meet certain certification or reporting requirements. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions.

Withholding under FATCA is expected to begin on January 1, 2017 (at the earliest) in respect of foreign passthru payments. FATCA withholding in respect of foreign passthru payments is not required for “obligations” that are not treated as equity for U.S. federal income tax purposes unless such obligations are issued or materially modified more than six months after the date on which the final regulations defining foreign passthru payments are filed with the U.S. Federal Register. In order to avoid becoming subject to this withholding tax under FATCA, non-U.S. financial institutions must submit to certain reporting requirements (generally pursuant to an agreement with the IRS or under local law implementing an IGA (“**IGA Legislation**”) or otherwise be exempt from the requirements of FATCA. Specifically, non-U.S. financial institutions that are not exempt from the requirements of FATCA may be required to identify and report to the government of the United States or another relevant jurisdiction certain information regarding “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 addition, a financial institution may be required to 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. Non-U.S. financial institutions in a jurisdiction that has entered into an IGA are generally not expected to be required to withhold under FATCA or an IGA (or any IGA Legislation) from payments that they make on securities such as the Notes. However, the full impact of IGAs and IGA Legislation on reporting and withholding responsibilities under FATCA is unclear at this time and no assurance can be given that withholding under FATCA, IGAs or IGA Legislation will not become relevant with respect to payments made on or with respect to the Notes in the future.

Even in the event that FATCA withholding were relevant with respect to payments on the Notes, while 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 and any paying agent, given that each of the entities in the payment chain between the Issuer and the participants in the Clearing Systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the 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.

If any amount were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS SUBJECT TO CHANGE. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

PLACEMENT AND SALE

Citigroup Global Markets Limited and Merrill Lynch International (the “**Joint Lead Managers**”) have entered into a placement agreement dated on or about the Closing Date amongst the Joint Lead Managers, the Beneficial Title Seller, the Legal Title Holder and the Issuer (the “**Placement Agreement**”). Pursuant to the Placement Agreement, Citigroup Global Markets has agreed with the Issuer (subject to certain conditions) to place the Class A Notes at the issue price of 97.481 per cent. of the aggregate principal amount of the Class A Notes, the Class B Notes at the issue price of 93.042 per cent. of the aggregate principal amount of the Class B Notes and the Class C Notes at the issue price of 90.237 per cent. of the aggregate principal amount of the Class C Notes and the Joint Lead Managers have agreed to place for the Class D Notes at the issue price of 89.777 per cent. of the aggregate principal amount of the Class D Notes and the Class E Notes at the issue price of 87.659 per cent. of the aggregate principal amount of the Class E Notes. The Class B Notes and Class C Notes will initially be held by the Beneficial Title Seller. As part consideration for the sale of the Mortgage Portfolio to the Issuer by the Beneficial Title Seller, the Beneficial Title Seller will also acquire the Subordinated Notes and the Certificates from the Issuer pursuant to the Mortgage Sale Agreement.

The Issuer and each Seller has agreed in the Placement Agreement to indemnify the Joint Lead Managers against certain liabilities in connection with the issue of the Notes.

Other than admission of the Notes to the Official List and the admission to trading on the Irish Stock Exchange’s regulated market, no action will be taken by the Issuer, the Arranger or any Seller which would or is intended to permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

United States

The Notes have not been nor will be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in keeping with the limitations described under “*Transfer Restrictions and Investor Representations*” below. Accordingly, the Notes are being offered and sold by the Joint Lead Managers solely to non-U.S. persons in offshore transactions in reliance on 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 U.S. 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, as amended (the “**Code**”) and regulations thereunder.

The Notes will be issued pursuant to either U.S. Treasury Regulations §1.163-(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the “**C Rules**”) or U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the “**D Rules**”) unless the Notes are issued in circumstances in which the Notes will not constitute registration required obligations under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”).

Each of the Joint Lead Managers and the Issuer has agreed that, except as permitted by the Placement Agreement, it will not offer or sell the Notes as part of its distribution or at any time or otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to,

or for the account or benefit of, U.S. persons and, it will have sent to each affiliate or other person (if any) to which it sells Notes during such 40 day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S. In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act. Offers and sales of the Notes within the United States or to U.S. persons is further restricted as specified in “*Transfer Restrictions and Investor Representations*” below.

United Kingdom

Each of the Joint Lead Managers has represented to and agreed with the Issuer that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated any invitation or inducement to engage in any investment activity (within the meaning of Section 21 of FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Each of the Joint Lead Managers has acknowledged that, save for having obtained the approval of this Prospectus as a prospectus in accordance with Part VI of FSMA, having applied for the admission of the Notes to the Official List and admission to trading on the Irish Stock Exchange, no further action has been or will be taken in any jurisdiction by it that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material in relation to the Notes, in any country or jurisdiction where such further action for that purpose is required.

Ireland

Each of the Joint Lead Managers 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 the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any Central Bank of Ireland (“**Central Bank**”) rules issued under or in force pursuant to Section 1363 of the Irish Companies Act 2014;
- (b) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the Irish Companies Act 2014;
- (c) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) and it will conduct itself in accordance with any rules or codes of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank;
- (d) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 – 2014 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989 of Ireland (as amended); and
- (e) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any Central Bank rules issued under or in force pursuant to Section 1370 of the Irish Companies Act 2014.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a “**Relevant Member State**”), each of the Issuer and the Joint Lead Managers has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in the 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 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 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 any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

General

Each of the Joint Lead Managers has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of the Notes by it will be made on the same terms.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and Sales by the Joint Lead Managers

The Notes (including interests therein represented by a Global Note, a Definitive Note or a book entry interest) have not been registered under the Securities Act or any state securities laws and are subject to U.S. tax law requirements, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to such registration requirements and other requirements described herein. Accordingly, each of the Joint Lead Managers is offering and selling the Notes solely to non-U.S. persons in offshore transactions pursuant to Regulation S.

Investor Representations and Restrictions on Resale Representations and restrictions applicable to all Notes

Each purchaser of the Notes (which term for the purposes of this section will be deemed to include any interests in the Notes, including Book Entry Interests) by accepting delivery of this prospectus and the Notes will be deemed to have represented and agreed as follows:

- (a) the Notes have not been and will not be registered under the Securities Act and such Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Notes, then it agrees that it will offer, resell, pledge or transfer such Notes only (i) to a purchaser who is not a U.S. person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. person and who is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S, (ii) to or for the account or benefit of a U.S. person (as defined in Regulation S), if such person is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S, or (iii) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States; provided that in no event under (ii) or (iii) above may Notes be transferred or resold to or for the account of a U.S. person until (A) at least 40 days after the Closing Date, and (B) such Notes are represented by a permanent global note; provided further that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;
- (b) unless the relevant legend set out below has been removed from the Notes such purchaser shall notify each transferee of Notes from it that (i) such Notes have not been registered under the Securities Act, (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (a) above, (iii) such transferee shall be deemed to have represented that such transferee is acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing; and
- (c) the Issuer, the initial purchaser of the relevant Notes, and its Affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

The Notes will bear a legend to the following effect:

“THIS GLOBAL NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”). NEITHER THIS GLOBAL NOTE

NOR ANY PORTION HEREOF MAY BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO ANY U.S. PERSON UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE. ANY UNITED STATES PERSON (AS DEFINED IN THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

Purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

GENERAL INFORMATION

Authorisation

The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 17 August 2015.

Listing of the Notes

It is expected that admission of the Notes to the Official List and trading on its regulated market will be granted on or about 21 August 2015 subject only to the issue of the Global Notes. The listing of the Notes will be cancelled if the Global Notes are not issued. Transactions will normally be effected for settlement in sterling and for delivery on the third working day after the day of the transaction.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to trading on the regulated market of the Stock Exchange.

The total expenses in relation to admission to trading will be approximately EUR9291.20.

Clearing and settlement

The Notes have been accepted for clearing through Clearstream, Luxembourg and Euroclear under the following ISINs and common codes:

Securities	ISIN	Common Code
Class A Notes	XS1270541342	127054134
Class B Notes	XS1270543397	127054339
Class C Notes	XS1270545764	127054576
Class D Notes	XS1270549675	127054967
Class E Notes	XS1270551226	127055122

Litigation

The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), since 15 July 2015 (being the date of incorporation of the Issuer) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer.

Accounts

No statutory or non-statutory accounts within the meaning of section 434 of the Companies Act 2006 in respect of any financial year of the Issuer have been prepared. So long as the Notes are admitted to trading on the regulated market, the most recently published audited annual accounts of the Issuer from time to time shall be available at the specified office of the Principal Paying Agent. The Issuer does not publish interim accounts.

The Issuer did not trade during the period from its date of incorporation on 15 July 2015 to the date of this Prospectus nor has it received any income nor did it incur any expense nor pay any dividends. Consequently no profit and loss account has been prepared. Since the date of its incorporation, the Issuer has not commenced operations.

Significant or Material Change

Since the date of its incorporation, the Issuer has not entered into any contract or arrangement not being in the ordinary course of business other than the Transaction Documents.

Since 15 July 2015 (being the date of incorporation of the Issuer), there has been (a) no material adverse change in the financial position or prospects of the Issuer and (b) no significant change in the financial or trading position of the Issuer.

Charges and Guarantees

Save as disclosed in this document, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities nor has the Issuer created any mortgages or given any charges or guarantees.

Reports

The Issuer intends to provide post issuance transaction information in the form of a Quarterly Investor Report, which will include information on the loans and payments in arrears and which will be prepared by the Cash Manager and will be published by the Cash Manager on www.usbank.com/abs. The Issuer will also make available information in relation to each Mortgage Loan, which will be accessible via the same website (www.usbank.com/abs), subject to the terms and conditions set out therein. The content of these websites do not form part of this Prospectus and such reports are not incorporated by reference into this Prospectus.

Underlying Assets

On the Closing Date the assets backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service payments due and payable on the Notes. However, regard should be had to the characteristics of the Mortgage Portfolio and the risks to which they (and the Issuer and the Notes) may be exposed. Prospective Noteholders should consider the detailed information set out elsewhere in this document, including without limitation under “*Risk Factors*” and “*Cash Management and Liquidity Support*” above.

Documents Available

From the date of this Prospectus, and for so long as the Notes are admitted to trading on the regulated market of the Stock Exchange, physical copies of the following documents (excluding any schedule containing personal information) may be inspected at the offices of the Issuer at 35 Great St. Helen’s, London EC3A 6AP on any week day (excluding Saturdays, Sundays and public holidays):

- (a) Memorandum and Articles of Association of the Issuer;
- (b) this Prospectus;
- (c) prior to the Closing Date, drafts (subject to amendment) and after the Closing Date copies of the following documents:
 - (i) the Agency Agreement;

- (iv) the Back-Up Servicing Agreement;
- (v) the Cash Management Agreement;
- (vi) the Corporate Services Agreement;
- (vii) the Deed Poll;
- (viii) the Mortgage Sale Agreement;
- (ix) the Security Deed;
- (x) the Beneficial Title Seller Power of Attorney;
- (xi) the Legal Title Holder Power of Attorney;
- (xii) the Collection Account Agreement;
- (xiii) the Collection Account Declaration of Trust;
- (xiv) the Servicing Agreement;
- (xv) the Transaction Account Agreement;
- (xvi) the Mortgage Portfolio Purchase Agreement; and
- (xvii) the Trust Deed.

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