

IMPORTANT NOTICE

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

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT IN CERTAIN TRANSACTIONS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE SELLER (A “**U.S. RISK RETENTION CONSENT**”) AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE “**U.S. RISK RETENTION RULES**”), THE NOTES AND THE CERTIFICATES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY “**U.S. PERSON**” AS DEFINED IN THE U.S. RISK RETENTION RULES (“**RISK RETENTION U.S. PERSONS**”). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF “**U.S. PERSON**” IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF “**U.S. PERSON**” IN REGULATION S. EACH PURCHASER OF THE NOTES OR THE CERTIFICATES, OR A BENEFICIAL INTEREST THEREIN, ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES AND THE CERTIFICATES BY ITS ACQUISITION OF THE NOTES OR THE CERTIFICATES, OR A BENEFICIAL INTEREST THEREIN, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (i) IS NOT A RISK RETENTION U.S. PERSON OR (ii) HAS OBTAINED A U.S. RISK RETENTION WAIVER CONSENT FROM THE SELLER, (2) IS ACQUIRING SUCH NOTE OR CERTIFICATE, OR BENEFICIAL INTEREST THEREIN, FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE OR CERTIFICATE, AND (3) IS NOT ACQUIRING SUCH NOTE OR CERTIFICATE, OR BENEFICIAL INTEREST THEREIN, AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE OR CERTIFICATE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

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

This prospectus has been delivered to you on the basis that you are a person into whose possession this prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this prospectus to any other person. In order to be eligible to view this prospectus or make an investment decision with respect to the securities, investors must not be U.S. persons (within the meaning of Regulation S under the Securities Act). This prospectus is being sent at your request and by accessing the prospectus, you shall be deemed to have confirmed and represented to us

that (i) you have understood and agree to the terms set out herein, (ii) you consent to delivery of the prospectus by electronic transmission, (iii) 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 (iv) if you are a person in the United Kingdom, then you are a person who (A) has professional experience in matters relating to investments within Article 19 of the Financial Services and Markets Act (Financial Promotion) Order 2005 (the “**FPO**”) or (B) 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 neither Tower Bridge Funding No.1 plc, Macquarie Bank International Limited, The Royal Bank of Scotland plc (trading as NatWest Markets) nor any person who controls any of them respectively (nor any director, officer, employee or agent of it or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the prospectus distributed to you in electronic format and the hard copy version available to you on request from Macquarie Bank International Limited and The Royal Bank of Scotland plc (trading as NatWest Markets).

TOWER BRIDGE FUNDING NO.1 PLC

(Incorporated under the laws of England and Wales with limited liability under registered number 10801292)

Notes	Initial Principal Amount	Issue Price	Interest Reference Rate on Floating Rate Notes	Fixed Rate of Interest on Fixed Rate Notes	Relevant Margin prior to Step-Up Date	Relevant Margin from and including Step-Up Date	Final Maturity Date	Ratings DBRS/ Moody's
A.....	£189,200,000	100%	Three-Month Sterling LIBOR	N/A	1.00% per annum	2.00% per annum	The Interest Payment Date falling in March 2056	AAA(sf)/ Aaa(sf)
B.....	£12,600,000	100%	Three-Month Sterling LIBOR	N/A	1.60% per annum	2.40% per annum	The Interest Payment Date falling in March 2056	AA(high) (sf)/ Aa2(sf)
C.....	£10,300,000	100%	Three-Month Sterling LIBOR	N/A	1.80% per annum	2.70% per annum	The Interest Payment Date falling in March 2056	A(high) (sf)/A1(sf)
D.....	£8,000,000	100%	Three-Month Sterling LIBOR	N/A	2.20% per annum	3.20% per annum	The Interest Payment Date falling in March 2056	BBB(sf)/Baa2(sf)
E.....	£4,600,000	100%	Three-Month Sterling LIBOR	N/A	3.70% per annum	5.20% per annum	The Interest Payment Date falling in March 2056	BB(high)(sf)/ Ba2(sf)
X.....	£6,900,000	100%	Three-Month Sterling LIBOR	N/A	3.83% per annum	3.83% per annum	The Interest Payment Date falling in March 2056	N/A
Z1.....	£6,061,000	100%	N/A	0%	N/A	N/A	The Interest Payment Date falling in March 2056	N/A
Z2.....	£5,769,024	100%	N/A	0%	N/A	N/A	The Interest Payment Date falling in March 2056	N/A
Certificates	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The date of this Prospectus is 19 October 2017

Arrangers

Macquarie Bank International Limited

NatWest Markets

Joint Lead Managers

Macquarie Bank International Limited

NatWest Markets

Issue Date

The Issuer expects to issue the Notes and the Certificates in the classes set out above on 23 October 2017 (the “**Issue Date**”).

Underlying Assets

The Issuer will make payments on the Notes and the Certificates from, *inter alia*, payments of principal and revenue received from a portfolio comprising mortgage loans originated by BGFL under its trading name Vida Homeloans secured over residential properties located in England and Wales which will be purchased by the Issuer on the Issue Date and, in relation to any Additional Loans, on any single Business Day falling in the period from (but excluding) the Issue Date up to (and including) the Determination Period End Date falling on 28 February 2018.

Please refer to the section entitled “*Constitution of the Mortgage Pool—The Mortgage Pool*” for further information.

Credit Enhancement

- In respect of all payments on each Class of Notes (other than the Z2 Notes), the over-collateralisation funded by Notes ranking junior to such Notes in the Post-Enforcement Priority of Payments;
- following service of an Enforcement Notice, all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund (if any) will be applied in accordance with the Post-Enforcement Priority of Payments.

Please refer to the section entitled “*Credit Structure*” for further information.

Liquidity Support

- In respect of interest payments on each Class of Notes (other than the Z2 Notes), the subordination of Notes ranking junior to such Notes.
- In respect of interest payments on each Class of Notes (other than the Z1 Notes and the Z2 Notes) (on the first Interest Payment Date only), amounts standing to the credit of the Pre-Funding Revenue Reserve Ledger will be applied as Available Revenue Funds in accordance with the Pre-Enforcement Priority of Payments.
- In respect of interest payments on the Rated Notes, prior to the service of an Enforcement Notice, amounts standing to the credit of the General Reserve Fund Ledger will be applied as Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments to make up any shortfall.
- In respect of interest payments on the A Notes and the B Notes, after application of the General Reserve Fund, prior to the service of an Enforcement Notice, amounts standing to the credit of the Liquidity Reserve Fund Ledger applied to certain items in the Pre-Enforcement Revenue Priority of Payments to make up any Revenue Shortfall.
- In respect of interest payments on the A Notes, the B Notes and (if the B Notes have been redeemed in full) the Most Senior Class, after application of the General Reserve Fund and the Liquidity Reserve Fund, Principal Addition Amounts applied to certain items in the Pre-

Enforcement Revenue Priority of Payments to make up any Further Revenue Shortfall.

Please refer to the section entitled “*Credit Structure*” for further information.

Redemption Provisions

Information on any optional and mandatory redemption of the Notes is summarised on page 68 (“*Transaction Overview—Terms and Conditions of the Notes and Certificates—Redemption*”) and set out in full in Note Condition 5 (*Redemption*).

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 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 DBRS and Moody’s is established in the EU and is registered under the CRA Regulation.

Credit Ratings

Ratings are expected to be assigned to the A Notes, the B Notes, the C Notes, the D Notes and the E Notes (together the “**Rated Notes**”) as set out above on or before the Issue Date.

The ratings assigned to the Rated Notes by Moody’s address, *inter alia*:

- (a) the likelihood of full and timely payment of interest due to the holders of the Rated Notes on each Interest Payment Date; and
- (b) the likelihood of full and ultimate payment of principal to the holders of the Rated Notes by or on the Final Maturity Date.

The ratings assigned to the Rated Notes by DBRS address, *inter alia*:

- (a) the likelihood of full and timely payment of interest due to the holders of the Rated Notes on each Interest Payment Date; and
- (b) the likelihood of full and ultimate payment of principal to the holders of the Rated Notes by or on the Final Maturity Date.

The assignment of ratings to the Rated Notes is not a recommendation to invest in the Rated Notes. Any credit rating assigned to the Rated 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**”). This Prospectus has been approved by the Central Bank of Ireland as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange (the “**Irish Stock Exchange**”) for the Notes to be admitted to the official list and to trading on its regulated market. There can be no assurance that any such approval will be granted or, if granted, that such listing will be maintained. The regulated market (the “**Main Securities Market**”) of the Irish Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC (the “**Markets in Financial Instruments Directive**”). The Certificates will not be listed or admitted to trading.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Main Securities Market of the Irish Stock Exchange.

Form of Notes

The A Notes, the B Notes, the C Notes, the D Notes, the E Notes and the X Notes will each be represented on issuance by a global note certificate in registered form and may be issued in definitive registered form under certain circumstances.

The Z1 Notes and the Z2 Notes (the “**Z Notes**”) will be issued in dematerialised registered form. The Issuer will maintain a register, to be kept on the Issuer’s behalf by the Registrar, in which the Z Notes will be registered in the name of the relevant Noteholders. The transfer of all or any portion of the interest in the Z Notes may be effected only through registration on the register maintained by the Issuer.

The Certificates will be issued in dematerialised registered form. The Issuer will maintain a register, to be kept on the Issuer’s behalf by the Registrar, in which the Certificates will be registered in the name of the relevant Certificateholders. The transfer of all or any portion of the interest in the Certificates may be effected only through registration on the register maintained by the Issuer.

Obligations

The Notes and the Certificates will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes and the Certificates will not be obligations of, and will not be guaranteed by, or be the responsibility of any Transaction Party other than the Issuer.

Definitions

Please refer to the section entitled “*Glossary of Defined Terms*” for definitions of defined terms.

Retention Undertaking

BGFL, as an originator for the purposes of the CRR, the AIFMR and Solvency II, will retain, on an ongoing basis, a material net economic interest of at least 5 per cent. in the securitisation, in accordance with Article 405 of the CRR,

Article 51 of the AIFMR and Article 254 of Solvency II, in each case not taking into account any relevant national measures (the “**Retention Requirement**”). In order to satisfy the Retention Requirement on the Issue Date, BGFL will hold exposure to the Z1 Notes and the Z2 Notes as required by the text of each of Article 405(1)(d) of the CRR, Article 51(1)(d) of the AIFMR and Article 254(2)(d) of Solvency II. On the Issue Date this will represent an economic outlay and downside exposure of BGFL. Any change to the manner in which such interest is held will be notified to investors.

Certain undertakings are given by BGFL in the Subscription Agreement concerning the Retention Requirement.

See the sections entitled “*Certain Regulatory Disclosure*” and “*Risk Factors – Compliance with European risk retention requirements*”.

BGFL, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5 per cent. of the credit risk of the securitized assets for purposes of compliance with the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the “**U.S. Risk Retention Rules**”), but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. See the section entitled “*Risk Factors – U.S. Risk Retention Requirements*”.

Volcker Rule

The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof it 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 conclusion that the Issuer satisfies all the elements of the exemption from the definition of “investment company” in the Investment Company Act 1940 provided by Section 3(c)(5)(C) thereunder.

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

THE NOTES AND THE CERTIFICATES HAVE NOT BEEN APPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE NOTES AND THE CERTIFICATES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR ANY STATE SECURITIES LAWS. THE NOTES AND THE CERTIFICATES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE NOTES AND THE CERTIFICATES WILL ONLY BE OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS PURSUANT TO THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF THE SELLER (A “**U.S. RISK RETENTION CONSENT**”) AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE “**U.S. RISK RETENTION RULES**”), THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY “U.S. PERSON” AS DEFINED IN THE U.S. RISK RETENTION RULES (“**RISK RETENTION U.S. PERSONS**”). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF “U.S. PERSON” IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF “U.S. PERSON” IN REGULATION S. EACH PURCHASER OF THE NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES, BY ITS ACQUISITION OF THE NOTES OR A BENEFICIAL INTEREST THEREIN WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) EITHER (I) IS NOT A RISK RETENTION U.S. PERSON OR (II) IT HAS OBTAINED A U.S. RISK RETENTION WAIVER CONSENT FROM THE SELLER, (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES).

Each initial and subsequent purchaser of Notes or Certificates will be deemed, by its acceptance of such Notes or Certificates to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as set forth therein and described in this Prospectus and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases.

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

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information contained in this Prospectus in the section headed “*Characteristics of the Provisional Completion Mortgage Pool*” has been extracted from information provided by the Mortgage Administrator. The Issuer accepts responsibility for the accuracy of such extracted information but accepts no further or other responsibility in respect of such information. So far as the Issuer is aware and/or able to ascertain from such information, no facts have been omitted which would render the information inaccurate or misleading. The Issuer has not been responsible for, nor has it undertaken, any investigation or verification of statements, including statements as to foreign law, contained in the information. The Issuer does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information and prospective investors in the Notes and/or Certificates should not rely upon, and should make their own independent investigations and enquiries in respect of, the same.

Where third party information has been used in this Prospectus, the source of such information has been identified. In the case of the presented statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Where information has been sourced from a third party, such publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. As far as the Issuer is aware and able to ascertain from the information published by such third-party sources, this information has been accurately reproduced and no facts have been omitted that would render the reproduction of this information inaccurate or misleading.

None of the Issuer, the Seller, the Mortgage Administrator, the Delegate Mortgage Administrator, the Back-up Mortgage Administrator Facilitator, the Standby Mortgage Administrator, the Arrangers, the Joint Lead Managers, the Note Trustee, the Security Trustee, the Swap Counterparty, the Registrar, the Account Bank, the Cash Administrator, or any other person makes any representation to any prospective investor or purchaser of the Notes and/or Certificates regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations and prospective investors should consult their legal advisers to determine whether and to what extent the investment in the Notes and/or Certificates constitute a legal investment for them.

EACH PERSON RECEIVING THIS PROSPECTUS ACKNOWLEDGES THAT (I) SUCH PERSON HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST AND TO REVIEW, AND HAS RECEIVED, ALL ADDITIONAL INFORMATION CONSIDERED BY IT TO BE NECESSARY TO VERIFY THE ACCURACY OF OR TO SUPPLEMENT THE INFORMATION HEREIN, (II) SUCH PERSON HAS NOT RELIED ON THE ARRANGERS, THE JOINT LEAD MANAGERS OR ANY PERSON AFFILIATED WITH THE ARRANGERS, THE JOINT LEAD MANAGERS IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION, (III) NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THE NOTES OTHER THAN AS CONTAINED HEREIN, AND IF GIVEN OR MADE, ANY SUCH OTHER INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED, AND (IV) NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER WILL CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SINCE THE DATE HEREOF. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN BUSINESS, LEGAL AND TAX ADVISERS FOR INVESTMENT, LEGAL AND TAX ADVICE AND AS TO THE DESIRABILITY AND CONSEQUENCES OF AN INVESTMENT IN THE NOTES AND/OR CERTIFICATES.

This Prospectus comprises a prospectus for the purposes of the Prospectus Directive and for the purpose of giving information with regard to the Issuer, the Notes, and the Certificates, which according to the particular nature of the Issuer, the Notes, and the Certificates, is necessary to enable prospective investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither the Notes nor the Certificates are intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MiFID II**”); or (ii) a customer within the meaning of Directive 2002/92/EC (“**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Notes or the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arrangers or the Joint Lead Managers to subscribe for or purchase any of the Notes or the Certificates. The distribution of this Prospectus and the offering of the Notes and the Certificates in certain jurisdictions may be restricted by

law. Persons into whose possession this Prospectus comes are required by the Issuer, the Arrangers and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

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

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

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

Any information sourced from third parties contained in this Prospectus has been accurately reproduced (and is clearly sourced where it appears in this Prospectus) and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

Payments of interest and principal in respect of the Notes and the Certificates will be subject to any applicable withholding taxes without the Issuer being obliged to pay additional amounts thereof. References in this Prospectus to “£”, “pounds” or “sterling” are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland and references to “Euro”, “EUR” and “€” are to the lawful currency of the member states (“Member States”) of the European Union (“EU”) that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended from time to time.

BGFL accepts responsibility for the information set out in the sections headed “*The Seller*”, “*The Seller and The Mortgage Administrator*”, “*Constitution of the Mortgage Pool*”, “*Characteristics of the Provisional Completion Mortgage Pool*” And “*Title to the Mortgage Pool*”. To the best of the knowledge and belief of BGFL (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, accepts responsibility for the information set out in the section headed “*The Delegate Mortgage Administrator and the Standby Mortgage Administrator*”. 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 relevant 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.

U.S. Bank Trustees Limited, accepts responsibility for the information set out in the section headed “*The Note Trustee and the Security Trustee*”. To the best of the knowledge and belief of the U.S. Bank Trustees Limited (having taken all reasonable care to ensure that such is the case), the information contained in the relevant

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.

The Royal Bank of Scotland plc (trading as Natwest Markets), accepts responsibility for the information set out in the section headed “*The Swap Counterparty*”. To the best of the knowledge and belief of The Royal Bank of Scotland plc (trading as Natwest Markets) (having taken all reasonable care to ensure that such is the case), the information contained in the relevant 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.

Elavon Financial Services DAC accept responsibility for the information set out in the section headed “*The Cash Administrator, the Account Bank, the Swap Collateral Account Bank, the Custodian, the Agent Bank, the Principal Paying Agent and the Registrar*”. To the best of the knowledge and belief of Elavon Financial Services DAC (having taken all reasonable care to ensure that such is the case), the information contained in the relevant 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.

Barclays Bank PLC accepts responsibility for the information set out in the section headed “*The Collection Account Provider*”. 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 relevant 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.

Intertrust Management Limited accepts responsibility for the information set out in the section headed “*The Corporate Services Provider and the Back-Up Mortgage Administrator Facilitator*”. To the best of the knowledge and belief of Intertrust Management Limited (having taken all reasonable care to ensure that such is the case), the information contained in the relevant 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.

TABLE OF CONTENTS

	Page
IMPORTANT NOTICE.....	i
RISK FACTORS	14
TRANSACTION OVERVIEW	59
TRANSACTION OVERVIEW - MORTGAGE POOL AND SERVICING	63
TRANSACTION OVERVIEW – TERMS AND CONDITIONS OF THE NOTES AND CERTIFICATES ...	69
RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS	76
CERTAIN REGULATORY DISCLOSURES	104
USE OF PROCEEDS	106
THE ISSUER	107
HOLDINGS	109
THE SELLER AND THE MORTGAGE ADMINISTRATOR	110
THE DELEGATE MORTGAGE ADMINISTRATOR AND THE STANDBY MORTGAGE ADMINISTRATOR.....	111
THE NOTE TRUSTEE AND THE SECURITY TRUSTEE	112
THE SWAP COUNTERPARTY	113
THE CASH ADMINISTRATOR, THE ACCOUNT BANK, THE SWAP COLLATERAL ACCOUNT BANK, THE CUSTODIAN, THE AGENT BANK, THE PRINCIPAL PAYING AGENT AND THE REGISTRAR	114
THE COLLECTION ACCOUNT PROVIDER	115
THE CORPORATE SERVICES PROVIDER AND THE BACK-UP MORTGAGE ADMINISTRATOR FACILITATOR	116
CONSTITUTION OF THE MORTGAGE POOL	117
CHARACTERISTICS OF THE PROVISIONAL COMPLETION MORTGAGE POOL	123
TITLE TO THE MORTGAGE POOL	133
SALE OF THE MORTGAGE POOL	134
CREDIT STRUCTURE	142
ADMINISTRATION, SERVICING AND CASH MANAGEMENT OF THE MORTGAGE POOL	151
WEIGHTED AVERAGE LIVES OF THE NOTES.....	157
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	160
TERMS AND CONDITIONS OF THE NOTES	164
TERMS AND CONDITIONS OF THE CERTIFICATES	200
UNITED KINGDOM TAXATION	218
FATCA WITHHOLDING	219
PURCHASE AND SALE.....	220
GENERAL INFORMATION	222

GLOSSARY OF DEFINED TERMS	224
INDEX OF DEFINED TERMS	258

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes and/or the Certificates. 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.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes and Certificates, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes and Certificates for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes and/or Certificates are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including the detailed information set out in the section entitled “*Credit Structure*”) and reach their own views prior to making any investment decision.

Risks Related to the Notes

Limited Source of Funds

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes and its operating and administrative expenses will be dependent solely on receipts of principal, interest and fees from the Loans in the Mortgage Pool, payments due from the Swap Counterparty (if any), interest earned on the Bank Accounts, proceeds of any Authorised Investments and the availability of the General Reserve Fund and Liquidity Reserve Fund (subject to application in accordance with the relevant Priority of Payments). Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes under the applicable Priority of Payments. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments.

Liquidity risk

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

Revenue and Principal Deficiency

If, on any Interest Payment Date, following application of the Available Revenue Funds, the General Reserve Fund and the Liquidity Reserve Fund, there is a Further Revenue Shortfall, Available Principal Funds will be applied as Available Revenue Funds to the extent of the shortfall. In this event, the consequences set out in the following paragraph may result.

Any Losses and the application of any Principal Addition Amounts applied to meet Further Revenue Shortfall will be recorded as a debit (a) first, to the Z1 Principal Deficiency Sub-Ledger up to the Principal Amount Outstanding of the Z1 Notes, (b) second, to the E Principal Deficiency Sub-Ledger up to the Principal Amount Outstanding of the E Notes, (c) third, to the D Principal Deficiency Sub-Ledger up to the Principal Amount Outstanding of the D Notes, (d) fourth, to the C Principal Deficiency Sub-Ledger up to the Principal Amount Outstanding of the C Notes, (e) fifth, to the B Principal Deficiency Sub-Ledger up to the Principal Amount Outstanding of the B Notes, (f) sixth, to the A Principal Deficiency Sub-Ledger.

It is expected that during the course of the life of the Notes, any principal deficiencies will be recouped from Available Revenue Funds. Available Revenue Funds will be applied, after meeting prior ranking obligations as set out under the Pre-Enforcement Revenue Priority of Payments, as a credit to the respective Principal Deficiency Ledgers.

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

- the interest and other net income of the Issuer may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Notes; and

- there may be insufficient funds to redeem the Notes on or prior to the Final Maturity Date unless the other net income of the Issuer is sufficient, after making other payments to be made in priority thereto, to reduce to nil the balance on the Principal Deficiency Ledgers.

Absence of secondary market or lack of liquidity in the secondary market may adversely affect the market value of the Notes

The ability of the Issuer to redeem all of the Notes in full, including following the occurrence of an Event of Default in relation to the Notes while any of the Loans are still outstanding, may depend upon whether the Loans can be realised to obtain an amount sufficient to redeem the Notes.

The Notes have not been and will not be registered under the Securities Act. There is not, at present, an active and liquid secondary market for the Notes, and there can be no assurance that a secondary market for the Notes will develop. To date, none of the Joint Lead Managers have 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 the 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.

The secondary market for mortgage-backed securities has in the past experienced significant disruptions resulting from, among other things, reduced investor demand for such securities. This has resulted in the secondary market for mortgage-backed securities similar to the Notes experiencing very limited liquidity during such severe disruptions. Limited liquidity in the secondary market could have a material adverse effect on the market value of mortgage-backed securities including the Notes issued by the Issuer, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. It is not known whether such disruptions to the market will reoccur.

Whilst central bank schemes such as the Bank of England's Discount Window Facility, the Extended Collateral Term Repo Facility and Funding for Lending Scheme and the Eurosystem monetary policy framework of the European Central Bank provide an important source of liquidity in respect of eligible securities, the relevant eligibility criteria for eligible collateral which apply and will apply in the future under such facilities are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities. No assurance is given that any Class of Notes will be eligible for any specific central bank liquidity schemes.

In addition, prospective investors should be aware that global markets have recently been negatively impacted by the then prevailing global credit market conditions and reduced growth expectations for the Organisation for Economic Co-operation and Development economies, which could affect any secondary market for instruments similar to the Notes. In particular, at the date of this Prospectus, as well as the current challenges facing the European macro-economic environment, certain European governments are in discussions with other countries in the Eurozone, the International Monetary Fund and other creditors and are in the process of establishing or have already established and are implementing an austerity programme. It is unclear what the effect of these discussions will be on the Eurozone economy. This uncertainty may have implications for the liquidity of the Notes in the secondary market.

The Notes and the Certificates may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes or Certificates, the merits and risks of investing in the Notes or Certificates and the information contained in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes or Certificates and the impact the Notes or Certificates will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes or Certificates, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the prospective investor's currency;
- understand thoroughly the terms of the Notes or Certificates and be familiar with the behaviour of any relevant indices and financial markets; and

- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Yield and prepayment considerations

The yield to maturity of the Notes of each Class will depend on, among other things, the amount and timing of payment of principal in respect of the Loans in the Mortgage Pool (including prepayments, sale proceeds arising on enforcement of a Mortgage, and repurchases by the Seller or any affiliate thereof due to, for example, breaches of representations and warranties) on the Loans and the price paid by the holders of the Notes. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments on the Loans.

The rate of prepayment of 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 programmes, local and regional economic conditions and homeowner mobility. The Loans may be prepaid in full or in part at any time. Prepayments may result in connection with refinancings of Loans, sales of Properties by Borrowers voluntarily or as a result of enforcement proceedings under the relevant Mortgage, as well as the receipt of proceeds from building insurance and life insurance policies. No assurance can be given as to the level of prepayment that the Mortgage Pool will experience. See "*Weighted Average Lives of the Notes*" below. The yield to maturity of a series of Notes may also be affected if the Seller or one of its affiliates is required to repurchase Loans from the Mortgage Pool (see "*Sale of the Mortgage Pool – Warranties and Repurchase*").

Pursuant to the Deed Poll, the Mortgage Pool Option Holder has the option to purchase (or nominate a third party purchaser to purchase) the Mortgage Pool and its related Mortgage Rights on any Call Option Date (being an Interest Payment Date falling in or after December 2020) for a purchase price which, together with any amounts standing to the credit of the Transaction Account (including the General Reserve Fund and Liquidity Reserve Fund) and/or any other cash held by or on behalf of the Issuer (other than any Swap Excluded Receivable Amounts and any Issuer Profit Amount), would be required to pay any amounts required under the Pre-Enforcement Priority of Payments to be paid in priority to or *pari passu* with the Notes on such Interest Payment Date, to redeem all Notes then outstanding in full together with accrued and unpaid interest on such Notes and pay costs associated with the redemption, as calculated as at the Determination Date immediately prior to the relevant Call Option Date.

Repurchase of Loans subject to Product Switches and Further Advances and Prepayments

Loans subject to a Product Switch will be repurchased by the Seller from the Issuer prior to the date such Product Switch is effected, unless such Loan is subject to a Conditional Product Switch, in which case the relevant Loan will be repurchased on or before the date falling 15 calendar days after the date on which the Seller is notified by the Issuer (or the Mortgage Administrator on its behalf) that such Conditional Product Switch has been agreed with the relevant Borrower, and Loans subject to a Further Advance will be repurchased by the Seller from the Issuer on or prior to the date such Further Advance is effected, each of which will affect the prepayment rate of the Loans and this may affect the yield to maturity of the Notes. Further, there can be no assurance that the Seller will have the financial resources to honour its repurchase obligations under the Mortgage Sale Agreement. Notwithstanding the foregoing, investors should note that, as at the date of this Prospectus, BGFL does not offer Further Advances to Borrowers. See "*Sale of the Mortgage Pool – Product Switches and Further Advances*".

The Issuer shall transfer any amounts received by it from a Borrower after the Repurchase Date in relation to the repurchased Loans to the Seller.

Borrowers may seek to refinance any Fixed Rate Mortgages at the end of the initial fixed rate period, which may result in such loans being refinanced and repaid. This could cause the levels of prepayments to be higher than anticipated and the yield to maturity of the Notes being affected accordingly.

CRA3

Prospective investors are responsible for ensuring that an investment in the Notes or Certificates 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 may require, 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. Additionally, CRA3 requires certain additional disclosure to be made in respect of structured finance transactions.

In general, European regulated investors are restricted under the CRA3 from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA3 (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending.

Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA3 (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The Issuer has delegated its obligations of complying with CRA3 to the Mortgage Administrator under the Mortgage Administration Agreement and the Mortgage Administrator undertakes to perform all activities as are required in order to comply with the CRA3 in respect of any relevant Notes issued by the Issuer.

Projections, Forecasts and Estimates

Any projections, forecasts and estimates provided to prospective investors of the Notes or Certificates are forward looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only an estimate. Actual results may vary from the projections, and the variations may be material.

Some important factors that could cause actual results to differ materially from those in any forward looking statements include changes in interest rates, market, financial or legal uncertainties mismatches between the timing of accrual and receipt of interest and principal from the Loans, and the effectiveness of the Swap Agreement, among others.

None of the Issuer, the Seller, the Note Trustee, the Security Trustee, the Arranger, the Joint Lead Managers, the Account Bank, the Swap Collateral Account Bank, the Custodian, the Cash Administrator, the Mortgage Administrator, the Standby Mortgage Administrator, the Back-up Mortgage Administrator Facilitator, the Swap Counterparty, the Agents or any of their respective affiliates has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

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

Although interest rates are currently at a historical low, this may change in the future and an increase in interest rates may adversely affect Borrowers’ ability to pay interest or repay principal on their Mortgages. Borrowers with a mortgage loan subject to a variable rate of interest or with a mortgage loan for which the related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, will be exposed to increased monthly payments if the related mortgage interest rate adjusts upward (or, in the case of a mortgage loan with an initial fixed rate or low introductory rate, at the end of the relevant fixed or introductory period). This increase in Borrowers’ monthly payments, which (in the case of a mortgage loan with an initial fixed rate or low introductory rate) may be compounded by any further increase in the related mortgage interest rate during the relevant fixed or introductory period, may result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid increased monthly payments (caused by, for example, the expiry of an initial fixed rate or low introductory rate, or a rise in the related mortgage interest rate) by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave Borrowers with insufficient equity in the relevant properties to permit them to refinance.

These events, alone or in combination, may contribute to higher delinquency rates and Losses on the Mortgage Pool, which in turn may affect the ability of the Issuer to make payments of interest and principal on the Notes.

Interest rate risk

The Issuer is subject to the risk of the contractual interest rates on the Mortgages (including Mortgages with a fixed rate of interest and rates of interest linked to LIBOR) being lower than that required by the Issuer in order to meet its commitments under the Notes, the Certificates, and its other obligations. This risk is mitigated (but not obviated) by the fixed-floating swap under the Swap Agreement. The Loans in the Mortgage Pool are subject to variable and fixed interest rates while the Issuer's liabilities under the Notes are based on three-month LIBOR.

To hedge its interest rate exposure in respect of the Fixed Rate Mortgages in the Mortgage Pool and the amounts payable under the Notes, the Issuer will on the Issue Date enter into the Swap with the Swap Counterparty (see "*Credit Structure — Interest Rate Risk for the Notes*" below). The Issuer will not enter into a swap agreement to hedge its interest rate exposure in relation to the LIBOR Standard Mortgages in the Mortgage Pool and the amounts payable under the Notes. The Effective Date (as defined in the Swap Agreement) of the Interest Rate Swap is the Issue Date and the Termination Date of the Interest Rate Swap is the earliest of:

- (a) the Final Maturity Date in respect of the Notes; and
- (b) the date on which the notional amount is zero, other than due to an Additional Termination Event in respect of the swap transaction.

A failure by the Swap Counterparty to make timely payments of amounts due under the Swap Agreement will constitute a default thereunder (subject to any applicable grace period). The Swap Agreement provides that the Sterling amounts owed by the Swap Counterparty on any payment date under the Interest Rate Swap (which corresponds to an Interest Payment Date) may be netted against the Sterling amounts owed by the Issuer on the same payment date. Accordingly, if the amounts owed by the Issuer to the Swap Counterparty on a payment date are greater than the amounts owed by the Swap Counterparty to the Issuer on the same payment date, then the Issuer will pay the difference to the Swap Counterparty on such payment date; if the amounts owed by the Swap Counterparty to the Issuer on a payment date are greater than the amounts owed by the Issuer to the Swap Counterparty on the same payment date, then the Swap Counterparty will pay the difference to the Issuer on such payment date; and if the amounts owed by both parties are equal on a payment date, neither party will make a payment to the other on such payment date. To the extent that the Swap Counterparty defaults on its obligations under the Swap Agreement to make payments to the Issuer in Sterling on any payment date under the Interest Rate Swap (which corresponds to an Interest Payment Date), the Issuer will be exposed to the possible variance between the fixed rates payable on the Fixed Rate Mortgages in the Mortgage Pool and three-month LIBOR. Unless one or more comparable replacement interest rate swaps are entered into, the Issuer may have insufficient funds to make payments due on the Notes. As noted above, the Issuer will not enter into a swap transaction to hedge its interest rate exposure to the possible variance between the standard variable rates payable on LIBOR Standard Mortgages and three-month LIBOR.

The Fixed Rate Notional Amount is set on the Swap Determination Period End Date in relation to a relevant Swap Determination Period, provided that any amendments or changes to certain terms of the Loan (including, but not limited to, the term of the loan, the payment frequency, the interest rate type, the loan maturity date and the repayment method) shall be deemed not to have been made or occurred when determining the Fixed Rate Notional Amount, unless such amendments or changes were made in order for the Issuer to comply with the provisions of MCOB 13.3 ("*Dealing fairly with customers with a payment shortfall: policy and procedures*") (or any successive regulation) and such other provisions, laws and/or regulations as may be agreed between the Issuer and the Swap Counterparty. As such, the Fixed Rate Mortgage balance and the notional under the swap may be different.

If the Swap Counterparty posts any Swap Collateral, such Swap Collateral will be utilised solely for the purpose of supporting the Swap Counterparty's obligations under the Swap Agreement and shall be returned directly to the Swap Counterparty (and not in accordance with the relevant Priority of Payments) in accordance with the terms of the Swap Agreement. Following the termination of the Swap Agreement, any Swap Collateral or the liquidation proceeds thereof which is not returned to the Swap Counterparty as part of the termination payment shall constitute Available Revenue Funds unless applied in acquiring a replacement swap. Depending on the circumstances prevailing at the time of termination (and, if applicable, the terms of any replacement swap agreement), any such termination payment could be substantial and may adversely affect the funds available to pay amounts due to the Noteholders (see "*Credit Structure — The Swap Agreement*" below).

Where interest payable in respect of the Loans is set by reference to a variable rate (a “VVR”), the Mortgage Administration Agreement contains an obligation on the Mortgage Administrator to set such VVR at a rate which is not lower than (a) three-month LIBOR (as determined on the most recent Mortgage LIBOR Reset Date) plus 1.90 per cent.; or (b) if the interest rate on any of the Notes is set by reference to an Alternative Reference Rate, that Alternative Reference Rate (as determined on the most recent Interest Determination Date) plus 1.90 per cent. (the “VVR Floor”), provided that the Mortgage Administrator shall only be under an obligation to apply the VVR Floor if it would not be reasonably likely to result in a breach of the applicable Loan Conditions or to be contrary to Applicable Laws, and applying such VVR Floor may be undertaken in accordance with the standards of a Prudent Mortgage Lender.

There can be no assurance that setting the VVR in relation to the Loans in the way described, or adhering to the other aforementioned restrictions, would not have an adverse effect on the ability of the Issuer to make payments under Notes.

Fluctuations in the value or the method of calculation of LIBOR could potentially result in (a) the contractual interest rates on the 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 or a negative rate of interest.

Swap Termination Payments

Subject to the following, the Swap Agreement will provide that, upon the occurrence of certain events, the Interest Rate Swap may terminate and a termination payment by either the Issuer or the Swap Counterparty may be payable, depending on, among other things, the terms of the Swap Agreement and the cost of entering into a replacement transaction at the time. Any termination payment due by the Issuer (other than any Swap Excluded Payable Amounts, any Swap Subordinated Amounts or, in certain circumstances and/or to a limited extent, any excess collateral amounts standing to the credit of the Swap Collateral Account) will rank prior to payments in respect of the Notes. If any termination amount is payable, payment of such termination amounts may affect amounts available to pay interest and principal on the Notes.

If a termination payment is due by the Swap Counterparty to the Issuer, no assurance can be given that the Swap Collateral standing to the credit of the Swap Collateral Account would be sufficient to cover such termination payment.

Any additional amounts required to be paid by the Issuer following termination of the Interest Rate Swap (including any extra costs incurred in entering into replacement interest rate swaps) will also rank prior to payments in respect of the Notes. This may affect amounts available to pay interest on the Notes and, following service of an Enforcement Notice on the Issuer (which has not been revoked), interest and principal on the Notes.

No assurance can be given as to the ability of the Issuer to enter into one or more replacement transactions, or if one or more replacement transactions are entered into, as to the credit rating or creditworthiness of the interest rate swap counterparty for the replacement transactions.

Insolvency of the Swap Counterparty

In the event of the insolvency of the Swap Counterparty, the Issuer will be treated as a general creditor of the Swap Counterparty. Consequently, the Issuer will be subject to the credit risk of the Swap Counterparty. To mitigate this risk, under the terms of the Swap Agreement, in the event that the relevant ratings of the Swap Counterparty fail to meet the relevant required ratings, the Swap Counterparty will, in accordance with the terms of the Swap Agreement, be required to elect to take certain remedial measures within the applicable time frame stipulated in the Swap Agreement (at its own cost), which may include providing Swap Collateral for its obligations under the Swap Agreement, arranging for its obligations under the Swap Agreement to be transferred to an entity with the relevant required ratings, procuring another entity with the required ratings to become co-obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement, or taking such other action (which may include inaction) as would result in the Rating Agencies maintaining the then current rating of the Most Senior Class of Rated Notes. However, no assurance can be given that, at the time that such actions are required, the Swap Counterparty will be able to provide collateral or that another entity with the required ratings will be available to become a replacement Swap Counterparty, co-obligor or guarantor or that the Swap Counterparty will be able to take the requisite other action.

Accordingly, if any of the Floating Rate Notes remain outstanding in circumstances where the Swap Counterparty is insolvent and fails to make any payment to the Issuer required under the Swap Agreement, the Issuer will be subject to the potential variation between the rates of interest payable in respect of the Mortgages in the Mortgage Pool with fixed rates of interest and LIBOR. Unless one or more comparable

replacement swaps are entered into, the Issuer may have insufficient funds to make payments due on the Notes after that date.

Market Disruption

The Rate of Interest in respect of the Floating Rate Notes (other than the X Notes) for each Interest Period will increase on and after the Step-Up Date, determined in accordance with Note Condition 4(c) (*Floating Rate of Interest*). Note Condition 4(c) (*Floating Rate of Interest*) contains provisions for the calculation of such underlying rates, in respect of the Notes, based on rates given by various market information sources and Note Condition 4(c) (*Floating Rate of Interest*) contains an alternative method of calculating the underlying rate should any of those market information sources, including the Screen Rate, be unavailable. The market information sources might become unavailable for various reasons, including suspensions or limitations on trading, events which affect or impair the ability of market participants in general, or early closure of market institutions. These could be caused by physical threats to the publishers of the market information sources, market institutions or market participants in general, or unusual trading, or matters such as currency changes.

LIBOR and Reference Banks

LIBOR has been subject to review and is currently subject to various investigations regarding whether the process for determining LIBOR may have been manipulated. As a result of the review and investigations, LIBOR is currently the subject of proposals for reform at both a UK and EU level and certain reforms have already been adopted.

Following concerns raised by a number of regulators that some of the member banks surveyed by the British Bankers' Association (the "BBA") in connection with the calculation of the London Interbank Offered Rate ("LIBOR") across a range of maturities and currencies may have been manipulating the inter-bank lending rate, a review of LIBOR was conducted at the request of the UK Government which concluded with the publication of a report setting out a number of recommendations for changes with respect to LIBOR (including the introduction of statutory regulation of LIBOR, replacing the BBA as administrator of LIBOR with an independent administrator, changes to the method of compilation of lending rates and new regulatory oversight and enforcement mechanisms for rate setting) in September 2012 (the "Wheatley Report").

Many of the recommendations made in the Wheatley Report have been enacted into law as part of the Financial Services Act 2012 (which came into effect on 1 April 2013). A new independent administrator for LIBOR, ICE Benchmark Administration Ltd, was appointed on 31 January 2014, regulated by the FCA pursuant to the Financial Services Act 2012 (and any secondary legislation which may be created thereunder). The FCA's approach towards administration of LIBOR remains to be ascertained. It is not possible to ascertain whether such an approach would have the effect of a sudden or prolonged increase or decrease in LIBOR or whether such an approach could have an adverse impact on the value of the Notes and the payment of interest thereunder. In addition, the Financial Stability Board ("FSB") published a report on 22 July 2014 suggesting reforms to the benchmarking of LIBOR. On 27 July 2017, the FCA announced that after 2021 the FCA would cease taking steps to persuade or compel banks to participate in setting LIBOR. That announcement indicates that the continuation of LIBOR on the current basis cannot be guaranteed after 2021. In the announcement, the FCA stated that the London interbank market is not sufficiently active to determine reliable rates.

As indicated in the Note Conditions, LIBOR is the benchmark reference rate to be used in determining the Floating Rate of Interest applicable to the Notes on each Interest Determination Date.

Note Condition 4(c) (*Floating Rate of Interest*) indicates alternatives to be used in determining the Reference Rate in the event that LIBOR cannot be determined on an Interest Determination Date.

If the Screen Rate is not available (as described in "Market Disruption" above) there can be no guarantee that the Issuer (with the approval of the Note Trustee) shall be able to appoint one or more Reference Banks to provide quotations, in order to determine the Reserve Interest Rate in respect of the Notes. Certain financial institutions that have historically acted as Reference Banks, have indicated that they will not currently provide LIBOR quotations and there can be no assurance that they will agree to do so in the future.

If the Screen Rate is not available and the Issuer (with the approval of the Note Trustee) is unable to appoint one or more Reference Banks to provide quotations or otherwise obtain quotations, the Reserve Interest Rate in respect of such Interest Payment Date shall be determined, pursuant to Note Condition 4(c) (*Floating Rate of Interest*), to be the most recent Screen Rate that was determined or through quotations provided by one or more Reference Banks. To the extent interest amounts in respect of the Notes are determined by reference to a previously calculated rate, Noteholders may be adversely affected (including where the Bank of England Base Rate has risen since the date of calculation of such interest rate).

In circumstances where the Screen Rate is not available and/or where the LIBOR benchmark ceases to exist or the manner of its administration changes, the benchmark by which interest on the Notes is determined could be materially altered, being determined by reference to an Alternative Reference Rate or otherwise. In such a scenario, there is a risk that the benchmark rate by which interest on the Notes is determined, and the benchmark rate by which interest on the Loans, including LIBOR Standard Mortgages and VVR Loans, may diverge. Investors should note that, in such circumstances, it is possible that the Mortgage Administrator would, to the extent permitted by applicable law and regulatory requirements, seek to maintain the Alternate Reference Rate used in respect of the Notes. However, there can be no assurance that this would be the case. As such, the Issuer may become subject to the risk of a mismatch between the rate of interest payable in respect of the Loans and the rate of interest payable in respect of the Notes, which in turn may result in insufficient funds being available to the Issuer to enable the Issuer to meet its obligations to the Noteholders. While it is the intention of the Mortgage Administrator to maintain consistency between the underlying benchmark rates of the Floating Rate Notes and the Loans, there is no obligation to do so.

Also, as indicated below, the Mortgage Pool includes VVR Loans and the Mortgage Administration Agreement contains an obligation on the Mortgage Administrator to set each VVR applicable to a Loan at a rate which is not lower than (a) three-month LIBOR (as determined on the most recent Interest Determination Date) plus 1.90 per cent.; or (b) if the interest rate on any of the Notes is set by reference to an Alternative Reference Rate, that Alternative Reference Rate (as determined on the most recent Interest Determination Date) plus 1.90 per cent.

Investors should be aware that: (a) actions by the administrator of LIBOR, regulators or law enforcement agencies may affect LIBOR (and/or the determinations thereof) in unknown ways, which could adversely affect the value of the Notes, (b) any uncertainty with respect to LIBOR may adversely affect liquidity of a Class of Notes and their market value, (c) it is not possible to ascertain at this time whether any reforms to LIBOR would have the effect of a sudden or prolonged increase or decrease in LIBOR or whether such reforms could have an adverse impact on the value of the Notes and the payment of interest thereunder, and (d) the potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the Note Conditions, or result in other consequences, in respect of any Notes linked to such benchmark (including but not limited to Notes whose interest rates are linked to LIBOR). Any such consequence could have a material adverse effect on the value of and return on any such Notes.

Risks relating to the Cash Administrator and incorrect payments

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

In circumstances where the Monthly Report or other relevant information is not available, such that the Cash Administrator cannot determine the Revenue Collections and Principal Collections in respect of any Determination Period, the amount of Revenue Receipts and Principal Receipts for the purposes of such determination shall be estimated by reference to the three most recent Monthly Reports.

If a Monthly Report is subsequently delivered in respect of any subsequent Determination Period and for the Determination Periods where no such information was available, then: (i) the Revenue Collections and the Principal Collections will be calculated on the basis of the information in such Monthly Report; and (ii) one or more reconciliation payments in respect of a Reconciliation Amount may be required to be made by the Issuer on the related and subsequent Interest Payment Dates in order to account for any overpayment(s) and/or underpayment(s) made on any Interest Payment Date during the relevant period of estimations in accordance with Note Condition 4(k) (*Determinations and Reconciliation*) and the Cash Administration Agreement.

Liability under the Notes and Certificates

The Notes and Certificates will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Notes and Certificates will not be obligations of, and will not be guaranteed by, or be the responsibility of the Account Bank, the Swap Collateral Account Bank, the Collection Account Provider, the Arranger, the Cash Administrator, the Corporate Services Provider, the Note Trustee, the Security Trustee, the Swap Counterparty, the Mortgage Administrator, the Delegate Mortgage

Administrator, the Standby Mortgage Administrator, the Back-up Mortgage Administrator Facilitator, the Seller, the Principal Paying Agent, the Joint Lead Managers or anyone other than the Issuer.

The Notes and Certificates 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 Priority of Payments, either (x) the amounts recovered on realisation of the Charged Property are insufficient to pay or discharge amounts due from the Issuer to the Noteholders or Certificateholders in full for any reason or (y) the proceeds in accordance with the applicable Priority of Payments the Principal Amount Outstanding has not been fully repaid on the A to Z2 Notes, the Issuer will have no liability to pay or otherwise make good any such insufficiency or shortfall.

Ratings of the Rated Notes

The ratings assigned to the Rated Notes are based on the Loans, the Security, the Mortgage Pool and relevant structural features of the transaction, which may include, among other things, the short-term unsecured, unguaranteed and unsubordinated debt ratings and the long-term ratings of the Account Bank, the Swap Collateral Account Bank and the Swap Counterparty. The ratings assigned to the Rated Notes by each Rating Agency have been provided on the basis that funds standing to the credit of the Pre-Funding Principal Reserve will be utilised to purchase Additional Loans after the Issue Date. These ratings reflect only the views of the Rating Agencies in respect of the Rated Notes.

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

- (a) provide collateral in support of its obligations under the Swap Agreement;
- (b) procure a guarantee of its obligations under the Swap Agreement;
- (c) procure an appropriately rated replacement counterparty; or
- (d) take such other action (which may include inaction) necessary so that the rating of the Most Senior Class of Rated Notes following such action will be rated no lower than the Most Senior Class of Rated Notes would be rated but for the downgrade of the Swap Counterparty.

It cannot be assured, however, that the Swap Counterparty would be able to take any of the above actions upon the occurrence of this event or that the ratings of the Rated Notes will not be lowered or withdrawn upon the occurrence of this event.

The ratings that are assigned to the Rated Notes do not represent any assessment of the yield to maturity that a holder of a Rated Note may experience.

The ratings assigned to the Rated Notes by Moody's address, *inter alia*:

- (a) the likelihood of full and timely payment of interest due to the holders of the Rated Notes on each Interest Payment Date; and
- (b) the likelihood of full and ultimate payment of principal to the holders of the Rated Notes by or on the Final Maturity Date.

The ratings assigned to the Rated Notes by DBRS address, *inter alia*:

- (a) the likelihood of full and timely payment of interest due to the holders of the Rated Notes on each Interest Payment Date; and
- (b) the likelihood of full and ultimate payment of principal to the holders of the Rated Notes by or on the Final Maturity Date.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the other ratings, the market value and/or the liquidity of the Rated Notes.

Credit rating agencies other than DBRS or Moody's could seek to rate the Rated Notes without having been requested to do so by the Issuer and, if such unsolicited ratings are lower than the comparable ratings assigned to the Rated Notes by DBRS and/or Moody's those unsolicited ratings could have an adverse effect on the market value and/or liquidity of the Rated Notes. In addition, the mere possibility that a rating could be issued

may affect price levels in any secondary market that may develop. In this Prospectus, all references to ratings are to ratings assigned by the relevant Rating Agencies.

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

Rating Agencies' Confirmation

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

No assurance can be given that any or all of the Rating Agencies will provide any such confirmation or that, depending on the timing of the delivery of the request and any information needed to be provided, it may be the case that the Rating Agencies cannot provide their confirmation in the time available and, in either case, the Rating Agencies will not be responsible for the consequences thereof. However, if a confirmation is provided, it should be noted that a Rating Agency's decision to reconfirm a particular rating may be made on the basis of a variety of factors. In particular, the holders of Rated Notes should be aware that the Rating Agencies owe no duties whatsoever to any parties to the transaction (including the Noteholders) in providing any confirmation of ratings. No assurance can be given that a requirement to seek ratings confirmation will not have a subsequent impact upon the business of the Borrowers. In addition, it should be noted that any confirmation of ratings:

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

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

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

The implementation of certain matters pursuant to the Transaction Documents is subject to the receipt of written confirmation from each Rating Agency (or certification from the Issuer to the Note Trustee and the Security Trustee that the Issuer 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 the then current ratings of each Class of Notes rated thereby being qualified, downgraded, suspended or withdrawn, or such Rating Agency placing any Notes on rating watch negative (or equivalent) and, if relevant, the Issuer delivers a copy of each such confirmation to the Note Trustee and the Security Trustee (a "**Rating Agency Confirmation**"). It is possible that, in certain circumstances, amendments are

made to the Transaction Documents notwithstanding the fact that a Rating Agency Confirmation is not obtained.

The Note Trustee is not obliged to act in certain circumstances

Upon the occurrence of an Event of Default, the Note Trustee in its absolute discretion may, and if so directed by the holders of the Most Senior Class (if they hold at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class or if they pass an Extraordinary Resolution), shall give an Enforcement Notice to the Issuer pursuant to which each Class of Notes shall become immediately due and repayable at their respective Principal Amount Outstanding together with any Accrued Interest and the Note Trustee shall give such Enforcement Notice to the Issuer subject to the Note Trustee being indemnified and/or secured and/or pre-funded to its satisfaction.

At any time after an Enforcement Notice has been served, the Note Trustee may, in its absolute discretion and without further notice, take such proceedings and/or other action or steps against or in relation to the Issuer or any other person as it may think fit to enforce the provisions of the Notes, the Trust Deed, the Note Conditions and the other Transaction Documents to which it is a party, but it shall not be bound to do so unless:

- (i) it shall have been directed by a notice in writing by holders of Notes outstanding constituting at least 25 per cent. of the aggregate in Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class then outstanding; and
- (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Note Trustee (or as the case may be, the Security Trustee), having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

See further “*Terms and Conditions of the Notes – Note Condition 10 (Enforcement of Security, Limited Recourse and Non-Petition)*” below.

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

Risks relating to Noteholder Meetings

An initial meeting of the Noteholders may be held on 21 clear days’ notice. The requisite quorum in respect of Ordinary Resolutions is one or more persons holding Notes or representing Noteholders holding Notes in aggregate of not less than 25 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the initial meeting. The requisite quorum in respect of Extraordinary Resolutions is one or more persons holding or representing Noteholders holding Notes in aggregate of more than 50 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the initial meeting, except in relation to a Notes Basic Terms Modification. The requisite quorum in respect of Extraordinary Resolutions to approve a Notes Basic Terms Modification requires one or more persons holding Notes or representing Noteholders holding Notes in aggregate of not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the initial meeting.

An adjourned meeting of the Noteholders may be held on not less than 14 nor more than 42 clear days’ notice. The requisite quorum at an adjourned meeting in respect of Ordinary Resolutions is one or more persons holding Notes or representing Noteholders holding Notes in aggregate of not less than 10 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the adjourned meeting. The requisite quorum in respect of Extraordinary Resolutions is one or more persons holding or representing Noteholders holding Notes in aggregate of not less than 25 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the adjourned meeting, except in relation to a Notes Basic Terms Modification. The requisite quorum in respect of Extraordinary Resolutions to approve a Notes Basic Terms Modification requires one or more persons holding Notes or representing Noteholders holding Notes in aggregate of more than a clear majority of the Principal Amount Outstanding of the relevant Class(es) of Notes for the adjourned meeting.

As a result of these requirements, it is possible that a valid Noteholder meeting may be held without the attendance of Noteholders who may have wished to attend and/or vote.

The Seller as Noteholder and Certificateholder

The Seller has a right to purchase and hold any Notes or Certificates. As holder of any Notes or Certificates, the Seller will have a right to vote on any resolution or determination put to Noteholders or Certificateholders and the interests of the Seller may differ from those of other Noteholders or Certificateholders.

Risk relating to Swap Counterparty Consent for Modification

The Swap Counterparty's written consent (such consent not to be unreasonably withheld) is required to modify or supplement any Transaction Document to which the Swap Counterparty is not a party if such modification or supplement would: (a) cause, in the reasonable opinion of the Swap Counterparty, (A) the Swap Counterparty to pay more or receive less under the Swap Agreement or (B) a decrease (from the Swap Counterparty's perspective) in the value of the Interest Rate Swap; (b) result in any of the Issuer's obligations to the Swap Counterparty under the Swap Agreement to be further contractually subordinated, relative to the level of subordination of such obligations as of the Closing Date, to the Issuer's obligations to any other Secured Creditor; (c) if, the Swap Counterparty were to replace itself as swap counterparty under the Swap Agreement, require the Swap Counterparty to pay more or receive less in the reasonable opinion of the Swap Counterparty, in connection with such replacement, as compared to what the Swap Counterparty would have been required to pay or would have received had such modification or amendment not been made (d) result in an amendment of Note Condition 11(f) (*Swap Counterparty Consent for Modification*); or (e) result in an amendment to, or waiver of the undertakings of the Issuer as set out in, Clause 14.2.6 (*Disposal of Assets*) of the Trust Deed related to a refinancing, sale, transfer or disposal of assets of the Issuer with a view to prematurely redeeming the Notes in circumstances not expressly permitted or provided for in the Transaction Documents as at the Closing Date.

Risks relating to Modification without Noteholders consent

The Note Trustee shall be obliged, without any consent or sanction of the Noteholders or any of the other Secured Creditors, or, (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or who would need to be a party to a new, supplemental or additional agreement, or which, as a result of the relevant amendment, would be further contractually subordinated to any Secured Creditor than would otherwise have been the case prior to such amendment) to concur with the Issuer and any other relevant parties in making any modification (other than in respect of a Notes Basic Terms Modification or a Certificates Basic Terms Modification) to the Note Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security or enter into any new, supplemental or additional documents that the Issuer considers necessary 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) facilitating the appointment of a replacement Cash Administrator (iii) complying with certain requirements applicable to it under EMIR, (iv) complying with certain risk retention legislation, regulations or official guidance in relation thereto, (v) enabling the Rated Notes to be (or to remain) listed on the Stock Exchange, (vi) enabling the Issuer or any of the other Transaction Parties to comply with FATCA and (vii) complying with any changes in the requirements of the CRA Regulation after the Issue Date (viii) amending the reference rate of the Floating Rate Notes where LIBOR is no longer a suitable reference rate (each a "**Proposed Amendment**"), without the consent of Noteholders pursuant to and in accordance with the detailed provisions of Note Condition 11(c) (*Additional Right of Modification*).

In relation to any such Proposed Amendment (other than a Proposed Amendment relating to EMIR), the Issuer is required to, amongst other things, give at least 30 calendar days' notice to the Noteholders of the proposed modification in accordance with Note Condition 13 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Notes. However, Noteholders should be aware that, in relation to each Proposed Amendment, unless Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have contacted the Note Trustee in writing (or, in the case of the Class A Notes, otherwise in accordance with the then current practice of any applicable clearing system through which such Class A Notes may be held) within such notification period notifying the Note Trustee that such Noteholders do not consent to the modification, the modification can be made without Noteholder consent.

The full requirements in relation to the modifications discussed above are set out in Note Condition 11(c) (*Additional Right of Modification*).

Pursuant to Note Condition 11(e) (*Modification and Waiver*), the Note Trustee may agree, without the consent or sanction of any of, or any liability to, the Noteholders, to:

- (a) any modification to the Trust Deed, the Conditions or other Transaction Documents of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law or regulation;
- (b) any other modification (excluding a Notes Basic Terms Modification), and any waiver or authorisation of any breach or proposed breach of the Notes of such Class, of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents; or
- (c) determine that an Event of Default or Potential Event of Default will not be treated as such,

where it is the opinion of the Note Trustee that the above is not materially prejudicial to the interests of the holders of the Most Senior Class (other than any holders of the Most Senior Class who have confirmed their consent in writing to the relevant waiver, authorisation or determination), **provided that** the Note Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution of holders of the Most Senior Class or a request made pursuant to Note Condition 9 (*Events of Default*).

The full requirements in relation to the modifications discussed above are set out in Note Condition 11(e) (*Modification and Waiver*).

Weighted average life of the Notes

The weighted average lives of the Notes refer to the average amount of time that elapses from the date of issuance of the Notes to the Noteholders to the date of distribution to such Noteholders of payments in net reduction of principal under the Notes (assuming no losses).

The weighted average lives of the Notes will be directly influenced by, amongst other things, the actual rate of redemption of the Mortgages, which in turn, is influenced by the Borrowers' ability to redeem the Mortgages. Where certain Borrowers are able to redeem the Mortgages only through refinancing, the actual rate of redemption may actually be reduced if such Borrowers experience difficulties in refinancing the relevant Loans. Any failure to make timely redemption of the Mortgages will reduce the CPR and increase the average weighted lives of the Notes.

For other factors and assumptions which may affect the weighted average lives of the Notes, see "*Weighted Average Lives of the Notes*".

General legal investment considerations

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

Subordination of the Notes

- (a) The B Notes are subordinated in right of payment of principal and interest to the A Notes;
- (b) the C Notes are subordinated in right of payment of principal and interest to the A Notes and the B Notes;
- (c) the D Notes are subordinated in right of payment of principal and interest to the A Notes, the B Notes and the C Notes;
- (d) the E Notes are subordinated in right of payment of principal and interest to the A Notes, the B Notes, the C Notes and the D Notes; and
- (e) The Z1 Notes and Z2 Notes are subordinated in right of payment of principal and interest to the A Notes, the B Notes, the C Notes, the D Notes and the E Notes.

There is no assurance that these subordination provisions will protect the holders of the A Notes, the B Notes, the C Notes, the D Notes and the E Notes from all risk of loss.

Investors in the X Notes should also be aware that prior to the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or on the occurrence of a Redemption Event, payments in respect of the principal on the X Notes shall be payable only out of Available Revenue Funds in accordance with the Pre-Enforcement

Revenue Priority of Payments. Following the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or on the occurrence of a Redemption Event, payments in respect of the X Notes will be made in accordance with the Post-Enforcement Priority of Payments. Payments on the X Notes will only be made to the extent there are Available Revenue Funds available under and in accordance with the Pre-Enforcement Revenue Priority of Payments (or available funds under and in accordance with the Post-Enforcement Priority of Payments, if applicable). It is noted that the X Notes are to be repaid in full out of the Available Revenue Funds under and in accordance with the Pre-Enforcement Revenue Priority of Payments. Following the service of an Enforcement Notice, no payments of principal will be made on the X Notes until the A Notes to E Notes (inclusive) have been redeemed in full.

No payments of principal will be made at any time on the Z1 Notes or Z2 Notes until the A Notes to the E Notes (inclusive) have been redeemed in full.

Each Certificate represents a *pro rata* entitlement to receive any residual balance following payment of all senior items in the relevant Priority of Payments by way of deferred consideration for the purchase by the Issuer of the Completion Mortgage Pool and any Additional Loans. Payments in respect of the Certificates shall only be payable out of Available Revenue Funds available under and in accordance with the Pre-Enforcement Revenue Priority of Payments (or after (i) the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, available funds under and in accordance with the Post-Enforcement Priority of Payments).

For further information on the payment of principal on the Notes, please see Note Condition 5 (*Redemption*).

Rights of Noteholders, Certificateholders and Secured Creditors

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

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

- (a) (i) the A Noteholders and (ii) the B Noteholders, the C Noteholders, the D Noteholders, the E Noteholders, the X Noteholders, the Z1 Noteholders, the Z2 Noteholders and/or the Certificateholders, the Note Trustee shall give priority to the interests of the A Noteholders whose interests shall prevail;
- (b) (i) the B Noteholders and (ii) the C Noteholders, the D Noteholders, the E Noteholders, the X Noteholders, the Z1 Noteholders, the Z2 Noteholders and/or the Certificateholders, the Note Trustee shall give priority to the interests of the B Noteholders whose interests shall prevail;
- (c) (i) the C Noteholders and (ii) the D Noteholders, the E Noteholders, the X Noteholders, the Z1 Noteholders, the Z2 Noteholders and/or the Certificateholders, the Note Trustee shall give priority to the interests of the C Noteholders whose interests shall prevail;
- (d) (i) the D Noteholders and (ii) the E Noteholders, the X Noteholders, the Z1 Noteholders, the Z2 Noteholders and/or the Certificateholders, the Note Trustee shall give priority to the interests of the D Noteholders whose interests shall prevail;
- (e) (i) the E Noteholders and (ii) the X Noteholders, the Z1 Noteholders, the Z2 Noteholders and/or the Certificateholders, the Note Trustee shall give priority to the interests of the E Noteholders whose interests shall prevail;
- (f) (i) the X Noteholders and (ii) the Z1 Noteholders, the Z2 Noteholders and/or the Certificateholders, the Note Trustee shall give priority to the interests of the X Noteholders whose interests shall prevail; and
- (g) (i) the Z1 Noteholders and/or the Z2 Noteholders and (ii) the Certificateholders, the Note Trustee shall give priority to the interests of the Z1 Noteholders and/or the Z2 Noteholders whose interests shall prevail.

So long as any of the Notes are outstanding, the Note Trustee will have regard solely to the interest of the Noteholders and shall not have regard to the interests of the Certificateholders or other Secured Creditors, subject to the provisions of the Trust Deed. If there are no Notes outstanding, the Note Trustee is to have sole regard to the interest of the Certificateholders and shall not have regard to the interests of the other Secured Creditors, subject to the provisions of the Trust Deed.

Conflicts of interest

Certain of the Transaction Parties and their respective affiliates are acting in a number of capacities in connection with the transaction described herein. Those Transaction Parties and any of their respective affiliates acting in such capacities will have only the duties and responsibilities expressly agreed to by each such entity in the relevant capacity and will not, by reason of it or any of its affiliates acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided with respect to each such capacity. In no event shall such Transaction Parties or any of their respective affiliates be deemed to have any fiduciary obligations to any person by reason of their or any of their respective affiliates acting in any capacity.

In addition to the interests described in this Prospectus, the Arrangers and the Joint Lead Managers and their respective related entities, associates, officers or employees (each a “**Joint Lead Managers Related Person**”) may:

- (a) from time to time be a Noteholder and/or Certificateholder or have other interests with respect to the Notes or Certificates and they may also have interests relating to other arrangements with respect to a Noteholder or a Note, a Certificateholder or a Certificate, or any other Transaction Party;
- (b) receive (and will not have to account to any person for) fees, brokerage and commissions or other benefits and act as principal with respect to any dealing with respect to any Notes or Certificates;
- (c) purchase all or some of the Notes or Certificates and resell them in individually negotiated transactions with varying terms; and
- (d) be or have been involved in a broad range of transactions including, without limitation, banking, lending, advisory, dealing in financial products, credit, derivative and liquidity transactions, investment management, corporate and investment banking and research in various capacities in respect of the Notes, the Certificates, the Issuer or any other Transaction Party or any related entity, both on its own account and for the account of other persons.

Prospective investors should be aware that:

- (i) each Joint Lead Managers Related Person in the course of its business (including in respect of interests described above) may act independently of any other Joint Lead Managers Related Person or Transaction Party;
- (ii) to the maximum extent permitted by applicable law, the duties of each Joint Lead Managers Related Person in respect of the Notes and/or Certificates are limited to the relevant contractual obligations set out in the Transaction Documents (if any) and, in particular, no advisory or fiduciary duty is owed to any person. No Joint Lead Managers Related Person shall have any obligation to account to the Issuer, any Transaction Party or any Noteholder for any profit as a result of any other business that it may conduct with either the Issuer or any Transaction Party;
- (iii) a Joint Lead Managers Related Person may have or come into possession of information not contained in this Prospectus that may be relevant to any Noteholder or Certificateholder or to any decision by a prospective investor to acquire the Notes or Certificates and which may or may not be publicly available to prospective investors (“**Relevant Information**”);
- (iv) to the maximum extent permitted by applicable law no Joint Lead Managers Related Person is under any obligation to disclose any Relevant Information to any other Joint Lead Managers Related Person, to any Transaction Party or to any prospective investor and this Prospectus and any subsequent conduct by a Joint Lead Managers Related Person should not be construed as implying that such person is not in possession of such Relevant Information; and
- (v) each Joint Lead Managers Related Person may have various potential and actual conflicts of interest arising in the ordinary course of its businesses, including in respect of the interests described above. For example, a Joint Lead Managers Related Person’s dealings with respect to a Note and/or a Certificate, the Issuer or a Transaction Party, may affect the value of a Note or Certificate.

Prospective investors should note that certain Joint Lead Managers Related Persons have provided financing indirectly to Belmont Green Finance Limited through certain warehousing issuers. As such, the proceeds of the issuance of the Notes will be used on or about the Issue Date to refinance such financing by Belmont Green Finance Limited using a portion of the initial purchase price in respect of the Loans and Mortgage Rights in the Mortgage Pool to purchase the relevant Loans from the warehousing issuers before on-selling

such part of the Mortgage Pool to the Issuer. The warehousing issuers will ultimately use such funds to repay certain Joint Lead Managers Related Persons. Other than where required in accordance with applicable law, the Joint Lead Managers Related Persons have no obligation to act in any particular manner as a result of their prior, indirect involvement with the Mortgage Pool and any information in relation thereto. With respect to the refinancing, each of the Joint Lead Managers Related Persons will act in its own commercial interest.

These interests may conflict with the interests of a Noteholder or Certificateholder, and the Noteholder or Certificateholder may suffer loss as a result. To the maximum extent permitted by applicable law, a Joint Lead Managers Related Person is not restricted from entering into, performing or enforcing its rights in respect of the Transaction Documents, the Notes, the Certificates, or the interests described above and may otherwise continue or take steps to further or protect any of those interests and its business even where to do so may be in conflict with the interests of Noteholders, the Certificateholders, and the Joint Lead Managers Related Persons may in so doing so act in its own commercial interests and without notice to, and without regard to, the interests of any such person.

For certain purposes, including the determination as to whether Notes are deemed outstanding or Certificates are deemed in issue, for the purposes of convening a meeting of Noteholders or Certificateholders, those Notes or Certificates (if any) which are for the time being held by or on behalf of or for the benefit of the Seller or any of its affiliates (each such entity a “**Relevant Person**”), in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding or in issue, except where all of the Notes of any Classes or all of the Certificates are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Classes of Notes (the “**Relevant Class of Notes**”) or such Certificates shall be deemed to remain outstanding or in issue (as the case may be), except that, if there is any other Class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such Class, then the Relevant Class of Notes shall be deemed not to remain outstanding and provided that in relation to a matter relating to a Basic Terms Modification any Notes or the Certificates which are for the time being held by or on behalf of or for the benefit of a Relevant Person, in each case as beneficial owner, shall be deemed to remain outstanding or in issue, as applicable.

Minimum 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, holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of the Notes. 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 to beneficial owners of Book-Entry Interests.

A nominee for the Common Safekeeper 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.

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

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

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 Loans

Extraction of information contained in this Prospectus

The information contained in the section of this Prospectus entitled “*Characteristics of the Provisional Completion Mortgage Pool*” has been extracted from information provided by the Mortgage Administrator (which information has been subject to rounding). Investors should note that the Mortgage Administrator is not providing any representations or warranties in respect of this information.

Each of the Arrangers and the Joint Lead Managers are entitled to assume that all information provided to them by the Mortgage Administrator for the purpose of reporting on the arithmetic or other accuracy is true and correct and is complete and not misleading and are not required to conduct an audit or other similar examination in respect of or otherwise take steps to verify the accuracy or completeness of such information save that the Mortgage Administrator will be required to advise the Joint Lead Managers if they have not been provided with any of those figures which it is required to provide.

Risks of losses associated with declining real estate values

An investment in securities such as the Notes and Certificates that generally represent a secured debt obligation (the security being in respect of Loans beneficially owned by the Issuer) may be affected by, among other things, a decline in real estate values and changes in the Borrowers’ financial condition. All of the Properties are located in England or Wales. Approximately 44.38 per cent. of the aggregate number of Loans (representing 58.69 per cent. of the aggregate Current Balance of the Loans) are secured by Properties located in the South East of England and Greater London. See the tables entitled “*Distribution of Loans by Region*” under “*Characteristics of the Provisional Completion Mortgage Pool*”. Certain areas of the United Kingdom may from time to time experience declines in real estate values such as has been seen in recent times. No assurance can be given that values of the Properties have remained or will remain at their levels on the dates of origination of the related Loans. If the residential real estate market in the United Kingdom in general, or in the South East of England and Greater London in particular, should experience an overall decline in property values such that the values of the Properties may have reduced during the period starting from the origination of the related Loans until the end of the maturity of the Notes, and the outstanding balances of the Loans become equal to or greater than the value of the Properties, such a decline could in certain circumstances result in the value of the interest in the Properties created by the Mortgages being significantly reduced. To that extent, holders of interests in the Notes will bear all risk of loss resulting from default by Borrowers and will have to look primarily to the value of the Properties for recovery of the outstanding principal and unpaid interest on the delinquent Loans.

Economic conditions in the Eurozone and General market volatility

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) have recently intensified. In particular, concerns have been raised with respect to current

economic, monetary and political conditions in the Eurozone. If such concerns persist and/or such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more Member States or institutions and/or any changes to, including any break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the Issuer, one or more of the other parties to the Transaction Documents (including the Seller and the Mortgage Administrator) and/or any Borrower in respect of the Loans. Given the current uncertainty and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) persist, in particular, with respect to current economic, monetary and political conditions in the region comprising of the Member States of the EU that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended (the “Eurozone”). If such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more states or institutions and/or any exit(s) by any Member State(s) from the European Union and/or any changes to, including any break-up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the UK housing market, the Issuer, one or more of the other parties to the Transaction Documents (including the Mortgage Administrator, the Account Bank and/or the Cash Administrator) and/or any Borrower in respect of its Loan.

Borrowers may default on their obligations

Borrowers may default on their obligations due under Loans for a variety of financial and personal reasons, including loss or reduction of earnings (and self-employed Borrowers may have more volatile earnings), illness, divorce and other similar factors which may, individually or in combination, lead to an increase in delinquencies by and bankruptcies of Borrowers. Certain national and international macroeconomic factors may also contribute to or hinder the economic health of a Borrower and thus the economic performance of the Loans.

Geographic concentration of the Loans

To the extent that specific geographic regions have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions, a concentration of the Loans in such a region may be expected to exacerbate all of the risks relating to the Loans described in this section. The Issuer cannot predict when and/or where such regional economic declines may occur, nor to what extent or for how long such conditions may continue, but if the timing and payment of the Loans are adversely affected as described above, the ability of the Issuer to make payments due under the Notes or Certificates could be reduced or delayed.

Additional Loans

The Additional Loans will be originated by BGFL after the Cut-Off Date or have been originated prior to the Cut-Off Date but the first loan payment had not been made on or before the Cut-Off Date.

Additional Loans may be sold to the Issuer, on a single Business Day falling in the period from (but excluding) the Issue Date up to (and including) the Determination Period End Date falling on 28 February 2018.

Any Additional Loan is required as at the date of its acquisition by the Issuer to comply with the representations and warranties specified in the Mortgage Sale Agreement.

There can be no certainty that, following the acquisition of any Additional Loans by the Issuer on the Additional Loans Purchase Date, the Mortgage Pool will have similar proportions or similar concentration characteristics as set out in the tables in the section entitled “*Characteristics of the Provisional Completion Mortgage Pool*” below in relation to the Mortgages constituting the Provisional Completion Mortgage Pool (although certain mitigants in this regard are contained in the criteria relating to the sale of the Additional Loans, as more fully set out in the “*Sale of Mortgage Pool*” section below). The ratings assigned to the Rated Notes by each Rating Agency have been provided on the basis that some or all of the funds standing to the credit of the Pre-Funding Principal Reserve will be utilised to purchase Additional Loans to those included in the Provisional Completion Mortgage Pool on or after the Issue Date. If on the first Interest Payment Date the aggregate amounts applied by the Issuer to purchase Additional Loans (from the Issue Date to and including the first Interest Payment Date) is less than the amount of the Pre-Funding Principal Reserve at that time, the

amount remaining standing to the credit of the Pre-Funding Principal Reserve Ledger will be used to repay amounts in the Pre-Enforcement Principal Priority of Payments on the first Interest Payment Date.

Further, there is no guarantee that the Seller will be in possession of sufficient loans or will be in the position to sell any such additional loans to the Issuer. Further, the Seller is under no obligation to sell any additional loans to the Issuer as Additional Loans, and the date of such sale may be any time during the period from the Issue Date until the Determination Date prior to the first Interest Payment Date. Whether or not such loans are sold, the quantity of loans sold and the timing of the sale would affect the amount of Revenue Collections and/or Principal Collections received by the Issuer on any such additional loans.

See “*Sale of the Mortgage Pool*” for conditions applicable to the acquisition of Additional Loans by the Issuer.

Basis risk and risks associated with interest rates

As described in “*Constitution of the Mortgage Pool – The Mortgage Pool*” below, interest in respect of the Loans in the Provisional Completion Mortgage Pool is payable on various bases. Of the aggregate number of Loans in the Provisional Completion Mortgage Pool:

- (a) 7.83 per cent. are LIBOR Standard Mortgages;
- (b) 89.96 per cent. are Fixed Rate Mortgages; and
- (c) 2.21 per cent. are Variable Rate Mortgages.

These figures refer to the Provisional Completion Mortgage Pool as at 31 August 2017. The first Investor Report delivered after the Issue Date will reflect the Loans in the Completion Mortgage Pool.

Upon expiry of the fixed rate period relating to the Loans with Fixed Rate Mortgages, these Fixed Rate Mortgages will revert to being LIBOR Standard Mortgages or Variable Rate Mortgages.

As a result of the Loans having these different bases, the Issuer is subject to the risk of a mismatch between the interest rate received by the Issuer on the Loans, such potential mismatch being caused by:

- (x) the interest rates received by the Issuer on the Loans being determined on different dates than that on which the interest rate payable on the Notes is determined; and
- (y) prior to the expiration of the relevant fixed rate, the interest rates received by the Issuer on the Fixed Rate Mortgages being determined on a different basis than that on which the interest rate payable on the Notes is determined.

Fluctuations in the value or the method of calculation of LIBOR could potentially result in (a) the contractual interest rates on the 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.

In addition, the Issuer is subject to the risk of the weighted average coupon of interest received in respect of the Mortgage Pool being reduced due to Loans with higher interest margins being repaid more quickly than Loans with lower interest margins (“**margin compression**”).

The Issuer is also subject to the risk that any cash held by or on behalf of the Issuer (including the Pre-Funding Principal Reserve) may earn a rate of return below the rate of interest payable on the Notes which risk is mitigated by (i) interest payable on funds standing to the credit of the Transaction Account (including the Pre-Funding Principal Reserve) (if any), (ii) the proceeds of any Authorised Investments, (iii) in respect of the Pre-Funding Principal Reserve, the availability of amounts standing to the credit of the Pre-Funding Revenue Reserve, and (iv) (for so long as the Loans are fully performing) the availability of the General Reserve Fund or Available Principal Funds, each of which are available to meet payments of interest due under the A Notes to E Notes (inclusive) and the senior expenses of the Issuer.

Increases in applicable variable rates may result in Borrowers with a loan subject to a variable rate of interest or with a loan for which the related interest rate adjusts following an initial fixed rate or low introductory rate, as applicable, being exposed to increased monthly payments as and when the related mortgage interest rate adjusts upward. This increase in Borrowers’ monthly payments, ultimately may result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid these increased monthly payments (caused by, for example, a rise in the related mortgage interest rates) by refinancing their loans may no longer be able to find available replacement loans

at comparably low interest rates. Any decline in housing prices may also leave Borrowers with insufficient equity in their homes to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates and losses.

The Loans are subject to variable and fixed interest rates while the Issuer's liabilities under the Notes are based on three-month LIBOR.

To attempt to hedge its interest rate exposure in relation to the fixed rates of interest payable in respect of the Mortgages in the Mortgage Pool and the amounts payable under the Notes, the Issuer will enter into the Swap Agreement with the Swap Counterparty (see "*Credit Structure — The Swap Agreement*" below). The notional amount under the Swap Agreement (which is determined by reference to the principal amount outstanding of such Mortgages, subject to certain adjustments as set out under the Swap Agreement) may not match the principal amount outstanding of those Mortgages in the Mortgage Pool paying fixed rates of interest and therefore the Issuer may become over or under hedged with respect to such interest rate exposure.

Underwriting standards

The Loans have been underwritten generally in accordance with underwriting standards described in "*Constitution of the Mortgage Pool – Lending Criteria*" below. These underwriting standards consider, among other things, a Borrower's credit history, employment history and status, repayment ability and income multiple or debt service-to-income ratio, as well as the value of the Property.

There can be no assurance that these underwriting standards will not be varied or that loans originated under different criteria may not become part of the Mortgage Pool.

For a description of the underwriting standards, see "*Constitution of the Mortgage Pool – Lending Criteria*" below. For a detailed analysis of the Loans constituting the Mortgage Pool on the Issue Date, see "*Characteristics of the Provisional Completion Mortgage Pool*" below.

Insurance Policies

The policies of the Seller in relation to buildings insurance are described under "*Constitution of the Mortgage Pool — Insurance Policies*", below. No assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable insurance contracts relating to the Loans or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected Property. This could adversely affect the Issuer's ability to redeem the Notes in full.

Warranties

Neither the Issuer, the Note Trustee nor the Security Trustee has undertaken or will undertake any investigations, searches or other actions in respect of the Loans and their related Mortgages, and each will rely instead on the Warranties. The sole remedy (save as described below) of the Issuer, the Security Trustee and the Note Trustee in respect of a breach of Warranty which could have a Material Adverse Effect on the value of the relevant Loan and related Mortgage and which, if capable of remedy, is not so remedied by the Seller within 30 days of notification of such breach to the Seller, shall be the requirement that the Seller repurchase, or procure the repurchase by an affiliate, on a joint and several basis, of any Loan which is the subject of any breach in return for a cash payment equal to the Repurchase Price, **provided that** this shall not limit any other remedies available to the Issuer, the Note Trustee and/or the Security Trustee if the Seller or an affiliate thereof fails to repurchase a Loan or make a payment when obliged to do so. However, there can be no assurance that the Seller (or an affiliate thereof) will have the financial resources to honour such obligations under the Mortgage Sale Agreement. This may affect the quality of the Loans and their related Mortgage Rights in the Mortgage Pool and accordingly the ability of the Issuer to make payments due on the Notes and/or Certificates.

Risks associated with non owner-occupied Properties

Approximately 64.06 per cent. of the aggregate number of the Loans (representing 66.92 per cent. of the aggregate Current Balance of the Loans) are secured by non-owner occupied freehold or leasehold properties charged as security for the repayment of a Loan (each a "**Property**"). Although it is intended that the Properties will be let by the relevant Borrower to tenants, there can be no guarantee that each such Property will be the subject of an existing tenancy when the relevant Mortgage is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the Mortgage and/or that the rental income achievable from tenancies of the relevant Property will be sufficient to provide the Borrower with sufficient income to meet the Borrower's interest obligations in respect of the Mortgage.

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 and, in particular, the condition of the private rental market within the various regional areas in England and Wales 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.

Upon enforcement of a Mortgage in respect of a Property which is the subject of an existing tenancy, the Mortgage Administrator (or its replacement or delegate, as applicable) may not be able to obtain vacant possession of the Property, in which case the Mortgage Administrator (or its replacement or delegate, as applicable) will only be able to sell the Property as an investment property with one or more sitting tenants. This may affect the amount which such administrator could realise upon enforcement of the Mortgage and a sale of the Property. However, Enforcement Procedures in relation to such Mortgages include appointing a receiver of rent, in which case such a receiver must collect any rents payable in respect of the Property and apply them accordingly in payment of any interest and arrears accruing under the Mortgage.

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

From 1 April 2016, a higher rate of stamp duty land tax (“**SDLT**”) has applied to the purchase of additional residential properties (such as buy to let properties). The current additional rate is three per cent. above the current SDLT rates.

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

Enforcement of Buy-to-Let Loans

The Dwelling Houses (Execution of Possession Orders by Mortgagees) Regulations 2010 came into effect on 1 October 2010 and contain new requirements for creditors to give at least 14 days’ notice of their intention to execute a possession order over residential premises which have been let. Additionally, pursuant to the Mortgage Repossessions (Protection of Tenants etc.) Act 2010, a court could delay execution of possession orders for up to two months on an application by a tenant. These changes in the law may delay exercise by the Seller of its power of sale in relation to the Buy-to-Let Loans and may in turn reduce the timeliness of receipts receivable by the Issuer under the Mortgage Pool and may adversely impact on the ability of the Issuer to make payments under the Notes.

Risk of losses associated with Interest Only Loans

Approximately 65.66 per cent. of the aggregate number of Loans (representing 71.01 per cent. of the aggregate Current Balance of the Loans) in the Provisional Completion Mortgage Pool constitute Interest Only Loans. Interest Only Loans are originated with a requirement that the Borrower pay scheduled interest payments only. There is no scheduled amortisation of principal. Consequently, upon the maturity of an Interest Only Loan, the Borrower will be required to make a “bullet” repayment that will represent the entirety of the principal amount outstanding thereof. The ability of such a Borrower to repay an Interest Only Loan at maturity may often depend on such Borrower’s ability to refinance the Property or obtain funds from another source such as pension policies, personal equity plans or endowment policies. 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 of the Borrower and general economic conditions at the time. If a Borrower cannot repay an Interest Only Loan, a loss may occur and this may affect payments on the Notes and/or Certificates.

Lack of control by Noteholders

The servicing of the Loans will be carried out by the Mortgage Administrator (or any delegate or replacement thereof, as the case may be). The holders of Notes or Certificates will have no right to consent to, or approve of, any actions set forth in the Mortgage Administration Agreement. See “*Administration, Servicing and Cash Management of the Mortgage Pool – Mortgage Administration Agreement*”.

General Risk Factors and Certain Regulatory Considerations

Fixed charges may take effect under English law as floating charges

Pursuant to the terms of the Deed of Charge, the Issuer has purported to grant fixed charges over, amongst other things, its interests in the Mortgages and their related Mortgage Rights and its rights and benefits in the Bank Accounts, and its beneficial interests in the Collection Account.

The law in England and Wales relating to the characterisation of fixed charges is not settled. The fixed charges purported to be granted by the Issuer may take effect under English law as floating charges only, if, for example, it is determined that the Security Trustee does not exert sufficient control over the charged property for the security to be said to “fix” over those assets. It should be assumed by Noteholders that the fixed charges will take effect as floating charges. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets. In particular, the expenses of any administration, and the claims of any preferential creditors and the claims of unsecured creditors would rank ahead of the claims of the Security Trustee in this regard. The Enterprise Act 2002 abolished the preferential status of certain Crown debts (including the claims of the United Kingdom tax authorities). However, certain employee claims (in respect of contributions to pension schemes and wages) still have preferential status. In this regard, it should be noted that the Issuer has agreed in the Transaction Documents not to have any employees.

In addition, any administrative receiver, administrator or liquidator appointed in respect of the Issuer will be required to set aside the prescribed percentage or percentages of the floating charge realisations in respect of the floating charges contained in the Deed of Charge (as described in more detail below under “*English law security and insolvency considerations*”).

Changes of law

The structure of the transaction and, inter alia, the issue of the Notes, the Certificates, and the ratings which are to be assigned to the Rated Notes are based on the relevant law, tax, accounting, regulatory and administrative requirements and practice, in effect as at the date of this Prospectus and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to the relevant law, tax, regulatory, accounting (and any change in regulation which may occur without a change in primary legislation), administrative practice or tax treatment after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes or Certificates.

Equitable interest

Legal title to the Mortgages in the Mortgage Pool over registered land in England and Wales is, or is in the course of being, registered in the name of the Seller, and will remain with the Seller. The sale by the Seller to the Issuer, of Mortgages over such land will take effect in equity only, since, save in the circumstances set out below, no application will be made to the Land Registry to register the Issuer as legal owner of such Mortgages. Neither the Issuer nor the Security Trustee will apply to the Land Registry to register their interest in such Mortgages. See “*Title to the Mortgage Pool*” below.

As a consequence of neither the Issuer nor the Security Trustee obtaining legal title to the Mortgages by not registering or recording their respective interest in the Land Registry (where applicable), a *bona fide* purchaser from the Seller for value of any of such Mortgages without notice of any of the interests of the Seller, the Issuer or the Security Trustee (and certain similar third parties) might obtain a good title free of any such interest. Further, the rights of the Issuer and the Security Trustee may be or become subject to equities (for example, rights of set-off as between the relevant Borrowers or insurance companies and the Seller). However, the risk of third party claims obtaining priority to the interests of the Seller, the Issuer or the Security Trustee would be likely to be limited to circumstances arising from a breach by the Seller or the Mortgage Administrator (or any delegate or replacement thereof, as the case may be) of its contractual obligations, representations or warranties or fraud, negligence or mistake on the part of the Seller or the Mortgage Administrator (or any delegate or replacement thereof, as the case may be) or their respective personnel or agents. (See “*Title to the Mortgage Pool*” below). Furthermore, for so long as neither the Issuer nor the Security Trustee have obtained legal title, they must join the Seller as a party to any legal proceedings which they may wish to take against any Borrower or in relation to the enforcement of any Mortgage. In this regard, the Seller will undertake, for the benefit of the Issuer and the Security Trustee, that it will lend its name to, and take such other steps as may reasonably be required by the Issuer or may be required by the Security Trustee in relation to, any legal proceedings in respect of any Mortgage. In the event that the Seller is

in administration, discretionary leave of the court may be required to join the Seller as a party to such proceedings.

Set-off risk

As described above, the sale by the Seller to the Issuer of the Loans will be given effect by an equitable assignment. As a result, legal title to the Loans will remain with the Seller until the occurrence of certain trigger events under the terms of the Mortgage Sale Agreement (see “*Rights of Noteholders and Certificateholders and Relationship with Other Secured Creditors – Triggers Tables – Non-Rating Triggers Table – Perfection Events*”) or until the Seller exercises its discretion to transfer legal title in the Loans to an authorised third party or a substitute entity, subject to receipt of a Rating Agency Confirmation. Therefore, the rights of the Issuer may be subject to “**transaction set-off**”, being the direct rights of the Borrowers against the Seller.

By way of example, the relevant Borrower may set-off any claim for damages arising from the Seller’s breach of contract against the Seller’s (and, as equitable assignee of or holder of the beneficial interest in the Loans and the Mortgages in the Mortgage Pool, the Issuer’s) claim for payment of principal and/or interest under the relevant Loan as and when it becomes due. These set-off claims will constitute transaction set-off, as described in the immediately preceding paragraph.

The amount of any such claim against the Seller will, in many cases, be the cost to the Borrower of finding an alternative source of funds. The Borrower may obtain a mortgage loan elsewhere, in which case the damages awarded could be equal to any difference in the borrowing costs together with any direct losses arising from the Seller’s breach of contract, namely the associated costs of obtaining alternative funds (for example, legal fees and survey fees).

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

The exercise of set-off rights by Borrowers may adversely affect the realisable value of the Mortgage Pool and/or the ability of the Issuer to make payments under the Notes and Certificates.

Effect of the sale of the Mortgage Pool

The Issuer has considered whether the transfer of the Loans and the related Mortgage Rights pursuant to the terms of the Mortgage Sale Agreement is effective to transfer to the Issuer the beneficial ownership of (but not, without further steps being taken, the legal estate in or title to) the Loans, Mortgages and Mortgage Rights. The Issuer has been advised that, subject to certain assumptions and qualifications, on the basis of the principles set out in *Re George Inglefield* [1933] Ch 1, as considered and applied by the Court of Appeal in *Welsh Development Agency v Export Finance Co. Ltd.* [1992] BCC 270, an English court would find the transfer was not made by way of security and therefore would not be void against a liquidator, administrator or creditor of the Seller. If a court were to find otherwise, investors could be adversely affected.

Mortgages regulated under FSMA

Since 31 October 2004, most first-charge residential mortgage businesses in the United Kingdom became regulated under the FSMA and were brought within the jurisdiction of the Ombudsman. This regulatory power has been exercised by the FCA as of 1 April 2013 when the Financial Services Act 2012 came into force and replaced the FSA with the Prudential Regulation Authority (the “**Prudential Regulation Authority**” or “**PRA**”), which is responsible for prudential regulation of financial institutions that manage significant risks on their balance sheets, and the FCA, which is responsible for conduct of business. Prior to that date this power was exercised by the previous regulator, the FSA.

Following the United Kingdom’s implementation of the Mortgage Credit Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property (the “**MCD**”) on 21 March 2016, the scope of contracts contained within the FSMA regulatory perimeter was extended. For credit agreements entered into on or after 21 March 2016, an agreement is a “**Regulated Mortgage Contract**” if it is originated after that date, or was varied on or after that date such that a new contract was entered into, if at the date of the origination or variation (a) the lender provides credit to an individual or to trustees (the ‘borrower’); and (b) the obligation of the borrower to repay is secured by a mortgage on land in the EEA, at least 40% of

which is used, or is intended to be used, in the case of credit provided to an individual, as or in connection with a dwelling; or (in the case of credit provided to a trustee who is not an individual), as or in connection with a dwelling by an individual who is a beneficiary of the trust, or by a related person. Regulated Mortgage Contracts do not include home purchase plans, limited payment second charge bridging loans, second charge business loans, investment property loans, exempt consumer buy-to-let mortgage contracts, exempt equitable mortgage bridging loans, exempt housing authority loans or a limited interest second charge credit union loans within the meaning of article 61A(1) or (2) of the Regulated Activities Order.

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

An unauthorised person may arrange for an authorised person to administer its Regulated Mortgage Contracts but, if that arrangement comes to an end, that unauthorised person may commit an offence if it administers the Regulated Mortgage Contracts for more than one month after the end of the arrangement, although this will not render the contract unenforceable against the Borrower.

A Borrower may be entitled to claim damages for loss suffered as a result of any contravention of an FCA rule by an authorised person. In the case of such contravention by the Seller, the Borrower may claim such damages against the Seller, or set-off the amount of such claim against the amount owing by the Borrower under the Loan or any other loan agreement that the Borrower has taken with the Seller. Any such claim or set-off may adversely affect the ability of the Issuer to make payments to the Noteholders.

BGFL holds authorisation and permission to enter into and to administer Regulated Mortgage Contracts. Subject to any exemption, brokers are required to hold authorisation and permission to arrange and to advise on Regulated Mortgage Contracts.

The Issuer is not and does not propose to be an authorised person under the FSMA. The Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not carry on the regulated activity of administering in relation to Regulated Mortgage Contracts by having them administered pursuant to an administration agreement by an entity having the required FCA authorisation and permission. If such administration agreement terminates or the appointment of an administrator thereunder is terminated, however, the Issuer will have a period of not more than one month in which to arrange for mortgage administration to be carried out by a replacement administrator having the required FCA authorisation and permission. In addition, no action is permitted to be taken (or omitted to be taken) by the Mortgage Administrator in relation to a Loan including offering, making or authorising a Further Advance, Product Switch or Regulated Amendment in relation to a Loan (where instructed to do so by the Seller in its capacity as legal title holder and lender of record) where it would result in the Issuer arranging or advising in respect of, administering (servicing) or entering into a Regulated Mortgage Contract or agreeing to carry on any of these activities, if the Issuer would be required to be authorised under the FSMA to do so.

Given that the Issuer will not itself be an authorised person under the FSMA, in the event that an agreement for a 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 Mortgage Administrator having the required FCA authorisation and permission.

The FCA's Mortgages and Home Finance: Conduct of Business sourcebook ("MCOB") sets out the FCA's rules for regulated mortgage activities. 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.

Failure to comply with the provisions of MCOB will not necessarily render Regulated Mortgage Contracts unenforceable. However, breaches of the rules in MCOB are actionable by borrowers who suffer loss as a result of the contravention. A breach could therefore give rise to a claim by a borrower to set-off sums due under a Regulated Mortgage Contract. Any such set-off in relation to a Loan in the Mortgage Pool may adversely affect the Issuer's ability to make payments on the Notes.

The Issuer understands that all Loans were originated on or after December 2016 were intended to be Regulated Mortgage Contracts under the FSMA.

In June 2010 the previous regulator, the FSA, made changes to MCOB (subsequently amended following implementation of the Mortgage Credit Directive on 21 March 2016 in particular MCOB 13 was amended to account for vulnerable customers and data sharing with other charge holders) which effectively converted previous guidance on the policies and procedures to be applied by authorised firms (such as the Seller) with respect to forbearance in the context of Regulated Mortgage Contracts into formal mandatory rules. Under 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. These new rules are currently in effect under the FCA's MCOB sourcebook. While the FSA had previously indicated that it does 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 Seller to take certain actions (forbearance-related or otherwise) 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 Loans and the Transaction Documents will provide that the Seller will incur no liability as a result thereof. 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 Loans which involve a Borrower who experiences payment difficulties.

Changes to UK and EU mortgage regulation, may affect the Mortgage Pool, the Seller, the Issuer and/or the Mortgage Administrator and their respective businesses and operations.

Financial Ombudsman Service

Under the FSMA, the Ombudsman is required to make decisions on, *inter alia*, 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 the circumstances of the case, taking into account, *inter alia*, law and guidance. 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 based on, *inter alia*, the principles of fairness and may order a money award to the Borrower it is not possible to predict how any future decision of the Ombudsman could affect the ability of the Issuer to make payments to the Noteholders.

Enforcement

Even assuming that the Properties provide adequate security for the Loans, delays could be encountered in connection with enforcement of the Mortgages and recovery of the 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 (be it the legal owner (the Seller), the beneficial owner (the Issuer) or the Security Trustee or its appointee (if the Security Trustee has taken enforcement action against the Issuer)) 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.

The court has 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, in certain circumstances, may be obliged to make improvements or 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.

Proceedings for the repossession and/or sale of the relevant property are generally initiated between three and four months after the first default of a scheduled monthly payment. Any delays in enforcement and recovery in respect of the Loans may in turn adversely affect the rate at which the Notes will be redeemed and the ability of the Issuer to make timely payments on the Notes.

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

Responsible Lending and Dealing with Customers in Arrears

Lenders regulated by the FSMA and who are authorised by the FCA in relation to such lending activities are subject to “responsible lending” requirements in relation to Regulated Mortgage Contracts. They are obliged to take account of the borrower’s ability to repay before deciding to enter into a Regulated Mortgage Contract (or to make further advances on such a contract). They must also put in place, and operate in accordance with, a written responsible lending policy.

Lenders regulated by the FSMA are subject to rules on treating customers in arrears fairly, including after the sale of repossessed property.

Compliance with the regulatory regime may result in reduced payments under the Loans being made or an increase in the time taken for recovery under the Loans. Such fluctuations in payments to the Issuer may adversely affect the Issuer’s ability to pay interest and principal due under the Notes.

Product intervention rules

The FCA has the power to render unenforceable contracts made in contravention of its product intervention rules. The FCA has the power to make product intervention rules under Section 137D of the FSMA, prohibiting authorised persons from taking a number of actions, including entering into specified contracts with any person or with a specified person. The FCA is normally obliged to consult the public and prepare a cost-benefit analysis before making any rules but there is an exemption to this requirement, which allows the FCA to make temporary product intervention rules (“**TPIRs**”) without consultation, if it considers that it is necessary or expedient to do so. TPIRs are intended to offer protection to consumers in the short term whilst either the FCA or the industry develop more permanent solutions and, in any event, are limited to a maximum duration of 12 months. In relation to agreements entered into in breach of a product intervention rule (including a TPIR), the FCA’s rules may provide (i) for the relevant agreement or obligation to be unenforceable; (ii) for the recovery of any money or other property paid or transferred under the agreement; or (iii) for the payment of compensation for any loss sustained under the relevant agreement or obligation.

In March 2013, the FCA published a policy statement “The FCA’s use of temporary product intervention rules” that applies from 1 April 2013 addressing when and how the FCA will consider making TPIRs. The FCA will consider making TPIRs where it identifies a risk of consumer detriment arising from a product or practice and will make the rules if it deems prompt action is necessary to reduce or prevent that detriment. In particular, the FCA will consider factors such as the potential scale of detriment in the market and potential scale of detriment to individual customers, whether particular groups of customers (especially vulnerable

customer groups) are more likely to suffer detriment and whether the use of TPIRs will have any unintended consequences.

If the Loans in the Mortgage Pool breaches such TPIRs, this may result in a reduction in interest or principal paid by the relevant Borrower on the Loan, in turn affecting interest and principal payments on the Notes.

Consultation Paper on the power of sale and residential property

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

Consumer Credit Act 1974 and the Consumer Credit Act 2006

Certain lending in the United Kingdom is still subject to provisions set out in the CCA. The regulation of lending covered by the CCA transferred to the FCA on 1 April 2014 and activities relating to the arranging, entering into and certain administration of credit agreements are now regulated activities for the purposes of the Regulated Activities Order.

The Issuer understands that none of the Loans will constitute Regulated Credit Agreements for the purposes of the Regulated Activities Order.

The Consumer Credit Act 2006 (the “CCA 2006”), which amends and updates the Consumer Credit Act 1974, was fully implemented by 31 October 2008.

Under the CCA 2006, the “extortionate credit” regime is replaced by an “unfair relationship” test. The unfair relationship test applies to all existing and new credit agreements except Regulated Mortgage Contracts under the FSMA. The unfair relationship test explicitly imposes liability to repay amounts received from a borrower on both the originator and any assignee such as the Issuer. In applying the new 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. However, the word “unfair” is not an unfamiliar term in United Kingdom legislation, due to the Unfair Contract Terms Act 1977, and the UTCCR. The courts may, but are not obliged to, look solely to the CCA 2006 for guidance. The principle of “*treating customers fairly*” under the FSMA, and guidance published by the FSA and, as of 1 April 2013, the FCA on that principle and by the OFT on the unfair relationship test may also be relevant. Once the borrower alleges that an unfair relationship exists, then the burden of proof is on the creditor to prove the contrary.

If a mortgage loan subject to the unfair relationship test is found to be unfair, the court may require the creditor to repay sums to the debtor, to do, not do or cease doing anything in relation to the agreement, reduce or discharge any sums payable by the debtor or surety, return to a surety any security provided by him, alter the terms of the agreement, direct accounts to be taken or otherwise set aside any duty imposed on the debtor or surety. The term creditor as defined under section 189 of the CCA means the person providing the credit under a consumer credit agreement or the person to whom his rights and duties under the agreement have passed by assignment or operation of law.

These changes to the CCA may adversely affect the Issuer’s ability to make payments in full when due to Noteholders and Certificateholders.

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

In the context of the above discussion, we would note that the Seller has not supplied or brokered PPI in respect of any Borrower’s payment obligations under any Loan (as to which, please see the section below entitled “*Sale of the Mortgage Pool – Warranties and Repurchase*”).

The Renting Homes (Wales) Act 2016

The Renting Home (Wales) Act (the Renting Homes Act) received royal assent on 18 January 2016 but has not yet been brought into force. This Act will convert the majority of residential tenancies in Wales into a ‘standard contract’ with retrospective effect when it has been brought into force, however some tenancies will not be converted with retrospective effect (including those which have Rent Act protection and tenancies for more than 21 years).

The Renting Homes Act (which only has effect in Wales) does not contain an equivalent mandatory ground for possession that a lender had under the Housing Act 1988 where a property was subject to a mortgage granted before the beginning of the tenancy and the lender required possession in order to dispose of the property with vacant possession.

The Renting Homes Act may result in lower recoveries in relation to buy-to-let mortgages over Properties in Wales and may affect the ability of the Issuer to make payments under the Notes.

Mortgage repossession

A protocol for mortgage repossession cases in England and Wales came into force on 19 November 2008, which sets out the steps that judges will expect any lender to take before starting a claim. A number of mortgage lenders, including the Seller, have confirmed that they will delay the initiation of repossession action for at least three months after a borrower who is an owner-occupier is in arrears. The application of such moratorium may be subject to the wishes of the relevant borrower and may not apply in cases of fraud. The Mortgage Repossessions (Protection of Tenants etc.) Act 2010 came into force on 1 October 2010. This Act gives courts in England and Wales the same power to postpone and suspend repossession for up to two months on application by an unauthorised tenant (i.e. a tenant in possession without the lender’s consent) as generally exists on application by an authorised tenant. The lender has to serve notice at the property before enforcing a possession order.

This protocol and this Act may have adverse effects in markets experiencing above average levels of repossession claims. Delays in the initiation of responsive action in respect of the Loans may result in lower recoveries and may adversely affect the ability of the Issuer to make payments to Noteholders.

Consumer Rights Act 2015

The Consumer Rights Act 2015 (“**CRA**”) came into force on 1 October 2015 and applies to agreements made on or after that date. The CRA significantly reforms and consolidates consumer law in the UK. The CRA involves the creation of a single regime out of the Unfair Contract Terms Act 1977 (which essentially deals with attempts to limit liability for breach of contract) and the Unfair Terms in Consumer Contracts Regulations 1994 and 1999 (the “**UTCCR**”). The CRA revokes the UTCCR and introduces a new regime for dealing with unfair contractual terms as follows:

Under Part 2 of the CRA an unfair term of a consumer contract (a contract between a trader and a consumer) is not binding on a consumer (an individual acting for purposes that are wholly or mainly outside that individual’s trade, business, craft or profession). Additionally, an unfair notice is not binding on a consumer, although a consumer may rely on the term or notice if the consumer chooses to do so. A term will be unfair where, contrary to the requirement of good faith, it causes significant imbalance in the parties’ rights and obligations under the contract to the detriment of the consumer. In determining whether a term is fair it is necessary to: (i) take into account the nature of the subject matter of the contract; (ii) refer to all the circumstances existing when the term was agreed; and (iii) refer to all of the other terms of the contract or any other contract on which it depends.

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

A consumer contract may not be assessed for fairness to the extent that (i) it specifies the main subject matter of the contract; and/or (ii) the assessment is of the appropriateness of the price payable under the contract by comparison with the goods, digital content or services supplied under it; unless it appears on the “grey list” referenced above. A trader must ensure that a written term of a consumer contract, or a consumer notice in writing, is transparent i.e. that it is expressed in plain and intelligible language and is legible.

Where a term of a consumer contract is “unfair” it will not bind the consumer. However, the remainder of the contract, will, so far as practicable, continue to have effect in every other respect. Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail. It is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings have explicitly raised the issue of fairness.

The provisions in the CRA governing unfair contractual terms came into force on 1 October 2015. The Unfair Contract Terms Regulatory Guide (UNFCOG in the FCA handbook) explains the FCA’s policy on how it uses its formal powers under the CRA and the CMA published guidance on the unfair terms provisions in the CRA on 31 July 2015. This new regime does not seem to be significantly different from the regime under the UTCCR. However, this area of law is rapidly developing and we can expect new regulator guidance and case law as a result of this new legislation. No assurance can be given that any changes in legislation, guidance or case law on unfair terms will not have a material adverse effect on the Seller, the Issuer and their respective businesses and operations. There can be no assurance that any such changes (including changes in regulators’ responsibilities) will not affect the Loans.

Financial Services (Distance Marketing) Regulations 2004

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

If the borrower cancels the credit agreement under these regulations, then: (a) the borrower is liable to repay the principal and any other sums paid by the lender to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower 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 treated as never having had effect for the cancelled agreement.

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

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 Commercial Practices Directive**” or “**UCP**”). Generally, the Unfair Commercial Practices Directive applies full harmonisation, which means that member states of the European Union may not impose more stringent provisions in the fields to which full harmonisation applies. By way of exception, this Directive permits member states of the European Union to impose more stringent provisions in the fields of financial services and immovable property, such as mortgage loans. The Unfair Commercial Practices Directive provided for a transitional period until 12 June 2013 for applying full harmonisation in the fields to which it applies. The Unfair Commercial Practices Directive was implemented into United Kingdom law through the Consumer Protection from Unfair Trading Regulations 2008 (the “**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 therefore 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 Law Commission and the Scottish Law Commission reviewed the current private law in this area and found it to be fragmented and unclear. On 28 March 2012, the two Commissions published a report entitled “*Consumer Redress for Misleading and Aggressive Practices*”, which sets out recommendations for reform.

On 14 March 2013, the European Commission published the results of its review on the application of the UCP. The Commission does not propose amending the UCP but has indicated that intensified national enforcement and reinforced cooperation in cross-border enforcement are needed. Going forward the Commission will consider how it can play a more active role in enforcement and will continue to perform in-depth reviews of how the directive works in practice.

The Consumer Protection (Amendment) Regulations 2014 came into force on 1 October 2014. This legislation gives consumers a direct right of action including a right to unwind agreements within 90 days of entering into the contract if a misleading or aggressive practice under the CPUTRs was a significant factor in the consumer’s decision to enter into the contract. The amendments to CPUTRs also extend the regime so that it covers misleading and aggressive demands for payment: The legislation applies to demands for payment for restricted-use credit (where the credit must be used to finance a particular transaction) where the misleading or aggressive commercial practice: (i) began before 1 October 2014 and continues after that date – however, a consumer will only be able to exercise his new direct rights of action if a contract is entered into, or payments are made, after the date the legislation comes into force; and (ii) occurs on or after 1 October 2014. This will apply to any unregulated buy-to-let contracts in the Mortgage Pool and any debt collection activity with regard to demands for repayment.

The effect (if any) of the CPUTRs on the Loans, the Seller 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 would initiate intervention by a regulator and may lead to criminal sanctions.

No assurance can be given that the CPUTRs will not adversely affect the ability of the Issuer to make payments to Noteholders and Certificateholders.

EU Referendum

On 23 June 2016, the UK voted to leave the European Union in a referendum (the “**Brexit Vote**”) and on 29 March 2017 the United Kingdom gave formal notice (the “**Article 50 Notice**”) under Article 50 of the Treaty on European Union (“**Article 50**”) of its intention to leave the European Union.

The timing of the UK’s exit from the EU remains subject to some uncertainty, but it is unlikely to be before March 2019. Article 50 provides that the EU treaties will cease to apply to the UK two years after the Article 50 Notice unless a withdrawal agreement enters into force earlier or the two-year period is extended by unanimous agreement of the UK and the European Council.

The terms of the UK’s exit from the EU are also unclear and will be determined by the negotiations taking place following the Article 50 Notice. It is possible that the UK will leave the EU with no withdrawal agreement in place if no agreement can be reached and approved by all relevant parties within the allotted time. If the UK leaves the EU with no withdrawal agreement, it is likely that a high degree of political, legal, economic and other uncertainty will result.

In addition to the economic and market uncertainty this brings there are a number of potential risks for the Transaction that Noteholders should consider:

Legal uncertainty

A significant proportion of English law currently derives from or is designed to operate in concert with European Union law. This is especially true of English law relating to financial markets, financial services, prudential and conduct regulation of financial institutions, bank recovery and resolution, payment services

and systems, settlement finality, market infrastructure, and mortgage credit regulation. A government white paper was published on 30 March 2017, describing the “great repeal bill” that aims to incorporate the EU law *acquis* into UK law the moment before the UK ceases to be a member of the EU, with the intention of limiting immediate legal change.

The European Union (Withdrawal) Bill was subsequently introduced into Parliament on 13 July 2017. The Bill will repeal the European Communities Act, which was passed in 1972 in order to enable the UK to join what is now the EU. In terms of the Bill, nearly all existing EU law will be incorporated into UK law. However, the Bill will give government ministers powers to amend, repeal and replace EU laws that are incorporated into UK law by the Bill.

Over time – and depending on the timing and terms of the UK’s exit from the EU – significant changes to English law in areas relevant to the Transaction and the parties to the Transaction are likely. The Issuer cannot predict what any such changes will be and how they may affect payments of principal and interest to the Noteholders.

Regulatory uncertainty

There is significant uncertainty about how financial institutions from the remaining EU (the “EU27”) with assets (including branches) in the UK will be regulated and vice versa. At present, EU single market regulation allows regulated financial institutions (including credit institutions, investment firms, alternative investment fund managers, insurance and reinsurance undertakings) to benefit from a passporting system for regulatory authorisations required to conduct their businesses, as well as facilitating mutual rights of access to important elements of market infrastructure such as payment and settlement systems. EU law is also the framework for mutual recognition of bank recovery and resolution regimes.

Once the UK ceases to be a Member State of the EU, the current passporting arrangements will cease to be effective, as will the current mutual rights of access to market infrastructure and current arrangements for mutual recognition of bank recovery and resolution regimes. In addition, the potential change in the regulatory framework may in the future impact on the eligibility of the Class A Notes as Eurosystem eligible collateral under the Eurosystem monetary policy framework of the European Central Bank. The ability of regulated financial institutions to continue to do business between the UK and the EU27 after the UK ceases to be a Member State of the EU would therefore be subject to separate arrangements between the UK and the EU27. Although the UK Government has said that it “will be aiming for the freest possible trade in financial services between the UK and EU Member States” in a white paper setting out its Brexit negotiation objectives, there can be no assurance that there will be any such arrangements concluded and, if they are concluded, when and on what terms. Such uncertainty could adversely impact the ability of third parties who are regulated financial institutions to provide services to the Issuer and the Transaction.

Counterparty risk

Counterparties on the Transaction may be unable to perform their obligations due to changes in regulation, including the loss of existing regulatory rights to do cross-border business. Additionally, they may be adversely affected by rating actions or volatile and illiquid markets (including currency markets and bank funding markets) arising from the Brexit Vote, the Article 50 Notice and the conduct and progress of the formal withdrawal negotiations. As a result, there is an increased risk of such counterparties becoming unable to fulfil their obligations which could have an adverse impact on Noteholders. See “*Servicing and Third Party Risk*” above.

Rating actions

The Brexit Vote has resulted in downgrades of the UK sovereign and the Bank of England by Standard & Poor’s and by Fitch. Standard & Poor’s, Fitch and Moody’s have all placed a negative outlook on the UK sovereign rating and that of the Bank of England, suggesting a strong possibility of further negative rating action.

The rating of the sovereign affects the ratings of entities operating in its territory, and in particular the ratings of financial institutions. Further downgrades may cause downgrades to counterparties on the Transaction meaning that they cease to have the relevant required ratings to fulfil their roles and need to be replaced. If rating action is widespread, it may become difficult or impossible to replace counterparties on the Transaction with others who have the required ratings on similar terms or at all.

Moreover, a more pessimistic economic outlook for the UK in general could lead to increased concerns around the future performance of the securitised portfolio and accordingly the ability of the Issuer to pay

interest and repay principal to Noteholders and the ratings assigned to the Notes on the Issue Date could be adversely affected.

While the extent and impact of these issues is unknown, Noteholders should be aware that they could have an adverse impact on Noteholders and the payment of interest and repayment of principal on the Notes.

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

Under the Banking Act 2009 (the “**Banking Act**”), substantial powers have been granted to HM Treasury, the Bank of England and the FCA and the PRA, as part of the special resolution regime (the “**SRR**”). These powers (which apply regardless of any contractual provisions) enable the above authorities to deal with and stabilise United Kingdom-incorporated institutions with permission to accept deposits pursuant to Part IV of the FSMA (such as the Account Bank, the Collection Account Provider, the Swap Counterparty and the Swap Collateral Account Bank) (each a “**relevant entity**”) that are failing or are likely to fail to satisfy the threshold conditions (within the meaning of Section 41 of the FSMA). The SRR consists of three stabilisation options: (i) transfer of all or part of the business of the relevant entity or the shares of the relevant entity to a private sector purchaser; (ii) transfer of all or part of the business of the relevant entity to a “bridge bank” wholly-owned by the Bank of England; (iii) temporary public ownership of the relevant entity; (iv) writing down (including to zero) certain claims of unsecured creditors of the relevant entity (including Notes) and/or converting certain unsecured debt claims (including Notes) to equity (the bail-in option), which equity could also be subject to any cancellation, transfer or dilution; and (v) transfer of all or part of the business of the relevant entity to an asset management vehicle owned and controlled by the Bank of England or HM Treasury. HM Treasury may also take a parent company of a relevant entity into temporary public ownership where certain conditions are met. In general, there is considerable uncertainty about the scope of the powers afforded to the Authorities under the Banking Act and how the Authorities may choose to exercise them. Further, UK authorities have a wide discretion in exercising their powers under the special resolution regime, including modifying or setting aside any Act of Parliament by order of HM Treasury to facilitate its Banking Act objectives. Certain ancillary powers include the power to modify certain contractual arrangements in certain circumstances. It is possible that one of the stabilisation options could be exercised prior to the point at which any application for an insolvency or administration order with respect to the relevant entity could be made.

In general, the Banking Act requires the Authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial system of the United Kingdom. The Banking Act includes provisions related to compensation in respect of transfer instruments and orders made under it.

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

This regime was amended to ensure that it is compliant with the EU’s Bank Recovery and Resolution Directive (2014/59/EU) (the “**Directive**”). The Directive was published in the Official Journal of the EU on 12 June 2014 and came into force on 2 July 2014. Amongst other things, the Directive provides for the introduction of a package of minimum early intervention and resolution-related tools and powers for relevant authorities (including a bail-in tool) and for special rules for cross-border groups. The Directive was implemented in the UK via the Bank Recovery and Resolution Order 2014 (“**BRRD Order**”), which came into force on 1 January 2015, and its related legislation.

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

Changes to United Kingdom and EU Mortgage regulation

EU initiatives on Mortgage Credit

The MCD was published in the Official Journal of the European Union on 28 February 2014, and entered into force on 21 March 2014. The MCD was transposed into the national law of UK on 21 March 2016.

The MCD applies to: (a) credit agreements secured by a mortgage or comparable security commonly used in a member state of the European Union (a “**Member State**”) on residential immovable property, or secured by a right relating to residential immovable property and (b) credit agreements the purpose of which is to purchase or retain rights in land or in an existing or proposed residential building, and also extends the Consumer Credit Directive to unsecured credit agreements the purpose of which is to renovate residential immovable property involving a maximum total amount of credit of EUR 75,000. The MCD does not apply to certain equity release credit agreements to be repaid from the sale proceeds of an immovable property, or to certain credit granted by an employer to its employees.

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

On 25 March 2015, the Mortgage Credit Directive Order 2015 (the “**MCD Order**”) was passed in order to make the necessary legislative changes to implement the MCD. In outline, the MCD Order: (i) put in place a new regulatory regime for consumer buy-to-let mortgages (“**CBTL mortgages**”); (ii) widened the definition of a Regulated Mortgage Contract to include second mortgages; and (iii) transferred the regulation of some existing agreements (e.g. second mortgages) from the consumer credit regime to the regulated mortgage contract regime. The MCD Order took effect for most purposes on 21 March 2016.

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 came into force on 21 March 2016, creating a new distinction between CBTL mortgages 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 indicate a buy-to-let customer is acting by way of business. The UK Treasury has stated that they would expect buy-to-let 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 mortgages must be registered with the FCA and will be subject to conduct of business rules in respect of both the origination and servicing of CBTL mortgages. The Mortgage Administrator will be subject to the conduct of business rules in respect of any CBTL mortgages in the mortgage portfolios.

As the MCD Order and the changes to MCOB only came into force on 21 March 2016 it is not possible to fully assess what effect these changes will have on the Mortgage Pool, the Seller, the Issuer and/or the Mortgage Administrator and their respective businesses and operations and no assurance can be given that the implementation of the consumer buy-to-let rules from 21 March 2016 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.

Any further changes to MCOB or changes in the regulatory framework, may adversely affect the Loans, the Seller and/or the Mortgage Administrator and their respective businesses and operations.

Potential effects of any additional regulatory changes

No assurance can be given that action and rules and regulations, additional to those discussed above, from any regulatory authority will not be implemented with regard to the mortgage market in the United Kingdom generally, the particular sector in that market in which the Seller operates or specifically in relation to the Seller. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Loans, the Seller and the Issuer and their respective businesses and operations. This may adversely affect the Issuer’s ability to make payments to the Noteholders and Certificateholders.

English law security and insolvency considerations

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes and Certificates. In certain circumstances, including the occurrence of certain insolvency events in respect of the Issuer, the ability to realise the Security

may be delayed and/or the value of the Security impaired. While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency proceedings and/or that the Noteholders and/or the Certificateholders would not be adversely affected by the application of insolvency laws (including English insolvency laws).

In particular, the ability to realise the Security granted may be delayed if an administrator is appointed or in the context of a company voluntary arrangement in respect of the Issuer. In this regard, it should be noted that:

- (a) in general, an administrator may not be appointed in respect of a company if an administrative receiver is in office. Amendments were made to the Insolvency Act 1986 in September 2003 which restrict the right of the holder of a floating charge to appoint an administrative receiver, unless an exception applies. Significantly, one of the exceptions allows for the appointment of an administrative receiver in relation to certain transactions in the capital markets. While it is anticipated that the requirements of this exception will be met, it should be noted that the Secretary of State for Business, Innovation and Skills may by regulation modify the capital market exception and/or provide that the exception shall cease to have effect; and
- (b) under the Insolvency Act 1986 (as amended by the Insolvency Act 2002), certain “small” companies (which are defined by reference to certain financial and other tests) are entitled to seek protection from their creditors for a limited period for the purposes of putting together a company voluntary arrangement. The position as to whether or not a company is a small company may change from time to time and consequently no assurance can be given that the Issuer will not, at any given time, be determined to be a small company. However, certain companies are excluded from the optional moratorium provisions, including a company which is party to certain transactions in the capital markets and/or which has a liability in excess of a certain amount. While the Issuer should fall within the current exceptions, it should be noted that the Secretary of State for Business, Innovation and Skills may by regulation modify these exceptions.

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

Insolvency proceedings and subordination provisions

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

The UK Supreme Court has affirmed that such a subordination provision is valid under English law. Contrary to the determination of the UK Supreme Court, the US Bankruptcy Court recently held that such a subordination provision is unenforceable under US bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a US bankruptcy of the counterparty.

Based on the findings of the US Bankruptcy Court, there is a risk that a Secured Creditor in US debtor-in-possession bankruptcy proceedings could successfully challenge the subordination provisions contemplated by the Deed of Charge to the extent that such provisions provide for certain payment rights of a creditor to be conditional upon whether or not an Event of Default related to the commencement of insolvency or bankruptcy proceedings or a deterioration of financial condition has occurred with respect to that creditor.

If a creditor of the Issuer (such as the Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the US), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents. Laws may be relevant in certain circumstances with respect to a range of entities, including US established entities and certain non-US established entities with assets or operations in the US (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a US state). In general, if a subordination provision included in the Transaction Documents (such as the subordination of the Swap Subordinated Amounts) was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the Certificateholders, the market value of the Notes, the Certificates, and/or the ability of the Issuer to satisfy its obligations under the Notes or Certificates.

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

Liquidation Expenses

On 6 April 2008, a provision in 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 Deed of Charge may be reduced by at least a significant proportion of any liquidation expenses. There can be no assurance that the holders of the Notes and Certificates will not be adversely affected by such a reduction in floating charge realisations.

Impact of regulatory initiatives on certain investors

Regulatory initiatives may result in increased regulatory capital requirements for certain investors and/or decreased liquidity in respect of the Notes and Certificates. In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory 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 and Certificates are responsible for analysing their own regulatory position and none of the Issuer, the Arranger, the Joint Lead Managers or the Seller makes any representation to any prospective investor or purchaser of the Notes or Certificates regarding the regulatory capital treatment of their investment (or the liquidity of such investment as a result thereof) on the Issue Date or at any time in the future.

Securitisation Regulation

On 26 June 2017, the Council of the European Union published the political agreement for a securitisation regulation (the “**Regulation**”). The Regulation recasts (with some amendments) a number of provisions which already apply in respect of securitisations in the EU, including those relating to risk retention, due diligence and disclosure. It also introduces a new framework for simple, transparent and standardised (“**STS**”) securitisations. The Regulation applies to EU-regulated institutional investors, originators, sponsors and original lenders and securitisation special purpose entities. The Regulation is expressed to apply to securitisations “the securities of which are issued on or after” 1 January 2019.

A securitisation, the securities of which were issued before 1 January 2019, can qualify as STS if (i) it met, at the time of issuance, the criteria relating to true sale, perfection triggers, eligibility criteria, homogeneous assets, no securitisation positions, no assets in default, at least one payment, no reliance on sales, risk retention and interest rates and (ii) it meets, at the time of notification of STS eligibility to ESMA, the criteria

relating to no encumbrances and underwriting standards, as well as the remaining standardisation criteria and all the transparency criteria.

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.

Risks relating to U.S. Volcker Rule

The Issuer has been structured so as not to constitute a “covered fund” for purposes of the Volcker Rule and its implementing regulations. If the Issuer is considered a “covered fund”, the liquidity of the market for the Notes may be materially and adversely affected, since banking entities could be prohibited from, or face restrictions in, investing in the Notes. See “*Certain Regulatory Disclosures – Volcker Rule*” for more detail.

Compliance with European risk retention requirements

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

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes for certain categories of investor. 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. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance with the relevant EU risk retention and due diligence requirements should seek guidance from their regulator and/or independent advice on the issue. In this regard investors should be aware that although the asset exposures to be held by the Seller are transferable, the Seller has covenanted to maintain its retention, on an ongoing basis as an originator within the meaning of the CRR, AIFMR and the Solvency II Regulation with a material net economic interest of at least 5 per cent. in the securitisation, in accordance with the Retention Requirement. Any change to the manner in which such interest is held will be notified to investors.

With respect to the commitment of the Seller to retain a material net economic interest in the securitisation constituted by the transaction and with respect to the information to be made available by the Issuer or another relevant party, please see the statements set out in the section headed “*Certain Regulatory Disclosures – Retention Requirements and exposure to the Retained Interest*”. Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Arranger, the Joint Lead Managers, the Seller or any other party to a Transaction Document makes any representation that the information described above is sufficient in all circumstances for such purposes.

It should be noted that the European authorities have reached political agreement on two new regulations related to securitisation. The regulations are in the process of being formally adopted and are intended to apply in general from 1 January 2019. Amongst other things, the regulations include provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. While the final texts are not yet available, there will be material differences between the coming new requirements and the current requirements including with respect to application approach under the retention requirements and the originator entities eligible to retain the required interest. It is expected that securitisations established prior to the application date of 1 January 2019 and that do not involve the issuance of securities (or otherwise involve the creation of a new securitisation position) from that date will remain subject to the current risk retention

and due diligence requirements and will not be subject to the revised requirements in general, although this will depend on the specific drafting of the relevant provisions included in the final text.

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.

In the event that a regulator determines that your investment in the Notes did not comply or is no longer in compliance with the EU risk retention and due diligence requirements described above, then you may be required by your regulator to set aside additional capital against your investment in the Notes or take other corrective action. In addition, affected investors may be less likely to purchase any of the Notes, which may have a negative impact on the ability of investors in the Notes to resell their Notes in the secondary market or on the price realised for such Notes.

U.S. Risk Retention Requirements

Section 941 of the Dodd-Frank Act of 2010 amended the Exchange Act to generally require the “securitizer” of a “securitisation transaction” to retain at least 5 per cent. of the “credit risk” of “securitized assets”, as such terms are defined for the purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The U.S. Risk Retention Rules came into effect on 24 December 2015 with respect to residential mortgage-backed securitisations. The U.S. Risk Retention Rules provide that the securitizer of an asset backed securitisation is its sponsor. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Seller, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5 per cent. of the credit risk of the securitized assets for purposes of compliance with the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that: (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the “ABS interests” (as defined in Section 2 of the U.S. Risk Retention Rules) are issued) of all classes of ABS interests issued in the securitisation transaction are sold or transferred to, or for the account or benefit of, U.S. persons (as defined in the U.S. Risk Retention Rules, “**Risk Retention U.S. Persons**”); (3) neither the sponsor nor the Issuer of the securitisation transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Mortgage Pool will be comprised of mortgage loans and their related security, all of which are originated by the Seller, a company incorporated in England. See the section entitled “*The Seller and the Mortgage Administrator*”.

Prior to any Notes which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person, the purchaser of such Notes must first disclose to the Joint Lead Managers that it is a Risk Retention U.S. Person and obtain the written consent of the Seller in the form of a U.S. Risk Retention Consent. Prospective investors should note that the definition of “U.S. person” in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of “U.S. person” under Regulation S, and that persons who are not “U.S. persons” under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The definition of “U.S. person” in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to paragraphs (b) and (h)(i), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, “**U.S. person**” (and “**Risk Retention U.S. Person**” as used in this Prospectus) means any of the following:

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States¹;

¹ The comparable provision from Regulation S is “(ii) any partnership or corporation organised or incorporated under the laws of the United States.

- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organisation or entity if:
 - (i) organised or incorporated under the laws of any foreign jurisdiction; and
 - (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act².

Each holder of a Note or a beneficial interest therein acquired on the Issue Date, by its acquisition of a Note or a beneficial interest in a Note, will be deemed, and, in certain circumstances, will be required to represent to the Issuer, the Seller and the Joint Lead Managers that it (1) either (i) is not a Risk Retention U.S. Person or (ii) it has obtained a U.S. Risk Retention Consent, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein).

There can be no assurance that the requirement to request the Seller to give its prior written consent to any Notes which are offered and sold by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person will be complied with or will be made by such Risk Retention U.S. Persons.

There can be no assurance that the exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to whether a failure by the Seller to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes or the market value of the Notes. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation market generally is uncertain, and a failure by the Seller to comply with the U.S. Risk Retention Rules could therefore negatively affect the market value and secondary market liquidity of the Notes.

None of the Joint Lead Managers or any of their affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Issue Date or at any time in the future. Investors should consult their own advisors as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Implementation of and/or changes to the Basel Framework

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

Investors should note that the Basel Committee on Banking Supervision (the “**Basel Committee**”) approved significant changes to Basel II (being the revised international capital framework of the Basel Committee,

² The comparable provision from the definition of U.S. Person in Regulation S “(viii)(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in 17 CFR 230.501(a)) who are not natural persons, estates or trusts.

published in 2004) 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 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**”). The European Commission published the final version of the Delegated Regulation for the Liquidity Coverage Ratio in October 2014, which was published in the Official Journal of the EU on 17 January 2015 and applies from 1 October 2015. The minimum Liquidity Coverage Ratio requirement of 60 per cent. as of October 2015 will reach 100 per cent. as of 1 January 2018. The Net Stable Funding Ratio is intended to apply 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 certain proposed revisions to the securitisation framework, including proposed new hierarchies of approaches to calculating risk weights and a new risk weight floor of 15 per cent. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

Implementation of the Basel framework (to the extent that it has not already been fully implemented in member countries) and/or of any of the changes put forward by the Basel Committee as described above may have an impact on the capital requirements in respect of the Notes or Certificates and/or on incentives to hold the Notes or Certificates 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 or Certificates.

In general, prospective investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and Certificates and as to the consequences for and effect on them of any changes to the Basel 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 prospective investor or otherwise.

European Market Infrastructure Regulation

The European Market Infrastructure Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories (“**EMIR**”) came into force on 16 August 2012. EMIR and the requirements under it impose certain obligations on parties to “over the counter” (“**OTC**”) derivative contracts including a mandatory clearing obligation (the “**Clearing Obligation**”), margin posting and other risk-mitigation techniques (the “**Risk Mitigation Requirements**”) for OTC derivatives contracts not cleared by a central counterparty, and reporting and record-keeping requirements.

Under EMIR, (i) financial counterparties (“**FCs**”) and (ii) non-financial counterparties whose positions, together with the positions of all other non-financial counterparties in its “group” (as defined in EMIR), in OTC derivatives (excluding hedging positions) exceed a specified clearing threshold (“**NFC+s**”, and together with FCs, the “**In-scope Counterparties**”) must clear via an authorised or recognised central counterparty (“**CCP**”) OTC derivatives contracts that are entered into on or after the effective date for the Clearing Obligation for that counterparty pair and class of derivatives (the “**Clearing Start Date**”). Unless an exemption applies, FCs and NFC+s must clear any such OTC derivative contracts entered into between each other and with certain third country equivalent entities (i.e. those that would have been subject to the Clearing Obligation if they were established in the EU). The process for implementing the Clearing Obligation is under way and a timeframe for compliance has been established for the first class of transactions (being certain interest rate derivative contracts in USD, EUR, GBP and JPY), with the Clearing Start Date for such contracts with NFC+s being 21 December 2018. Timeframes for mandatory clearing of certain other classes of OTC derivatives transactions have also been established.

On the basis that the Issuer is currently a non-financial counterparty whose positions, together with the positions of all other non-financial counterparties in its “group”, in OTC derivatives (after the exclusion of hedging positions) do not exceed any of the specified clearing thresholds (each, an “**NFC-**”), OTC derivative contracts that are entered into by the Issuer would not in any event be subject to any mandatory clearing or frontloading requirements. If the Issuer’s counterparty status as an NFC- changes then certain OTC derivatives contracts that are entered into by the Issuer may become subject to the Clearing Obligation.

Under EMIR, OTC derivatives contracts entered into by NFC+ and FC entities (and/or third country equivalent entities) that are not cleared by a CCP may be subject to margining requirements unless certain exemptions apply. The regulatory technical standards relating to the collateralisation obligations in respect of OTC derivatives contracts which are not cleared (the “**RTS**”) are now in force and the obligation for In-scope Counterparties to margin uncleared OTC derivatives contracts is being phased in from the first quarter of

2017 with variation margin obligations applying to all transactions entered into by In-scope Counterparties from 1 March 2017. However, on the basis that the Issuer is an NFC-, OTC derivatives contracts that are entered into by the Issuer would not be subject to any margining requirements. If the Issuer's counterparty status as an NFC- changes then certain OTC derivatives contracts that are entered into by the Issuer may become subject to margining requirements.

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

It should also be noted that further changes may be made to the EMIR framework in the context of the EMIR review process (proposed reforms were released on 4 May 2017 by the Commission), including in respect of counterparty classification, and no assurances can be given that any such changes would not (amongst other things) cause the status of the Issuer to change to NFC+ and lead to the potentially adverse consequences outlined below. If the Issuer becomes subject to the clearing obligation or the margining requirements under EMIR, this may increase administrative burdens on the Issuer, adversely affect the Issuer's ability to enter into hedging arrangements and/or create significantly higher costs of hedging for the Issuer which may in turn reduce the amounts available to make payments with respect to the Notes. Further, if any party fails to comply with the applicable rules under EMIR it may become subject to regulatory sanctions.

Certain Tax Considerations

United Kingdom Taxation Position of the Issuer

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (as set out in the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended) (the “**Securitisation Regulations**”), and as such should be taxed only on the amount of its “retained profit” (as that term is defined in the Securitisation Regulations) for so long as it satisfies the conditions of the Securitisation Regulations. However, if the Issuer does not in fact satisfy the conditions to be taxed in accordance with the Securitisation Regulations (or subsequently ceases to satisfy those conditions), then the Issuer may be subject to tax liabilities not contemplated in the cashflows for the transaction described in this Prospectus. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest and/or principal than expected.

Withholding under the Notes

Provided that the Notes are and continue to be “listed on a recognised stock exchange” (within the meaning of section 1005 of the Income Tax Act 2007), as at the date of this Prospectus no withholding or deduction for or on account of United Kingdom income tax will be required on payments of interest on the Notes. However, there can be no assurance that the law in this area will not change during the life of the Notes.

In the event that any withholding or deduction for or on account of any tax is imposed on payments in respect of the Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate the Noteholders for such withholding or deduction. However, in such circumstances, the Issuer may redeem the Notes subject to the requirements of and in accordance with Condition 5(e) (*Optional Redemption for Taxation or Other Reasons*) if the Issuer has sufficient funds available, thereby shortening the average lives of the Notes.

The applicability of any withholding or deduction for or on account of United Kingdom tax on payments of interest on the Notes is discussed further under “*United Kingdom Taxation*” below.

EU Financial transaction tax

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the “**Commission's Proposal**”) for a financial transaction tax (“**FTT**”) to be adopted in certain participating EU Member States (including Belgium, Germany, Estonia (although Estonia has since stated that it will not participate), Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). If the Commission's Proposal was adopted, the FTT would be a tax primarily on “financial institutions” (which would include the Issuer) in relation to “financial transactions” (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

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

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's Proposal. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest and/or principal than expected. To the extent that such liabilities may arise at a time when winding up proceedings have been commenced in respect of the Issuer, such liabilities may be regarded as an expense of the liquidation and, as such, be payable out of the floating charge assets of the Issuer (and its general estate) in priority to the claims of Noteholders and other secured creditors. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's Proposal. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

General Considerations

Reliance on Third Parties

The Issuer has engaged BGFL to administer the Mortgage Pool pursuant to the Mortgage Administration Agreement. While BGFL is under contract to perform certain mortgage settlement and related administration services under the Mortgage Administration Agreement, there can be no assurance that they will be willing or able to perform these services in the future. In the event BGFL is replaced as Mortgage Administrator, there may be losses or delays in processing payments on the Mortgage Pool due to a disruption in mortgage administration during a transfer to a successor Mortgage Administrator. This may cause delays in payments or losses under the Notes. In order to reduce this risk, the Mortgage Administrator has agreed to delegate certain of its obligations pursuant to the terms of the Mortgage Administration Agreement. In addition, the Issuer has appointed the Standby Mortgage Administrator pursuant to the Standby Mortgage Administration Agreement to carry out the duties of the Mortgage Administrator in the event of the occurrence of a Mortgage Administrator Termination Event (as described below). See "*The Seller and the Mortgage Administrator*".

Pursuant to the Swap Agreement, the Swap Counterparty will enter into an Interest Rate Swap with the Issuer which will allow the Issuer to hedge certain risks in connection with amounts to be paid by or to it in connection with the Notes. In the event that the Swap Counterparty was to fail to perform its obligations under the Swap Agreement, investors may be adversely affected.

Replacement of counterparties

In addition, in the event that the rating by any of the Rating Agencies of the Collection Account Provider or the Account Bank or the Swap Collateral Account Bank or the Swap Counterparty is downgraded, it is possible that such Collection Account Provider, Account Bank, Swap Collateral Account Bank or the Swap Counterparty (as the case may be) may no longer meet the rating requirements as set out in the sections entitled "*Rights of Noteholders and Certificateholders and Relationship with Other Secured Creditors – Triggers Tables – Rating Triggers Table – Collection Account Provider*" and "*Rights of Noteholders and Certificateholders and Relationship with Other Secured Creditors – Triggers Tables – Rating Triggers Table – Account Bank, Swap Collateral Account Bank and Swap Counterparty*". There can be no assurance that the Account Bank, the Swap Collateral Account Bank, the Swap Counterparty or the Issuer will be able to procure that the Collection Account Provider, the Account Bank, the Swap Collateral Account Bank or the Swap Counterparty (as applicable) be replaced within 30 days of the downgrade of the relevant entity and there is therefore a risk that the Rated Notes will be downgraded in such circumstances.

Investors should note that upon the occurrence of a Mortgage Administrator Termination Event, the Issuer (prior to the service of an Enforcement Notice and with the consent of the Security Trustee) or (after the service of an Enforcement Notice) the Security Trustee may terminate the agency (and, simultaneously, the rights) of the Mortgage Administrator. Following the occurrence of such a Mortgage Administrator

Termination Event, the Issuer shall (as soon as practicable after such event has come to its attention) give notice in writing to the Standby Mortgage Administrator of such occurrence and if an Invocation Notice is issued to the Standby Mortgage Administrator, the Standby Mortgage Administrator shall (to the extent it is still appointed) assume the role of the Mortgage Administrator pursuant to the terms of the Standby Mortgage Administration Agreement, **provided however that** any such appointment shall be subject to the prior written consent of the Security Trustee.

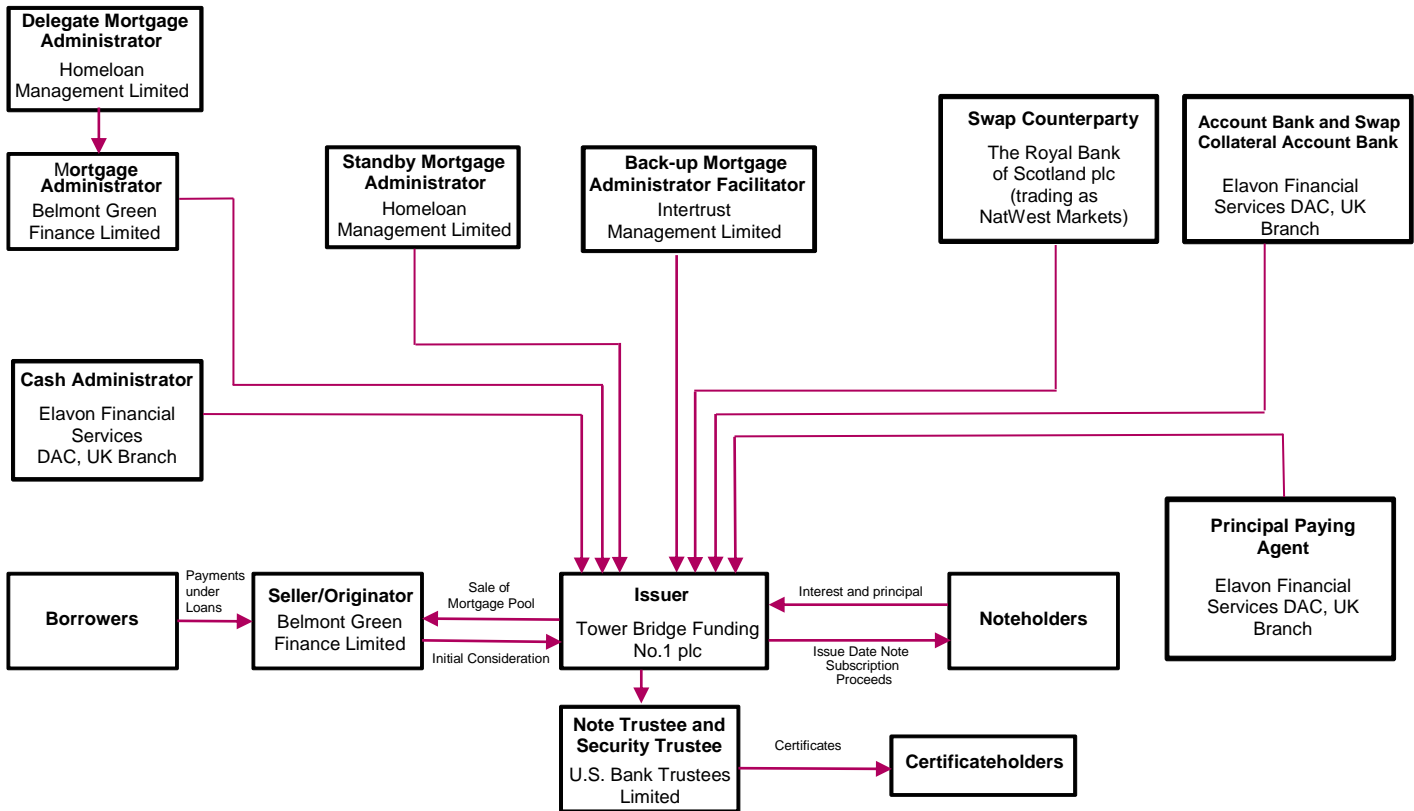
Accordingly, where the Standby Mortgage Administrator is appointed, the identity of the Mortgage Administrator will change, and consequently, the counterparty exposure of the Issuer, the Noteholders and the Certificateholders to the Mortgage Administrator will also change.

As a Mortgage Administrator Termination Event may occur in respect of the Standby Mortgage Administrator as well, the identity of the Mortgage Administrator may change more than once during the duration of the Notes and Certificates. No assurance can be given that a replacement mortgage administrator can be identified upon the occurrence of a Mortgage Administrator Termination Event in respect of the Standby Mortgage Administrator.

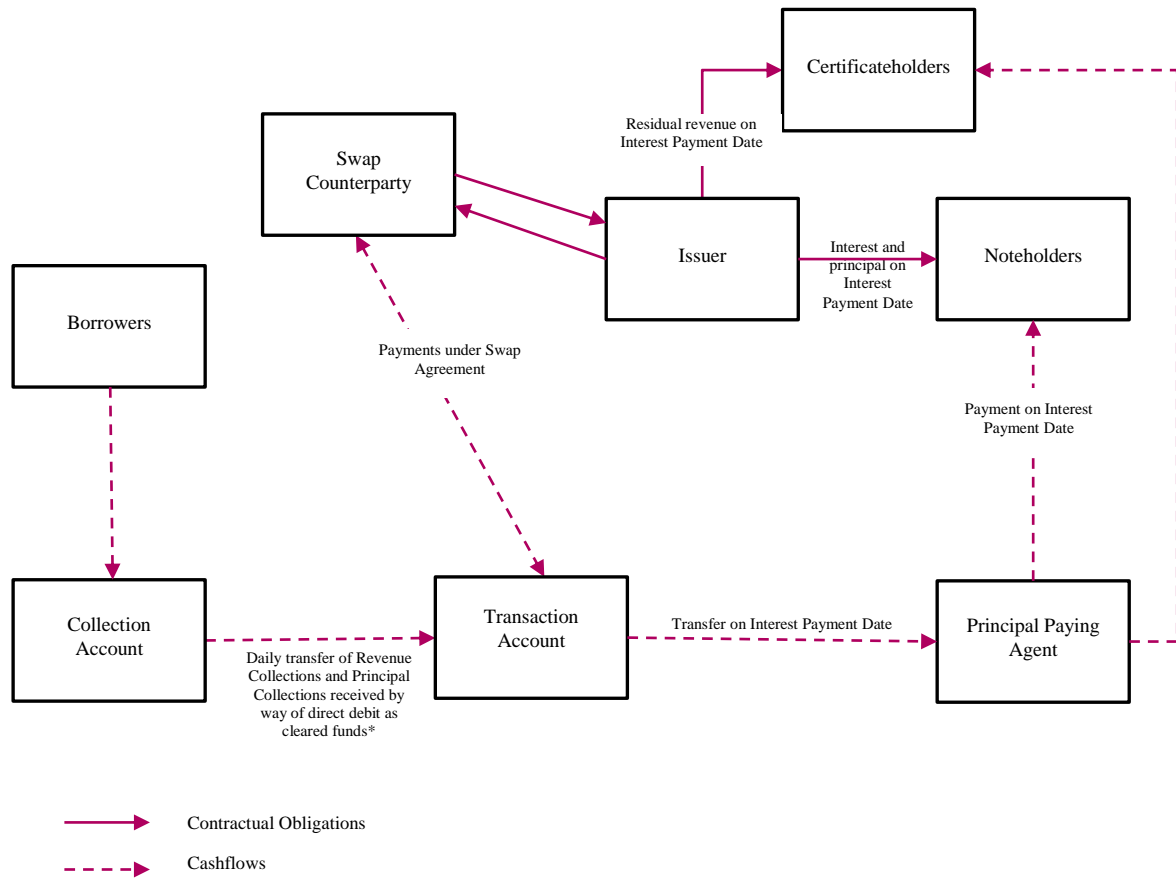
As a result of the risk highlighted in the preceding paragraph, the inclusion of this right of replacement may mean that the value of the Notes or Certificates from time to time may be lower than their value would otherwise have been had no such replacement right been included.

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

Diagrammatic Overview of the Transaction

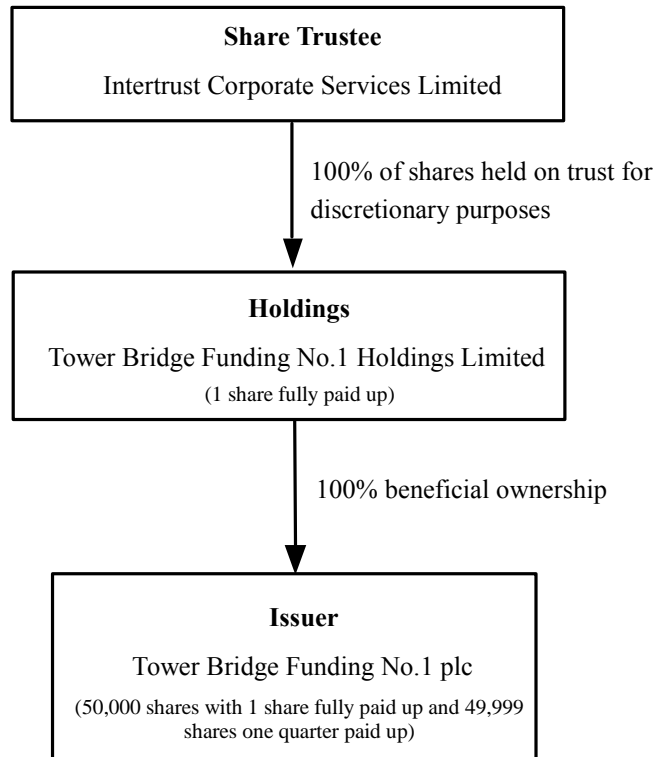


Diagrammatic Overview of Ongoing Cash Flow



*Where Revenue Collections or Principal Collections are received other than by way of direct debit, such amounts will be transferred to the Transaction Account within three Business Days of receipt as cleared funds into the Collection Account.

Diagrammatic Overview of the Ownership Structure



The entire issued share capital of the Issuer is owned by Holdings. The Issuer is legally and beneficially owned and controlled directly by Holdings. The rights of Holdings as a shareholder in the Issuer are contained in the articles of association and the memorandum of association of the Issuer and the Issuer will be managed in accordance with those articles and with the provisions of English law.

The entire issued share capital of Holdings is held on trust by the Share Trustee under the terms of a discretionary trust, the benefit of which is expressed to be for discretionary purposes.

None of the Issuer, Holdings or the Share Trustee is either owned, controlled, managed, directed or instructed, whether directly or indirectly, by the Sellers or any member of the group of companies containing the Sellers.

TRANSACTION OVERVIEW

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

Transaction Parties on the Issue Date

Party	Name	Address	Document under which appointed/Further information
Arrangers	Macquarie Bank International Limited	Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom	N/A.
	The Royal Bank of Scotland plc (trading as NatWest Markets)	250 Bishopsgate, London EC2M 4AA, United Kingdom	
Joint Lead Managers	Macquarie Bank International Limited	Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom	Subscription Agreement.
	The Royal Bank of Scotland plc (trading as NatWest Markets)	250 Bishopsgate, London EC2M 4AA, United Kingdom	Subscription Agreement.
Issuer	Tower Bridge Funding No.1 plc	35 Great St. Helen's, London EC3A 6AP, United Kingdom	N/A.
Holdings	Tower Bridge Funding No.1 Holdings Limited	35 Great St. Helen's, London EC3A 6AP, United Kingdom	N/A.
Share Trustee	Intertrust Corporate Services Limited	35 Great St. Helen's, London EC3A 6AP, United Kingdom	N/A.
Seller	Belmont Green Finance Limited	1 London Road, Staines-upon-Thames, Surrey, TW18 4EX, United Kingdom	N/A.
Mortgage Administrator	Belmont Green Finance Limited	1 London Road, Staines-upon-Thames, Surrey, TW18 4EX, United Kingdom	Mortgage Administration Agreement. See the sections entitled " <i>The Seller and the Mortgage Administrator</i> " and

Party	Name	Address	Document under which appointed/Further information
			<i>“Administration, Servicing and Cash Management of the Mortgage Pool” for further information.</i>
Delegate Mortgage Administrator	Homeloan Management Limited	The Pavilions, Bridgwater Road, Bristol, BS13 8AE, United Kingdom	HML Mortgage Administration Delegation Agreement See the sections entitled <i>“The Delegate Mortgage Administrator and the Standby Mortgage Administrator”</i> and <i>“Administration, Servicing and Cash Management of the Mortgage Pool”</i> for further information.
Standby Mortgage Administrator	Homeloan Management Limited	The Pavilions, Bridgwater Road, Bristol, BS13 8AE, United Kingdom	Standby Mortgage Administration Agreement See the sections entitled <i>“The Delegate Mortgage Administrator and the Standby Mortgage Administrator”</i> and <i>“Administration, Servicing and Cash Management of the Mortgage Pool”</i> for further information.
Back-up Mortgage Administrator Facilitator	Intertrust Management Limited	35 Great St. Helen’s, London EC3A 6AP, United Kingdom	Mortgage Administration Agreement. See the section entitled <i>“Administration, Servicing and Cash Management of the Mortgage Pool”</i> for further information.
Note Trustee and Security Trustee	U.S. Bank Trustees Limited	125 Old Broad Street, Fifth	Trust Deed and Deed of Charge. See the Note Conditions for further

Party	Name	Address	Document under which appointed/Further information
		Floor, London EC2N 1AR	information.
Corporate Services Provider	Intertrust Management Limited	35 Great St. Helen's, London EC3A 6AP, United Kingdom	Corporate Services Agreement.
Cash Administrator	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR, United Kingdom	Cash Administration Agreement. See the sections entitled " <i>The Cash Administrator, the Account Bank, the Swap Collateral Account Bank, the Custodian, the Agent Bank, the Principal Paying Agent and the Registrar</i> " and " <i>Administration, Servicing and Cash Management of the Mortgage Pool</i> " for further information.
Swap Counterparty	The Royal Bank of Scotland plc (trading as NatWest Markets)	250 Bishopsgate, London EC2M 4AA	Swap Agreement. See the sections entitled " <i>The Swap Agreement</i> " and " <i>The Swap Counterparty</i> " for further information.
Account Bank, Swap Collateral Account Bank and Custodian	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR, United Kingdom	Bank Agreement. See the section entitled " <i>The Cash Administrator, the Account Bank, the Swap Collateral Account Bank, the Custodian, the Agent Bank, the Principal Paying Agent and the Registrar</i> ".
Principal Paying Agent	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR, United Kingdom	Paying Agency Agreement. See the section entitled " <i>The Cash Administrator, the Account Bank, the Swap Collateral Account Bank, the Custodian, the Agent Bank, the Principal Paying Agent and the Registrar</i> ".

Party	Name	Address	Document under which appointed/Further information
Agent Bank	Elavon Financial Services DAC, UK Branch	125 Old Broad Street, Fifth Floor, London EC2N 1AR, United Kingdom	Paying Agency Agreement. See the section entitled “ <i>The Cash Administrator, the Account Bank, the Swap Collateral Account Bank, the Custodian, the Agent Bank, the Principal Paying Agent and the Registrar</i> ”.
Registrar	Elavon Financial Services DAC	Block E, 2nd Floor Cherrywood Science & Technology Park Loughlinstown, Co. Dublin Ireland	Paying Agency Agreement. See the section entitled “ <i>The Cash Administrator, the Account Bank, the Swap Collateral Account Bank, the Custodian, the Agent Bank, the Principal Paying Agent and the Registrar</i> ”.
Listing Agent	Arthur Cox Listing Services Limited	Ten Earlsfort Terrace, Dublin 2, DO2 T380	N/A.
Listing Authority and Stock Exchange	Irish Stock Exchange	28 Anglesea Street, Dublin 2, Ireland Ireland	N/A.
Clearing Systems	Euroclear SA/NV	1 Boulevard du Roi Albert II, 1210 Brussels, Belgium	N/A.
	Clearstream Luxembourg	42 Avenue JF Kennedy, L-1855 Luxembourg	N/A.
Rating Agencies	Moody’s Investors Service Ltd	1 Canada Square, London E14 5FA, United Kingdom	N/A.
	DBRS	20 Fenchurch Street, 31 st Floor, London EC3M 3BY United Kingdom	N/A.
Auditors	Deloitte LLP	2 New Street Square, London EC4A 3BZ	N/A.

TRANSACTION OVERVIEW - MORTGAGE POOL AND SERVICING

Please refer to the sections entitled “*Constitution of the Mortgage Pool*”, “*Title to the Mortgage Pool*” and “*Sale of the Mortgage Pool*” for further detail in respect of the characteristics of the Mortgage Pool and the sale and the servicing arrangements in respect of the Mortgage Pool.

Sale of Mortgage Pool

The Mortgage Pool will consist of the Loans, the Mortgage Rights, and all monies derived therein from time to time, which will be sold by the Seller to the Issuer on (i) the Issue Date, and (ii) the Additional Loans Purchase Date, pursuant to the Mortgage Sale Agreement.

The Mortgage Pool comprises Loans secured over properties in England and Wales.

Each Loan and its Mortgage Rights is governed by English law.

In this Prospectus, unless otherwise noted, all references to specified percentages of the Loans are references to those Loans as a percentage of the aggregate Current Balances of the Provisional Completion Mortgage Pool.

Features of Loans

The following is a summary of certain features of the Loans as at the Provisional Pool Reference Date and investors should refer to, and carefully consider, further details in respect of the Loans set out in “*Characteristics of the Provisional Completion Mortgage Pool*”.

Type of Loan:	Repayment Loans or Interest Only Loans or a combination of both
Charge ranking:	First charge mortgages only
Buy-to-let Loans:	66.92% of the aggregate Current Balance
Number of Loans:	996
Loans to Borrowers with CCJs:	13.99% of the aggregate Current Balance
Loans to self-employed Borrowers:	41.35% of the aggregate Current Balance
Loans to Borrowers subject to bankruptcy/IVA:	0.00% of the aggregate Current Balance

See the section entitled “*Characteristics of the Provisional Completion Mortgage Pool*” for further information.

Consideration for purchase

The consideration payable by the Issuer in respect of the purchase of the Mortgage Pool shall be (i) in respect of the Completion Mortgage Pool, the Initial Cash Purchase Price payable on the Issue Date and delivery of, and the right to Residual Payments under, the Certificates; and (ii) in respect of the Additional Loans, the Additional Loans Cash Consideration for the Additional Loans and the right to Residual Payments under the Certificates.

Proceeds of the X Notes and the Z2 Notes

The proceeds of the X Notes will be used to fund (i) the Pre-Funding Revenue Reserve in an amount equal to £817,342 and (ii) the fees, costs and expenses of the Issuer arising in respect of the purchase of Loans and the issuance of the Notes (the “**Issuer Costs and Expenses**”).

An amount equal to the Pre-Funding Negative Carry Amount shall be applied from the Pre-Funding Revenue Reserve as Available Revenue Funds on the first Interest Payment Date, in accordance with the applicable Priority of Payments. The remaining balance of the Pre-Funding Revenue Reserve, being an amount equal to the Pre-Funding Reserve Excess Amount, shall be applied directly to the Seller on the first Interest Payment Date in settlement of the BGFL Reserve Structuring Fee payable by the Issuer to BGFL in connection with the

structuring of the issue of the Notes and the Pre-Funding Reserves.

An amount equal to £6,082,658 shall on the Issue Date be credited to a separate ledger within the Transaction Account (the “**Start-Up Costs Ledger**”) for the payment by the Issuer of such Issuer Costs and Expenses (including, for the avoidance of doubt, the BGFL Structuring Fee). On and from the Issue Date, the Issuer will apply amounts standing to the credit of the Start-Up Costs Ledger in payment of the Issuer Costs and Expenses, including, on the Issue Date, in payment of the BGFL Structuring Fee to BGFL in connection with the structuring of the issue of the Notes. Any remaining excess balance standing to the credit of the Start-Up Costs Ledger shall be applied, on the Determination Date immediately prior to third Interest Payment Date, as Available Revenue Funds and applied in accordance with the relevant Priority of Payments.

The proceeds of the Z2 Notes will be used to fund the General Reserve Fund in an amount equal to the General Reserve Fund Required Amount.

Representations and Warranties

The Seller will make the Warranties to the Issuer, the Note Trustee and the Security Trustee on the Issue Date, in relation to the relevant Loans in the Mortgage Pool on the Issue Date.

The Seller will make the Warranties to the Issuer, the Note Trustee and the Security Trustee on the Additional Loans Purchase Date, in relation to the Additional Loans.

See the section entitled “*Sale of the Mortgage Pool—Warranties and Repurchase*” for further information.

Repurchase of the Loans and Mortgage Rights for breach of Warranty

In the event of a breach of warranty given in respect of the Loans in the Mortgage Pool which could have a Material Adverse Effect on the relevant Loan and the related Mortgage, and which if capable of remedy, is not so remedied by the Seller within 30 days of notification of such breach, the Seller will be required to (x) make a cash payment equal to the Repurchase Price to the Issuer for such breach of warranty or (y) repurchase, or procure that an affiliate repurchases, the relevant Loan which is subject to a breach of warranty and its Mortgage Rights for an amount equal to the Repurchase Price, within 15 Business Days after such notification.

See the Section entitled “*Sale of the Mortgage Pool – Warranties and Repurchase*” for further information.

Consideration for repurchase

Consideration payable by the Seller or, where applicable, an affiliate, in respect of the repurchase of any relevant Loans and their Mortgage Rights shall be equal to the Repurchase Price.

Pre-Funding Principal Reserve

On the Issue Date, it is expected that the Issuer will credit an amount equal to £30,096,914 to the Pre-Funding Principal Reserve Ledger of the Transaction Account (the “**Pre-Funding Principal Reserve**”). The Issuer will only be entitled to apply amounts (if any) standing to the credit of the Pre-Funding Principal Reserve in purchasing Additional Loans on the Additional Loans Purchase Date provided certain conditions are met.

The Additional Loans Cash Consideration shall be satisfied by applying the required amount standing to the credit of the Pre-Funding Principal Reserve in payment to the Seller in respect of the sale and purchase of the Additional Loans, in accordance with the Mortgage Sale Agreement.

Any outstanding balance in the Pre-Funding Principal Reserve Ledger as at the first Interest Payment Date (taking into account any debits made on that ledger on such date) will be credited to the Principal Ledger and shall be applied as Available Principal Funds in accordance with the relevant Priority of Payments on the first Interest

Product Switches and Further Advances

Payment Date.

See “*Sale of the Mortgage Pool - Pre-Funding Principal Reserve*” below.

So long as the Loans are serviced by the Seller, the Seller may offer a Borrower, or a Borrower may request, a Product Switch or a Further Advance from time to time.

Should a Product Switch be agreed between the Mortgage Administrator (acting on the instructions of the Seller in its capacity as legal title holder and lender of record) and a Borrower, the Mortgage Administrator shall notify the Seller and the Issuer of such agreement, and the Seller shall be required to repurchase the relevant Loan from the Issuer prior to the date such Product Switch is effected, unless such Loan is a Conditional Product Switch, in which case the Seller shall be required to repurchase the relevant Loan from the Issuer on or before the date falling 15 calendar days after the date on which the notification is made to the Seller in respect of such Conditional Product Switch (which notification is expected to be made during the calendar month following the calendar month in which such Conditional Product Switch is agreed).

Should a Further Advance be agreed between the Mortgage Administrator (acting on the instructions of the Seller in its capacity as legal title holder and lender of record) and a Borrower, the Mortgage Administrator shall notify the Seller and the Issuer, and the Seller shall be required to repurchase the relevant Loan from the Issuer on or prior to the date on which the Further Advance is effected. Investors should note that, as at the date of this Prospectus, BGFL does not offer Further Advances to Borrowers.

Notwithstanding the foregoing, the Mortgage Administrator (acting on the instructions of the Seller in its capacity as legal title holder and lender of record) shall not accept an application, or make an offer, for a Further Advance, Product Switch or Regulated Amendment without first having received confirmation that the Seller will repurchase the relevant Loans together with the Mortgage Rights from the Issuer.

Consideration payable by the Seller in respect of the repurchase of any relevant Loans and their Mortgage Rights shall be a cash payment to the Issuer by BGFL equal to the Repurchase Price.

See “*Sale of the Mortgage Pool – Product Switches and Further Advances*”

Perfection Events

Legal title to the Loans will be vested in and held by BGFL and will not be vested in or held by the Issuer until certain perfection events occur under the terms of the Mortgage Sale Agreement (“**Perfection Events**”). Prior to the completion of the transfer of the legal title to the Loans, the Issuer will be subject to certain risks as set out in the sections entitled “*Risk Factors – Set-off risk*” and “*Risk Factors – Equitable interest*”.

See “*Perfection Events*” in the section entitled “*Rights of Noteholders and Certificateholders and Relationship with Other Secured Creditors—Triggers Tables—Non Rating Triggers Table*” below.

Servicing of the Mortgage Pool, the Mortgage Administrator, the Delegate Mortgage Administrator and the Standby Mortgage Administrator

The Mortgage Administrator agrees to service the Loans on behalf of the Issuer and BGFL (as legal title holder) in accordance with the Mortgage Administration Agreement.

In respect of certain specified items, such as the discretionary, as opposed to the procedural, aspects of the enforcement of Loans and their Mortgage Rights against Borrowers in default and other discretionary matters, the Issuer and BGFL (as legal title holder) has delegated certain decision-making powers to the Mortgage Administrator, who will retain those discretionary powers and exercise such discretionary powers pursuant to and in accordance

with the Mortgage Administration Agreement.

Under the Mortgage Administration Agreement, the Issuer and BGFL (as legal title holder) will grant the Mortgage Administrator full right, liberty and authority from time to time to determine and set the rate or rates of interest applicable to the Loans in accordance with the terms of such Loans and subject to the terms and conditions of the Mortgage Administration Agreement.

The Mortgage Administrator has delegated certain of its responsibilities and obligations as Mortgage Administrator to Homeloan Management Limited (“HML”) as delegate mortgage administrator pursuant to the HML Mortgage Administration Delegation Agreement.

Other than in respect of those services delegated by the Mortgage Administrator to the Delegate Mortgage Administrator on the Issue Date, provided prior notification has been given to the Issuer, the Security Trustee and the Rating Agencies, the Mortgage Administrator is permitted to sub-contract or delegate its obligations under the Mortgage Administration Agreement subject to the condition that, *inter alia*, a Rating Agency Confirmation is obtained.

See the sections entitled “*The Seller and the Mortgage Administrator*” and “*Administration, Servicing and Cash Management of the Mortgage Pool*”.

Upon the occurrence of a Mortgage Administrator Termination Event, the Issuer (prior to the service of an Enforcement Notice and with the consent of the Security Trustee) or (after the service of an Enforcement Notice) the Security Trustee may terminate the agency (and, simultaneously, the rights) of the Mortgage Administrator (such termination to be effective once a replacement Mortgage Administrator is appointed). Following the occurrence of such a Mortgage Administrator Termination Event, the Issuer (prior to the service of an Enforcement Notice and with the consent of the Security Trustee) or the Security Trustee (after the service of an Enforcement Notice) shall give notice in writing to the Standby Mortgage Administrator of such occurrence and upon an Invocation Notice being issued to the Standby Mortgage Administrator, the Standby Mortgage Administrator shall (to the extent it is still appointed) assume the role of the Mortgage Administrator pursuant to the terms of the Standby Mortgage Administration Agreement.

The Mortgage Administrator may also resign upon giving 12 months’ notice provided, *inter alia*, a substitute mortgage administrator has been appointed.

See “*Mortgage Administrator Termination Events*” in the section entitled “*Rights of Noteholders and Certificateholders and Relationship with Other Secured Creditors – Triggers Tables – Non-Rating Triggers Table*” below.

Full Capital Structure of the Notes and Certificates

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

	Class A	Class B	Class C	Class D	Class E	Class X	Class Z1	Class Z2	Certificates
Currency	£	£	£	£	£	£	£	£	£
Initial Principal Amount	£189,200,000	£12,600,000	£10,300,000	£8,000,000	£4,600,000	£6,900,000	£6,061,000	£5,769,024	N/A
Credit Enhancement	Overcollateralisation funded by the B Notes, C Notes, D Notes, E Notes and Z1 Notes; Revenue Collections; Following service of an Enforcement Notice, the General Reserve Fund and the Liquidity Reserve Fund	Overcollateralisation funded by the C Notes, D Notes, E Notes and Z1 Notes; Revenue Collections; Following service of an Enforcement Notice, the General Reserve Fund and the Liquidity Reserve Fund	Overcollateralisation funded by the D Notes, E Notes and Z1 Notes; Revenue Collections; Following service of an Enforcement Notice, the General Reserve Fund and the Liquidity Reserve Fund	Overcollateralisation funded by the E Notes and Z1 Notes; Revenue Collections; Following service of an Enforcement Notice, the General Reserve Fund and the Liquidity Reserve Fund	Overcollateralisation funded by the Z1 Notes; Revenue Collections; Following service of an Enforcement Notice, the General Reserve Fund and the Liquidity Reserve Fund	Revenue Collections	Revenue Collections	Revenue Collections	N/A
Liquidity Support	Subordination in payment of the Rated Notes (other than the A Notes) and the X Notes; General Reserve Fund, Liquidity Reserve Fund and Available Principal Funds to make up Further Revenue Shortfall, Revenue Shortfall or Shortfall; Pre-Funding Revenue Reserve (on the first Interest Payment Date only).	Subordination in payment of the Rated Notes (other than the A Notes, the B Notes) and the X Notes; General Reserve Fund, Liquidity Reserve Fund and Available Principal Funds to make up Further Revenue Shortfall, Revenue Shortfall or Shortfall; Pre-Funding Revenue Reserve (on the first Interest Payment Date only).	Subordination in payment of the Rated Notes (other than the A Notes, the B Notes, the C Notes) and the X Notes; General Reserve Fund to make up Shortfall, Available Principal Funds to make up Further Revenue Shortfall ; Pre-Funding Revenue Reserve (on the first Interest Payment Date only).	Subordination in payment of the E Notes and the X Notes; General Reserve Fund to make up Shortfall, Available Principal Funds to make up Further Revenue Shortfall ; Pre-Funding Revenue Reserve (on the first Interest Payment Date only).	Subordination in payment of the X Notes; General Reserve Fund to make up Shortfall, Available Principal Funds to make up Further Revenue Shortfall; Pre-Funding Revenue Reserve (on the first Interest Payment Date only).	Available Principal Funds to make up Further Revenue Shortfall; Pre-Funding Revenue Reserve (on the first Interest Payment Date only).			N/A
Issue Price	100%	100%	100%	100%	100%	100%	100%	100%	N/A
Interest Reference Rate on Floating Rate Notes	3 Month Sterling LIBOR	3 Month Sterling LIBOR	3 Month Sterling LIBOR	3 Month Sterling LIBOR	3 Month Sterling LIBOR	3 Month Sterling LIBOR	N/A	N/A	N/A
Relevant Margin prior to Step-Up Date	1.00%	1.60%	1.80%	2.20%	3.70%	3.83%	N/A	N/A	N/A
Relevant Margin on and following Step-Up Date	2.00%	2.40%	2.70%	3.20%	5.20%	3.83%	N/A	N/A	N/A
Step-Up Date			Interest Payment Date falling in December 2020			N/A	N/A	N/A	N/A
Interest Accrual Method	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	Actual/365 (Fixed)	30/360	30/360	N/A
Rate of Interest for Fixed Rate Notes	N/A	N/A	N/A	N/A	N/A	N/A	0%	0%	N/A
Interest Payment Dates	Interest will be payable in respect of the Notes quarterly in arrear on March, June, September and December in each year or, if such day is not a Business Day, the next following Business Day								
Business Day Convention	Modified Following	Modified Following	Modified Following	Modified Following	Modified Following	Modified Following	Modified Following	Modified Following	Modified Following

	Class A	Class B	Class C	Class D	Class E	Class X	Class Z1	Class Z2	Certificates
First Interest Payment Date	The Interest Payment Date falling in March 2018	The Interest Payment Date falling in March 2018	The Interest Payment Date falling in March 2018	The Interest Payment Date falling in March 2018	The Interest Payment Date falling in March 2018	The Interest Payment Date falling in March 2018	The Interest Payment Date falling in March 2018	The Interest Payment Date falling in March 2018	The Interest Payment Date falling in March 2018
Pre-Enforcement Redemption Profile	Sequential pass-through redemption. Please refer to Note Condition 5 (<i>Redemption</i>), with the X Notes redeemed through the Pre-Enforcement Revenue Priority of Payments and the Z1 Notes and the Z2 Notes redeemed <i>pro rata</i> and <i>pari passu</i> .								N/A
Post-Enforcement Redemption Profile	Pass-through redemption in accordance with the Post-Enforcement Priority of Payments. Please refer to Note Condition 2(d) (<i>Post-Enforcement Priority of Payments</i>).								N/A
Call Option Date	Any Interest Payment Date falling on or after the Interest Date falling in December 2020.								
Call Option	On the Call Option Date and on any Interest Payment Date thereafter, the Issuer may redeem the Notes with the proceeds of a sale of the Charged Property pursuant to the Deed Poll provided that such sale proceeds, together with amounts standing to the credit of the Bank Accounts and any other funds available to the Issuer, are sufficient to (I) redeem all of the Notes then outstanding in full together with accrued and unpaid interest on such Notes and, (II) pay amounts required under the Post-Enforcement Priority of Payments to be paid in priority to or <i>pari passu</i> with the Rated Notes on such Interest Payment Date, and (III) any other costs associated with the exercise of the optional call. See Note Condition 5(d)(i) (<i>Mandatory Redemption in Full</i>).								
Clean Up Call	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable	Applicable
Pre-Call Redemption	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	redeemed through the Pre-Enforcement Revenue Priority of Payments	Sequential pass-through, <i>pro rata</i> and <i>pari passu</i> with Z1 Notes	Sequential pass-through, <i>pro rata</i> and <i>pari passu</i> with Z1 Notes
Post-Call Redemption Profile	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	Sequential pass-through	redeemed through the Pre-Enforcement Revenue Priority of Payments	Sequential pass-through	Sequential pass-through
Other Early Redemption in Full Events	Tax call. Please refer to Note Condition 5(e) (<i>Optional Redemption for Taxation or Other Reasons</i>).								
Final Maturity Date	The Interest Payment Date falling in March 2056	The Interest Payment Date falling in March 2056	The Interest Payment Date falling in March 2056	The Interest Payment Date falling in March 2056	The Interest Payment Date falling in March 2056	The Interest Payment Date falling in March 2056	The Interest Payment Date falling in March 2056	The Interest Payment Date falling in March 2056	N/A
Form of the Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes	Dematerialised Registered Form	Dematerialised Registered Form
Application for Listing	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	N/A
Reg S ISIN	XS1687307055	XS1687308616	XS1687309002	XS1687309341	XS1687310190	XS1687310430	GB00BYP50P23	GB00BYP50Q30	GB000BF4VR793
Reg S Common Code	168730705	168730861	168730900	168730934	168731019	168731043	N/A	N/A	N/A
Clearance/Settlement	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	Euroclear/Clearstream, Luxembourg	N/A	N/A	N/A
Minimum Denomination	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1 in excess thereof	£100,000 and integral multiples of £1 in excess thereof	N/A
Retained Amount	A holding of exposure to the Z1 Notes and the Z2 Notes in an amount such that the total nominal value of exposure to the Z1 Notes and the Z2 Notes held by it is at least equal to 5 per cent. of the nominal value of the Mortgage Pool as at the Issue Date so as to hold exposure to the Retained Interest at not less than the Retention Requirement.								

TRANSACTION OVERVIEW – TERMS AND CONDITIONS OF THE NOTES AND CERTIFICATES

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

Form, registration and transfer of the Notes

The Notes of the A Notes, the B Notes, the C Notes, the D Notes, the Notes and the X Notes (the “**Cleared Notes**”) will be represented on issue by beneficial interests in one or more Global Notes in fully registered form, without interest or principal receipts.

The Cleared Notes will be deposited on or about the Issue Date with, and registered in the name of, a nominee of a Common Safekeeper for Euroclear and Clearstream, Luxembourg.

Ownership interests in the Global Notes will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream, Luxembourg and their respective participants. See “*Description of the Cleared Notes in Global Form*” below.

Except in the limited circumstances described herein, Notes in definitive, certificated, fully registered form (“**Definitive Notes**”) will not be issued in exchange for beneficial interests. See “*Form of the Notes - Exchange for Definitive Notes*”.

Transfers of interests in the Notes are subject to certain restrictions and must be made in accordance with the procedures set forth in the Trust Deed. See “*Form of the Notes*” and “*Book Entry Clearance Procedures*”. Each purchaser of Notes in making its purchase will be required to make, or will be deemed to have made, certain acknowledgements, representations and agreements. The transfer of Notes in breach of certain of such representations and agreements will result in affected Notes becoming subject to certain forced transfer provisions. See Note Condition 1(b) (*Title and Transfer*).

The Z1 Notes and the Z2 Notes will be issued in dematerialised registered form and will not be cleared. The holders of Z Notes recorded in the Register shall be entitled to payments in respect thereof.

Ranking

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

The A Notes will rank senior to the other Classes of Notes as to payments of interest at all times and senior to the other Classes of Notes (other than the X Notes) as to payments of principal. Prior to the service of an Enforcement Notice, interest and principal on the X Notes shall be repaid out of the Available Revenue Funds under and in accordance with the Pre-Enforcement Revenue Priority of Payments. Following service of an Enforcement Notice, principal on Class A Notes will be paid in accordance with the Post-Enforcement Priority of Payments.

The Most Senior Class is:

- (a) the A Notes whilst they remain outstanding;
- (b) thereafter the B Notes whilst they remain outstanding;
- (c) thereafter the C Notes whilst they remain outstanding;
- (d) thereafter the D Notes whilst they remain outstanding;
- (e) thereafter the E Notes whilst they remain outstanding;
- (f) thereafter the X Notes whilst they remain outstanding;
- (g) thereafter together, and ranking *pari passu*, the Z1 Notes and the Z2 Notes whilst they remain outstanding; and
- (h) thereafter the Certificates whilst they remain outstanding.

Ranking of Payments of Interest: Payments of interest on the Notes will be made in the following order of priority:

- (a) *first*, to the A Notes;
- (b) *second*, to the B Notes;
- (c) *third*, to the C Notes;
- (d) *fourth*, to the D Notes;
- (e) *fifth*, to the E Notes;
- (f) *sixth*, to the X Notes;
- (g) *seventh*, to the Z1 Notes; and
- (h) *eighth*, to the Z2 Notes.

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

Ranking of Payments of Principal Payments of principal on the Notes (other than the X Notes) will be made in the following order of priority:

- (a) *first*, to the A Notes;
- (b) *second*, to the B Notes;
- (c) *third*, to the C Notes;
- (d) *fourth*, to the D Notes;
- (e) *fifth*, to the E Notes; and
- (f) *sixth, pro rata and pari passu* to the Z1 Notes and Z2 Notes.

Prior to the service of an Enforcement Notice, the X Notes shall only be redeemed out of the Available Revenue Funds under and in accordance with the Pre-Enforcement Revenue Priority of Payments.

Redemption Event Payments of interest and principal on the Notes will be made in accordance with the Post-Enforcement Priority of Payments from (and including) (i) the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable, (ii) the Final Maturity Date, (iii) the Interest Payment Date on which the relevant Notes are redeemed in accordance with Note Condition 5(d) (*Mandatory Redemption in Full*) or Note Condition 5(e) (*Optional Redemption for Taxation or Other Reasons*) and (iv) the date on which the E Notes have been redeemed in full (and (in the case of (ii) to (iv) inclusive) each such date a “**Redemption Event**”).

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

Payments on the X Notes, the Z1 Notes and the Z2 Notes Investors in the X Notes, the Z1 Notes and the Z2 Notes should also be aware that prior to (a) the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (b) the occurrence of a Redemption Event, payments of principal and interest in respect of the X Notes and interest in respect of the Z1 Notes and Z2 Notes shall be payable only out of Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments and payments of principal respect of the Z1 Notes and Z2 Notes shall be payable only out of Available Principal Funds in accordance with the Pre-Enforcement Principal Priority of Payments. No payments in respect of the X Notes shall be made pursuant to the Pre-Enforcement Principal Priority of Payments.

Following (i) the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, payments in respect of the X Notes, the Z1 Notes and the Z2 Notes will be made in accordance with the Post-Enforcement Priority of Payments.

Payments in respect of the X Notes, the Z1 Notes and the Z2 Notes will only be payable to the extent there are residual funds under the relevant Priority of Payments.

No repayment of principal will be made on the Z1 Notes and Z2 Notes until the A Notes to the E Notes (inclusive) have been repaid in full.

Payments on the Certificates

Each Certificate represents a *pro rata* entitlement to receive any residual balance following payment of all senior items in the relevant Priority of Payments by way of deferred consideration for the purchase by the Issuer of the Completion Mortgage Pool and any Additional Loans.

Payments in respect of the Certificates shall only be payable out of residual Available Revenue Funds under the Pre-Enforcement Revenue Priority of Payments (or after (i) the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, under the Post-Enforcement Priority of Payments). For the avoidance of doubt any residual balance following payment of all senior items in the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments will first be payable to the holders of X Notes, the Z1 Notes and the Z2 Notes.

Security

The Notes and Certificates are secured and will share the Security with other Secured Creditors as set out in, and created pursuant to, the Deed of Charge described in Note Condition 2(b) (*Security*). The Security granted by the Issuer pursuant to the Deed of Charge includes:

- (a) first fixed equitable charges and security in favour of the Security Trustee over the Issuer's present and future right, title, benefit and interest present and future in, to and under the Loans, the Mortgages and their related Mortgage Rights;
- (b) an equitable assignment in favour of the Security Trustee of the Issuer's interests in the Insurance Contracts to the extent that they relate to the Loans;
- (c) an assignment in favour of the Security Trustee of the Issuer's right, title, interest and benefit in, to and under the Charged Obligation Documents;
- (d) a first fixed charge in favour of the Security Trustee over (i) the Issuer's interest in the Bank Accounts and any Authorised Investments, (ii) the Issuer's beneficial interest in the trust declared over the Collection Account pursuant to the Collection Account Declaration of Trust, (iii) the Issuer's interest in the Swap Collateral Account and (iv) the Issuer's interest in any other accounts with any bank or financial institution in which the Issuer now or in the future has an interest (to the extent of its interest); and
- (e) a first floating charge in favour of the Security Trustee (ranking after the security referred to in (a) to (d) (inclusive) above) over the whole of the undertaking, property, assets and rights of the Issuer.

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

See also the Risk Factor "*Risk Factors—Fixed charges may take effect under English law as floating charges*".

Interest Provisions

Please refer to "*Transaction Overview - Mortgage Pool and Servicing—Full Capital Structure of the Notes and Certificates*" and Note Condition 4 (*Interest*).

Interest Deferral

To the extent that, on any Interest Payment Date, the Issuer does not have sufficient funds to pay in full interest due on the B Notes, the C Notes, the D Notes or the E Notes, this payment may, provided such Class is not the Most Senior Class, be deferred. To the extent that, on any Interest Payment Date, the Issuer does not have sufficient funds to pay in full interest on the X Notes, the Z1 Notes or the Z2 Notes, this payment may be deferred. Any amounts of Interest Shortfall will accrue additional interest as described in Note Condition 4(j) (*Deferral of Interest*) and payment of any additional interest will also be deferred. The non-payment of any deferred interest on any of the B Notes to E Notes (inclusive) will not be an Event of Default unless such Notes are the Most Senior Class at the time of non-payment. No Event of Default prior to the Final Maturity Date will occur if there is a non-payment of deferred interest on the X Notes, the Z1 Notes and the Z2 Notes.

Provided the relevant Class is not the Most Senior Class, payment of any Interest Shortfall and such additional interest will be deferred until the first Interest Payment Date on which the Issuer has sufficient funds, **provided further that** the payment of such shortfall shall not be deferred beyond the Final Maturity Date, as described in Note Condition 4(j) (*Deferral of Interest*). On the Final Maturity Date, any amount which has not by then been paid in full shall become due and payable.

Gross-up

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

Redemption

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

- (a) mandatory redemption in whole on the Final Maturity Date, as fully set out in Note Condition 5(a) (*Final Redemption of the Notes*);
- (b) mandatory redemption in part on any Interest Payment Date commencing on the first Interest Payment Date, subject to the availability of Available Principal Funds on the basis of sequential pass through redemption, as fully set out in Note Condition 5(b) (*Mandatory Redemption of the Notes*);
- (c) in the event the option set out in the Deed Poll is exercised, mandatory redemption of the Notes in whole (but not in part) on the Step-Up Date or any Interest Payment Date thereafter (the “**Call Option Date**”) with the proceeds of a sale of the Charged Property pursuant to the Deed Poll (together with any amounts then standing to the credit of the Bank Accounts and any other funds available to the Issuer) (as fully set out in Note Condition 5(d)(i) (*Mandatory Redemption in Full*));
- (d) optional redemption exercisable by the Issuer in whole (but not in part) with the proceeds of a sale of the Charged Property to the Certificateholders (together with any amounts then standing to the credit of the Bank Accounts and any other funds available to the Issuer), if the aggregate Principal Amount Outstanding of the Rated Notes is less than or equal to 10 per cent. of the aggregate Principal Amount Outstanding of the Principal Backed Notes upon issue, as fully set out in Note Condition 5(d)(ii) (*Mandatory Redemption in Full*); and
- (e) optional redemption exercisable by the Issuer in whole (but not in part) for tax reasons, as fully set out in Note Condition 5(e) (*Optional Redemption for Taxation or Other Reasons*).

Any Note redeemed pursuant to the above redemption provisions will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note 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.

Relevant Dates and Periods

Issue Date:	The date of initial issuance for the Notes and the Certificates will be 23 October 2017 (or such other date as the Issuer and the Joint Lead Managers may agree).
Interest Payment Date:	Each interest bearing Note will bear interest on its Principal Amount Outstanding from, and including, the Issue Date. Interest will be payable in respect of the Notes quarterly in arrear on 20 March, 20 June, 20 September and 20 December in each year unless such day is not a Business Day, in which case interest shall be payable on the following Business Day unless it would thereby fall into the next calendar month in which case it shall be brought forward to the immediately preceding Business Day. The first Interest Payment Date in respect of the Notes will be the Interest Payment Date falling in March 2018.
Interest Period:	The period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date provided that the first Interest Period shall be the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date.
Business Day:	A day on which commercial banks and foreign exchange markets settle payments in London.
Determination Date:	means the Business Day which falls three Business Days prior to an Interest Payment Date. The Determination Date is the date on which the Cash Administrator will be required to calculate, among other things, the amounts required to pay interest and principal in respect of the Notes (as set out in the Cash Administration Agreement).
Determination Period:	means the quarterly period commencing on (and including) a Determination Period Start Date and ending on (and including) the Determination Period End Date,

Determination Period Start Date:	except that the first Determination Period will commence on (and include) 1 October 2017 and end on (and include) the Determination Period End Date falling in February 2018. means the first calendar day immediately following the preceding Determination Period End Date.
Determination Period End Date:	means the last calendar day of the calendar month immediately preceding the month in which a Determination Date falls.
Interest Determination Date:	The Agent Bank will, at 11.00 a.m. (London time) on the first day of an Interest Period, determine the rate of LIBOR applicable to, and calculate the amount of interest payable on, the relevant Notes for the Interest Period which ends immediately following such Interest Determination Date, provided however that with respect to the first Interest Determination Date, such rate shall be set on the Issue Date.

Events of Default

As fully set out in Note Condition 9 (*Events of Default*), which includes (where relevant subject to the applicable grace period):

- (a) non-payment by the Issuer of interest or principal due in respect of the Most Senior Class (other than the X Notes, the Z1 Notes and the Z2 Notes) and such default continues (i) for a period of 5 Business Days in respect of principal; or (ii) 3 Business Days in respect of interest;
- (b) breach of contractual obligations by the Issuer under the Notes, the Notes Conditions, the Trust Deed or any other Transaction Documents where such failure continues for a period of 30 days;
- (c) certain insolvency events of the Issuer (as more fully set out in Note Conditions 9(iii) to (v) (*Events of Default*)); or
- (d) it is or will become unlawful for the Issuer to perform or comply with its obligations,

provided that, in respect of (b) above, the Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Most Senior Class.

Enforcement

The Security Trustee will not, and will not be bound to take any steps to, institute any proceedings, exercise its rights and/or to take any other action under or in connection with any of the Transaction Documents unless the Security Trustee is directed to do so by the Note Trustee or, if there are no Notes outstanding, all of the Secured Creditors. Upon being so directed, the Security Trustee will, subject to being indemnified and/or secured and/or pre-funded to its satisfaction, be bound to take the relevant action(s) in the manner directed by the Note Trustee or the Secured Creditors (as the case may be).

The Note Trustee may, at any time while any Notes are outstanding,

at its discretion and without notice, take (or instruct the Security Trustee to take) such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes, the Certificates or the Trust Deed (including these Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and, at any time after the service of an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security, but neither of them shall be bound to take any such proceedings, action or steps unless:

- (a) it shall have been directed by a notice in writing by holders of Notes outstanding constituting at least 25 per cent. of the aggregate in Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class then outstanding; and
- (b) in all cases it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Note Trustee (or as the case may be, the Security Trustee), having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

Limited Recourse

All the Notes and Certificates are limited recourse obligations of the Issuer and, if the Issuer has insufficient funds to pay amounts in full, amounts outstanding will cease to be due and payable as described in more detail in Note Condition 10(b) (*Limited Recourse*) and Certificate Condition 7(b) (*Limited Recourse*).

Non-Petition

The Noteholders or Certificateholders shall not be entitled to take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer unless the Note Trustee or, as the case may be, the Security Trustee, having become bound to do so, fails to do so within a reasonable period and such failure is continuing. Please see Note Condition 10(c) (*Non-Petition*) and Certificate Condition 7(c) (*Non-Petition*).

Governing Law

English law.

RIGHTS OF NOTEHOLDERS AND CERTIFICATEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS

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

Convening a meeting

The Issuer or the Note Trustee may convene Noteholder meetings (at the cost of the Issuer) for any purpose, including consideration of Extraordinary Resolutions and Ordinary Resolutions and the Note Trustee shall be obliged to do so, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, upon the request in writing of a Class or Classes of Noteholders holding not less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes then outstanding of the relevant Class or Classes.

However, the Noteholders are not entitled to instruct or direct the Issuer to take any action, either directly or through the Note Trustee, without the consent of the Issuer and, if applicable, certain other Transaction Parties, unless the Issuer has an obligation to take such action under the relevant Transaction Documents.

Right to direct the Note Trustee to give an Enforcement Notice

If an Event of Default occurs and is continuing, the holders of the Most Senior Class may, if they hold at least 25 per cent. of the Principal Amount Outstanding of the Most Senior Class or if they pass an Extraordinary Resolution, direct the Note Trustee to give an Enforcement Notice to the Issuer pursuant to which each Class of Notes shall become immediately due and repayable at their respective Principal Amount Outstanding together with any accrued interest and the Note Trustee shall give such Enforcement Notice to the Issuer subject to the Note Trustee being indemnified and/or secured and/or pre-funded to its satisfaction.

Noteholders Meeting Provisions

	<u>Initial Meeting</u>	<u>Adjourned Meeting</u>
Notice period:	21 clear days for the initial meeting.	10 days for meeting adjourned through want of quorum. Adjourned meeting must be convened not less than 14 nor more than 42 clear days later than the initial meeting.
Quorum for Ordinary Resolution:	Subject to more detailed provisions of the Trust Deed, one or more persons present and	Subject to more detailed provisions of the Trust Deed, one or more persons present and

	representing in aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the initial meeting.	representing in aggregate not less than 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the adjourned meeting.
Quorum for Certificates Ordinary Resolution:	Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 25 per cent. of the outstanding Certificates for the initial meeting.	One or more persons holding or representing any proportion of the Certificates which the person constituting the quorum is holding or representing for the adjourned meeting.
Quorum for Extraordinary Resolution (other than to approve a Notes Basic Terms Modification):	Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 50 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the initial meeting.	Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the adjourned meeting.
Quorum for Certificates Extraordinary Resolution (other than to approve a Certificates Basic Terms Modification):	Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 50 per cent. of the outstanding Certificates for the initial meeting.	One or more persons holding or representing any proportion of the Certificates which the person constituting the quorum is holding or representing for the adjourned meeting.
Quorum for Extraordinary	Subject to more detailed provisions	Subject to more detailed provisions

<p>Resolution to approve a Notes Basic Terms Modification or a Certificates Basic Terms Modification:</p>	<p>of the Trust Deed, one or more persons present and representing in aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the initial meeting.</p>	<p>of the Trust Deed, one or more persons present and representing in aggregate not less than 50 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the adjourned meeting.</p>
<p>Quorum for Extraordinary Resolution to approve a Certificates Basic Terms Modification:</p>	<p>Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 75 per cent. of the outstanding Certificates for the initial meeting.</p>	<p>Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 25 per cent. of the outstanding Certificates for the adjourned meeting.</p>
<p>Required majority for Ordinary Resolution:</p>	<p>Not less than 50.1 per cent. of the persons voting at the meeting upon a show of hands or, if a poll is demanded, not less than 50.1 per cent. of the votes cast on such poll.</p>	
<p>Required majority for Extraordinary Resolution:</p>	<p>Not less than 75 per cent. of the persons voting at the meeting upon a show of hands or, if a poll is demanded, not less than 75 per cent. of the votes cast on such poll.</p>	
<p>Written Resolution:</p>	<p>In the case of an Extraordinary Resolution, not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes. In the case of an Ordinary Resolution, not less than 50.1 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes. A written resolution has the same effect as an Ordinary Resolution or an Extraordinary Resolution (as applicable). There is no requirement as to the minimum number of Noteholders of any Class who must vote in favour of a written resolution.</p>	

Notes Basic Terms Modification

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

Extraordinary Resolution (if such Class of Notes or Certificates is affected):

- (a) the maturity of the Notes or the dates on which interest is payable in respect of the Notes;
- (b) the amount due in respect of, or cancellation of the principal amount of, or interest on the Notes or variation of the method of calculating the Floating Rate of Interest on the Floating Rate Notes (other than any Reference Rate Modification made in accordance with Note Condition 11(c)(viii));
- (c) the priority of payment of interest or principal on the Notes;
- (d) the currency of payment of the Notes;
- (e) the definition of Notes Basic Terms Modification; or
- (f) the provisions concerning the quorum required at any meeting of Noteholders or the majority required to effect a Notes Basic Terms Modification or to pass an Extraordinary Resolution.

Certificates Basic Terms Modification

Any amendment to the following matters would be a Certificates Basic Terms Modification which requires a Certificates Extraordinary Resolution:

- (a) the priority of residual payments payable on the Certificates;
- (b) the currency of payment of the Certificates;
- (c) the definition of Certificates Basic Terms Modification;
- (d) the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to effect a Certificates Basic Terms Modification or to pass a Certificates Extraordinary Resolution; or
- (e) the definition of Notes Basic Terms Modification.

Matters Requiring Extraordinary Resolution

The following matters require an Extraordinary Resolution or a Certificates Extraordinary Resolution unless otherwise specified or contemplated in the Transaction Documents:

- (a) a Notes Basic Terms Modification or a Certificates Basic Terms Modification;
- (b) a modification of the Transaction Documents;
- (c) a modification of the Conditions;
- (d) directing the Note Trustee to serve an Enforcement Notice;
- (e) removing the Note Trustee and/or the Security Trustee;
- (f) approving the appointment of a new Note Trustee and/or Security Trustee;
- (g) approving the appointment of a substitute mortgage administrator (other than the Standby Mortgage Administrator) in circumstances where a Mortgage Administrator has resigned and the appointment of the

substitute mortgage administrator in the opinion of the Security Trustee could have an adverse effect on the rating of the Rated Notes or if it is not clear to the Security Trustee whether the rating for the Rated Notes will be maintained as the rating before the termination of that Mortgage Administrator; and

- (h) sanctioning any scheme or proposal for the exchange, sale, conversion or cancellation of the Notes or the Certificates for or partly or wholly in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company or partly or wholly in consideration of cash.

Relationship between Classes of Noteholders and Certificateholders

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

A Notes Basic Terms Modification requires an Extraordinary Resolution of each relevant affected Class of Notes then outstanding and a Certificates Extraordinary Resolution (if applicable).

Seller as Noteholder or Certificateholder

For certain purposes, including the determination as to whether Notes are deemed outstanding or Certificates are deemed in issue, for the purposes of convening a meeting of Noteholders or Certificateholders, those Notes or Certificates (if any) which are for the time being held by or on behalf of or for the benefit of the Seller or any of its affiliates (each such entity a “**Relevant Person**”), in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding or in issue, except where all of the Notes of any Classes or all of the Certificates are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Classes of Notes (the “**Relevant Class of Notes**”) and such Certificates shall be deemed to remain outstanding or in issue (as the case may be), except that, if there is any other Class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such Class, then the Relevant Class of Notes shall be deemed not to remain outstanding and provided that in relation to a matter relating to a Basic Terms Modification, any Notes or the Certificates which are for the time being held by or on behalf of or for the benefit of a Relevant Person, in each case as beneficial owner, shall be deemed to remain outstanding or in issue, as applicable.

Relationship between Noteholders, Certificateholders and other Secured Creditors

So long as any Notes are outstanding and there is a conflict between the interests of the Noteholders, the Certificateholders and the other Secured Creditors, the Note Trustee will have

regard only to the interests of the Noteholders and none of the Certificateholders or the other Secured Creditors shall have any claim against the Note Trustee for so doing. After the Notes have been redeemed in full and so long as there are any Certificates outstanding and there is a conflict between the interest of the Certificateholders and the other Secured Creditors, the Note Trustee will have regard solely to the interests of the Certificateholders and shall have regard to the interests of the other Secured Creditors only to pay such parties any monies received and payable to it and to act is in accordance with the applicable Priority of Payments and the Secured Creditors shall have no claim against the Note Trustee for doing so.

Provision of Information to the Noteholders and Certificateholders

The Cash Administrator will provide an Investor Report on a monthly basis containing information in relation to the Notes and Certificates including, but not limited to, loan level information on the underlying Mortgage Pool, ratings of the Rated Notes and (if relevant) amounts paid by the Issuer pursuant to the relevant Priority of Payments in respect of the Relevant Period (as set out in the Cash Administration Agreement).

Under the Mortgage Administration Agreement, the Issuer and BGFL covenants to the Security Trustee (for itself and on trust for the Noteholders and the other Secured Creditors) that it shall comply with the obligations imposed upon it by CRA3.

Mandatory Modification

Pursuant to Note Condition 11(c) (*Additional Right of Modification*), the Note Trustee shall be obliged, without any consent or sanction of the Noteholders or any of the other Secured Creditors, or, (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or who would need to be a party to a new, supplemental or additional agreement, or which, as a result of the relevant amendment, would be further contractually subordinated to any Secured Creditor than would otherwise have been the case prior to such amendment) to concur with the Issuer and any other relevant parties in making any modification (other than in respect of a Notes Basic Terms Modification, Certificates Basic Terms Modification or any provisions of the Trust Documents referred to in the definition of Notes Basic Terms Modification or Certificates Basic Terms Modification) to the Note Conditions and/or any other Transaction Document to which it is a party or in relation to which it holds security or enter into any new, supplemental or additional documents that the Issuer considers necessary for the purpose of:

- (a) complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
- (b) facilitating the appointment of a replacement Cash Administrator;

- (c) complying with requirements applicable to it under EMIR;
- (d) complying with certain risk retention legislation, regulations or official guidance in relation thereto;
- (e) enabling the Rated Notes to be (or to remain) listed on the Stock Exchange;
- (f) enabling the Issuer or any of the other Transaction Parties to comply with FATCA;
- (g) complying with any changes in the requirements of the CRA Regulation after the Issue Date; and
- (h) amending the reference rate of the Floating Rate Notes where LIBOR is no longer a suitable reference rate, without the consent of Noteholders pursuant to and in accordance with the detailed provisions of Note Condition 11(c) (*Additional Right of Modification*).

In relation to any such Proposed Amendment pursuant to Note Condition 11(c) (*Additional Right of Modification*) (other than certain Proposed Amendments relating to EMIR), the Issuer is required to, amongst other things, give at least 30 calendar days' notice to the Noteholders of the proposed modification in accordance with Note Condition 13 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Notes. However, Noteholders should be aware that, in relation to each Proposed Amendment, unless Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have contacted the Note Trustee in writing (or, in the case of the Class A Notes, otherwise in accordance with the then current practice of any applicable clearing system through which such Class A Notes may be held) within such notification period notifying the Note Trustee that such Noteholders do not consent to the modification, the modification can be made without Noteholder consent.

Optional Modification

The Note Trustee may, without the consent or sanction of any of, or any liability to, the Noteholders or Certificateholders:

- (a) concur with the Issuer and any other relevant parties in making or sanctioning:
 - (i) any modification of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is, in the opinion of the Note Trustee, of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law or regulation; or
 - (ii) any other modification (excluding a Notes Basic Terms Modification or a Certificates Basic Terms Modification), and any waiver or authorisation of any breach or proposed breach of the Notes of such Class, of any of the provisions of the Trust Deed, the

Conditions or any of the other Transaction Documents which is in the opinion of the Note Trustee not materially prejudicial to the interests of the holders of the Most Senior Class (other than any Noteholders of the Most Senior Class who have confirmed their consent in writing to the relevant modification, waiver or authorisation);

- (b) determine that an Event of Default or Potential Event of Default will not be treated as such where in the opinion of the Note Trustee such waiver, authorisation or determination is not materially prejudicial to the interests of the holders of the Most Senior Class (other than any Noteholders of the Most Senior Class who have confirmed their consent in writing to the relevant waiver, authorisation or determination),

provided that the Note Trustee will not do so in contravention of an express direction given by holders of the Most Senior Class or a request made pursuant to Note Condition 9 (*Events of Default*) and Certificate Condition 6 (*Events of Default*).

Any such modifications permitted above shall be binding on the Noteholders, Certificateholders or other Secured Creditors and, unless the Note Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders and Certificateholders as soon as practicable thereafter in accordance with Note Condition 13 (*Notice to Noteholders*) and Certificate Condition 11 (*Notice to Certificateholders*). So long as the Rated Notes, or any of them, are rated by the Rating Agencies the Issuer shall notify each of the Rating Agencies of any modification made by it in accordance with the above as soon as reasonably practicable thereafter.

Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification of the Trust Deed, the Conditions or any other Transaction Document which (in the sole opinion of the Note Trustee or the Security Trustee (as applicable)) would have the effect of: (x) exposing it to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (y) increasing the obligations or duties, or decreasing the protections of the Note Trustee or Security Trustee (as applicable) in the Transaction Documents, the Trust Deed and/or the Conditions.

Communication with Noteholders

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

- (a) for so long as the Cleared Notes are in global form:
 - (i) through the regulated information service maintained or recognised by the Irish Stock Exchange (and any notice containing material, non-public information will be given in this manner); and

- (ii) by delivery to Euroclear and/or Clearstream, Luxembourg for communication by them to their participants and for communication by such participants to entitled account holders; and
 - (iii) by delivery to the electronic communications systems maintained by Bloomberg L.P. for publication on the relevant page for the Notes (or such other medium for electronic display of data as may be approved in writing by the Note Trustee); or
- (b) if the Notes are in definitive form, if published in a leading daily newspaper printed in the English language and with general circulation in Ireland (which is expected to be *The Irish Times*);
 - (c) the Note Trustee shall be at liberty to sanction any method of giving notice to the holders of the Z Notes, in its opinion, such method is reasonable having regard to market practice then prevailing and provided that notice of such other method is given to the holders of the Z Notes in such manner as the Note Trustee shall deem appropriate.

A copy of each notice given in accordance with Note Condition 13 (*Notice to Noteholders*) will be provided to (for so long as any Rated Note is outstanding) the Rating Agencies.

The Issuer will give notice to the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*) of any additions to, deletions from or alterations to such methods from time to time.

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

Rating Agency Confirmation and Non-Responsive Rating Agencies

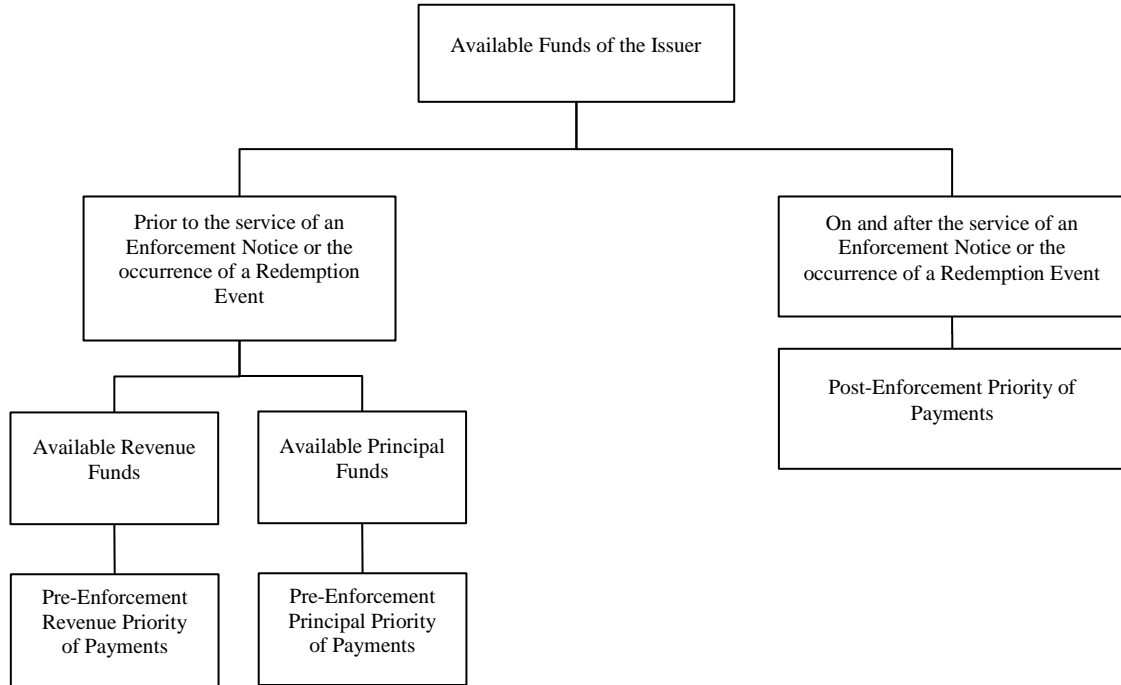
The implementation of certain matters will, pursuant to the Transaction Documents, be subject to the receipt of written confirmation from each Rating Agency (or certification from the Issuer to the Note Trustee and the Security Trustee that the Issuer has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in the then current ratings of each Class of Notes rated thereby being qualified, downgraded, suspended or withdrawn, or such Rating Agency placing any Notes on rating watch negative (or equivalent).

The Note Conditions provide that if a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document

and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer, and (i) (A) one Rating Agency (such Rating Agency, a “**Non-Responsive Rating Agency**”) indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response; or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received, and (ii) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts, then, subject to certain certifications to be made by the Issuer, such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from a Non-Responsive Rating Agency. See Note Condition 15 (*Non-Responsive Rating Agency*) for further details.

Overview of Credit Structure and Cash Flow

Please refer to sections entitled “*Credit Structure*” and “*Administration, Servicing and Cash Management of the Mortgage Pool*” for further detail in respect of the credit structure and cash flows of the transaction.



Available Funds of the Issuer

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

“**Available Revenue Funds**” will include the following amounts:

- (a) interest (if any) earned on the amounts in the Bank Accounts (other than the Swap Collateral Account) for the Determination Period immediately preceding the relevant Determination Date;
- (b) in respect of the first Interest Payment Date, amounts standing to the credit of the Pre-Funding Revenue Reserve Ledger up to the Pre-Funding Negative Carry Amount;
- (c) the Revenue Collections received for the Determination Period immediately preceding the relevant Determination Date, other than in respect of an Interest Payment Date immediately following an Estimation Period;
- (d) any amounts received by the Issuer under the Swap Agreement or any replacement Swap Agreement on the relevant Interest Payment Date (excluding Swap Excluded Receivable Amounts, any amounts credited to the Swap Collateral Account and any excess Swap Collateral (and any interest thereto) in the Swap Collateral Account);
- (e) amounts (which would otherwise constitute Available Principal Funds) determined to be applied as Available Revenue Funds in accordance with item (ix) of the Pre-Enforcement Principal Priority of Payment;
- (f) for so long as there are any Rated Notes outstanding (including on the Interest Payment Date on which the Rated Notes are redeemed in full), such amount equal to any Shortfall standing to the credit of the General Reserve Fund Ledger if and to the extent there would otherwise be a Shortfall on the immediately following Interest Payment Date;
- (g) for so long as there are any A Notes or B Notes outstanding (including on the Interest Payment Date on which the A Notes and the B Notes are redeemed in full), such amount equal to any Revenue Shortfall standing to the credit of the Liquidity Reserve Fund Ledger if and to the extent there will be a Revenue Shortfall on the relevant Interest Payment Date to be applied to items (i), (ii), (iii), (iv), (v), (vi) and (viii) of the Pre-Enforcement Revenue Priority of Payments;
- (h) any Principal Addition Amounts if and to the extent there will be a Further Revenue Shortfall on the immediately following Interest Payment Date to be applied to items (i), (ii), (iii), (iv), (v), (vi) and (viii) and (if the B Notes have

been redeemed in full) the relevant item corresponding to the payment of amounts (other than in respect of principal) in respect of the Most Senior Class, in each case of the Pre-Enforcement Revenue Priority of Payments;

- (i) in respect of an Interest Payment Date immediately following an Estimation Period, any Revenue Receipts and, if the Reconciliation Amount in respect of the relevant Estimation Period is a negative number, an amount equal to the absolute value of such Reconciliation Amount, each as determined in accordance with Note Condition 4(k) (*Determinations and Reconciliation*);
- (j) any amounts credited to the Transaction Account on the previous Interest Payment Date in accordance with item (xxiv) of the Pre-Enforcement Revenue Priority of Payments;
- (k) in respect of the Call Option Date in respect of which the Mortgage Pool Option is exercised, the proportion of the Mortgage Pool Purchase Price allocable to revenue;
- (l) income from any Authorised Investments in respect of the Determination Period ending immediately prior to the relevant Determination Date;
- (m) in respect of the third Interest Payment Date, any remaining amounts standing to the credit of the Start-Up Costs Ledger on the Determination Date immediately prior thereto; and
- (n) in respect of the first Interest Payment Date, an amount equal to any premium or other payment (if any) made by the Swap Counterparty to the Issuer on the Issue Date in connection with entering into the Swap Agreement,

less any Third Party Amounts and any amounts which are to be applied as item (g) of Available Principal Funds on the relevant Interest Payment Date.

“**Third Party Amounts**” will include amounts (which would otherwise constitute Available Revenue Funds) applied from time to time during the immediately preceding Determination Period in making payment of certain monies which properly belong to third parties (including the Seller) such as (but not limited to):

- (a) certain costs and expenses charged by the Mortgage Administrator or the Standby Mortgage Administrator in respect of its servicing of the Loans, other than the fee payable to such mortgage administrator and not otherwise covered by the items below;
- (b) payments of certain insurance premiums in respect of the insurance policies (to the extent referable to the Loans);
- (c) amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer’s account or is

required to refund an amount previously debited; and

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

“**Available Principal Funds**” will include the following amounts:

- (a) the Principal Collections received for the preceding Determination Period other than in respect of an Interest Payment Date following an Estimation Period;
- (b) any Liquidity Reserve Fund Excess Amounts;
- (c) in respect of the Interest Payment Date on which the B Notes are redeemed in full (and, prior to the service of an Enforcement Notice, after the application of Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments), all amounts standing to the credit of the Liquidity Reserve Fund Ledger;
- (d) in respect of the Interest Payment Date on which the E Notes are redeemed in full (and, prior to the service of an Enforcement Notice, after the application of Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments), all amounts standing to the credit of the General Reserve Fund Ledger;
- (e) the amount (if any) calculated on that Determination Date pursuant to the Pre-Enforcement Revenue Priority of Payments to be the amount by which the debit balance on any of the Principal Deficiency Ledgers is expected to be reduced by the application of the Available Revenue Funds on the immediately succeeding Interest Payment Date;
- (f) in respect of the first Interest Payment Date, any amount standing to the credit of the Pre-Funding Principal Reserve Ledger which has not been used prior to the first Interest Payment Date to purchase Additional Loans;
- (g) in respect of an Interest Payment Date immediately following an Estimation Period, any Principal Receipts and if the Reconciliation Amount in respect of the relevant Estimation Period is a positive number, an amount equal to such Reconciliation Amount, as determined in accordance with Note Condition 4(k) (*Determinations and Reconciliation*);
- (h) on the Call Option Date in respect of which the Mortgage Pool Option is exercised, the proportion of the Mortgage Pool Purchase Price allocable to principal; and
- (i) in respect of the first Interest Payment Date only, an amount equal to the excess (if any) of the proceeds of the Principal Backed Notes over the aggregate of (i) the Initial Cash Purchase Price paid by the Issuer for the Completion Mortgage Pool and (ii) an amount equal to the Pre-Funding

Principal Reserve,

less any amounts which are to be applied as item (i) of Available Revenue Funds on the relevant Interest Payment Date.

“**Shortfall**” means an amount, if greater than zero, by which the required payment pursuant to items (i) to (xvi) (inclusive) of the Pre-Enforcement Revenue Priority of Payments exceeds all Available Revenue Funds (excluding items (f), (g), and (h) of the definition thereof).

“**Revenue Shortfall**” means an amount, if greater than zero, by which the required payment pursuant to items (i) to (vi) (inclusive) and (viii) of the Pre-Enforcement Revenue Priority of Payments exceeds all Available Revenue Funds (excluding items (g), and (h) of the definition thereof).

“**Further Revenue Shortfall**” means an amount, if greater than zero, by which the aggregate amounts required to pay items (i), (ii), (iii), (iv), (v), (vi) and (viii) of the Pre-Enforcement Revenue Priority of Payments and (if the B Notes have been redeemed in full) any interest payment due on the Most Senior Class exceeds all Available Revenue Funds (excluding item (h)).

Summary of Priority of Payments

Below is a summary of the Priority of Payments prior to the service of an Enforcement Notice or on the occurrence of a Redemption Event. Full details of the Pre-Enforcement Revenue Priority of Payments are set out in Note Condition 2(c) (*Pre-Enforcement Revenue Priority of Payments*). Full details of the Pre-Enforcement Principal Priority of Payments are set out in Note Condition 5(b) (*Mandatory Redemption of the Notes*). Full details of the Post-Enforcement Priority of Payments are set out in Note Condition 2(d) (*Post-Enforcement Priority of Payments*).

PRIORITY OF PAYMENTS

Pre-Enforcement Revenue Priority of Payments	Pre-Enforcement Principal Priority of Payments	Post-Enforcement Priority of Payments
Trustee fees and expenses	Before the Liquidity Reserve Initial Funding Date, funding the Liquidity Reserve Fund	Trustee and receiver fees and expenses
Transaction Parties' fees		Transaction Parties' fees
Other senior expenses incurred by the Issuer	Principal Addition Amounts	Certain amounts due to Swap Counterparty
Issuer Profit Amount	Principal on A Notes	A Notes interest and principal
Certain amounts due to Swap Counterparty	Principal on B Notes	B Notes interest and principal
Interest on A Notes	Principal on C Notes	C Notes interest and principal
A Principal Deficiency Sub-Ledger	Principal on D Notes	D Notes interest and principal
Interest on B Notes	Principal on E Notes	E Notes interest and principal
After the Liquidity Reserve Initial Funding Date, funding the Liquidity Reserve Fund	Principal on Z1 Notes and Z2 Notes	Issuer Profit Amount
	Applied as Available Revenue Funds	X Notes interest and principal
B Principal Deficiency Sub-Ledger		Amounts owing to third parties
Interest on C Notes		Z1 Notes interest and principal
C Principal Deficiency Sub-Ledger		Z2 Notes interest and principal
Interest on D Notes		Swap Subordinated Amounts
D Principal Deficiency Sub-Ledger		Surplus to Certificateholders
Interest on E Notes		
E Principal Deficiency Sub-Ledger		
General Reserve Fund		
Z1 Principal Deficiency Sub-Ledger		
Z1 Interest		
X Interest		
X Principal		
Z2 Interest		
Swap Subordinated Amounts		
On an Interest Payment Date immediately following an Estimation Period, retaining all remaining amounts		
Surplus to Certificateholders		

General Credit Structure

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

- (a) availability of the General Reserve Fund in the event there is a Shortfall. The General Reserve Fund will be initially funded by the proceeds from the Z2 Notes in an amount equal to the General Reserve Fund Required Amount. See the section entitled “*Credit Structure – Application of the General Reserve Fund, the Liquidity Reserve Fund and Principal Addition Amounts – Shortfall, Revenue Shortfall and Further Revenue Shortfall*” below for limitations on availability of the use of the General Reserve Fund;
- (b) availability of the Liquidity Reserve Fund in the event there is a Revenue Shortfall. See the section entitled “*Credit Structure – Application of the General Reserve Fund, the Liquidity Reserve Fund and Principal Addition Amounts – Shortfall, Revenue Shortfall and Further Revenue Shortfall*” below for limitations on availability of the use of the Liquidity Reserve Fund;
- (c) availability of Available Principal Funds in the event there is a Further Revenue Shortfall. See the section entitled “*Credit Structure – Application of the General Reserve Fund, the Liquidity Reserve Fund and Principal Addition Amounts – Shortfall, Revenue Shortfall and Further Revenue Shortfall*” below for limitations on availability of the use of Available Principal Funds; and
- (d) availability of the Pre-Funding Principal Reserve to fund the purchase of Additional Loans by the Issuer on the Additional Loans Purchase Date.

General Reserve Fund and Liquidity Reserve Fund

The General Reserve Fund will, on the Issue Date, be funded by the proceeds from the Z2 Notes up to the General Reserve Fund Required Amount. The Issuer is required to maintain at all times a minimum balance standing to the credit of the General Reserve Fund.

The General Reserve Fund Required Amount is:

- (a) prior to the redemption in full of the Rated Notes, 2.5 per cent. of the aggregate Principal Amount Outstanding of the Principal Backed Notes as at the Issue Date; and
- (b) on the Interest Payment Date on which the Rated Notes are to be redeemed in full, zero.

The General Reserve Fund Ledger will, from time to time, be credited in accordance with the Pre-Enforcement Revenue Priority of Payments.

The General Reserve Fund shall be maintained until such time as the Rated Notes are redeemed in full. On the Interest Payment Date on which the Rated Notes are redeemed in full, following application of the General Reserve Fund to cover any Shortfall, any remaining balance in the General Reserve Fund shall be

applied as Available Principal Funds in accordance with the relevant Priority of Payments.

The Liquidity Reserve Fund will not be funded on the Issue Date, but will instead be funded in accordance with the relevant priority of payments on each Interest Payment Date.

On any Interest Payment Date, the Liquidity Reserve Fund Required Amount shall be calculated as follows:

- (a) while the A Notes or the B Notes remain outstanding, an amount equal to 1.5 per cent. of the aggregate Principal Amount Outstanding of the A Notes and the B Notes on the Determination Date immediately prior to such Interest Payment Date; and
- (b) on the Interest Payment Date on which the A Notes or the B Notes are to be redeemed in full, zero.

On an Interest Payment Date falling prior to the Liquidity Reserve Initial Funding Date, the Liquidity Reserve Fund will be funded from Available Principal Funds in accordance with the Pre-Enforcement Principal Priority of Payments.

On an Interest Payment Date where there was a Revenue Shortfall on any previous Interest Payment Dates, the Liquidity Reserve Fund will be replenished from Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments.

The Liquidity Reserve Fund shall be maintained until the Interest Payment Date on which the B Notes are to be redeemed in full. On the Interest Payment Date on which the B Notes are redeemed in full, following application of the Liquidity Reserve Fund to cover any Revenue Shortfall, any remaining balance in the Liquidity Reserve Fund shall be applied as Available Principal Funds in accordance with the relevant Priority of Payments.

Application of Reserve Funds and Principal Addition Amounts

Where there is a Shortfall, the Issuer shall first pay or provide for that Shortfall to the extent of such Shortfall by drawing amounts from the General Reserve Fund and applying them as Available Revenue Funds.

Thereafter, if there remains a Revenue Shortfall, the Issuer shall pay or provide for that Revenue Shortfall to the extent of such Revenue Shortfall by drawing amounts from the Liquidity Reserve Fund and applying such amounts as Available Revenue Funds to certain items in the Pre-Enforcement Revenue Priority of Payment.

Thereafter, if there remains a Further Revenue Shortfall, the Issuer shall pay or provide for such Further Revenue Shortfall to the extent of such Further Revenue Shortfall by applying Principal Addition Amounts as Available Revenue Funds to certain items in the Pre-Enforcement Revenue Priority of Payments.

Liquidity Reserve Deficiency Ledger

The Cash Administrator shall maintain a Liquidity Reserve Deficiency Ledger which shall record as a credit any amounts paid pursuant to item (ix) of the Pre-Enforcement Revenue Priority of Payments and as a debit any amounts used to pay or provide for a Revenue Shortfall.

Principal Deficiency Ledger

The Principal Deficiency Ledger comprises a number of sub-ledgers, known as the A Principal Deficiency Sub-Ledger, the B Principal Deficiency Sub-Ledger, the C Principal Deficiency Sub-Ledger, the D Principal Deficiency Sub-Ledger, the E Principal Deficiency Sub-Ledger and the Z1 Principal Deficiency Sub-Ledger which will be established to record as a debit any Losses and/or the use of any Available Principal Funds as Available Revenue Funds pursuant to item (ii) of the Pre-Enforcement Principal Priority of Payments.

Available Revenue Funds will be credited to the sub-ledgers of the Principal Deficiency Ledger on each Interest Payment Date to reduce the debit balance of the Principal Deficiency Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments.

Any Losses and the application of any Principal Addition Amounts to meet a Further Revenue Shortfall will be recorded as a debit to the Principal Deficiency Ledger on each Determination Date as follows:

- (a) *firstly*, to the Z1 Principal Deficiency Sub-Ledger (up to an amount (including all other debits to the Z1 Principal Deficiency Sub-Ledger) equal to the aggregate Principal Amount Outstanding of the Z1 Notes) (as calculated on the immediately preceding Determination Date);
- (b) *secondly*, to the E Principal Deficiency Sub-Ledger (up to an amount (including all other debits to the E Principal Deficiency Sub-Ledger) equal to the aggregate Principal Amount Outstanding of the E Notes) (as calculated on the immediately preceding Determination Date);
- (c) *thirdly*, to the D Principal Deficiency Sub-Ledger (up to an amount (including all other debits to the D Principal Deficiency Sub-Ledger) equal to the aggregate Principal Amount Outstanding of the D Notes) (as calculated on the immediately preceding Determination Date);
- (d) *fourthly*, to the C Principal Deficiency Sub-Ledger (up to an amount (including all other debits to the C Principal Deficiency Sub-Ledger) equal to the Principal Amount Outstanding of the C Notes) (as calculated on the immediately preceding Determination Date);
- (e) *fifthly*, to the B Principal Deficiency Sub-Ledger (up to an amount (including all other debits to the B Principal Deficiency Sub-Ledger) equal to the Principal Amount Outstanding of the B Notes) (as calculated on the

immediately preceding Determination Date); and

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

**Collection Account, Transaction
Account and Cash Administration**

All Revenue Collections and Principal Collections in respect of the Loans are received by the Seller in the Collection Account.

On or about the Issue Date, the Seller will declare the Collection Account Declaration of Trust in favour of the Issuer over amounts credited to the Collection Account.

The Mortgage Administrator is obliged to instruct the Collection Account Provider to transfer from the Collection Account to the Transaction Account on a daily basis all amounts received via direct debit credited in cleared funds to the Collection Account in respect of the Loans during the previous Business Day, and where amounts had been received other than by way of direct debit, the Mortgage Administrator shall procure that such amounts received in cleared funds are transferred from the Collection Account to the Transaction Account within three Business Days of such cleared funds being credited to the Collection Account.

Triggers Tables

Rating Triggers Table

Transaction party	Required Ratings	Possible effects of Ratings Trigger being breached include the following:
Account Bank	<ul style="list-style-type: none"> (a) Moody's: a short-term deposit rating of at least P1 by Moody's and a long-term deposit rating of at least A2 by Moody's; (b) DBRS: the higher of (i) one rating notch below the Account Bank's long-term critical obligations rating ("COR") being at least A by DBRS, and (ii) the rating of the Account Bank's long-term, senior, unsecured, unsubordinated and unguaranteed debt obligations being at least A by DBRS provided that if the Account Bank is not rated by DBRS, at least a DBRS Equivalent Rating; and (c) alternatively to each of the above, such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Rated Notes. 	<p>The consequences for the Account Bank of a breach under the Bank Agreement include a requirement for the Issuer to use commercially reasonable endeavours to replace the Account Bank within 30 calendar days of the downgrade of the relevant entity.</p>
Swap Collateral Account Bank	<ul style="list-style-type: none"> (a) Moody's: a short-term deposit rating of at least P1 by Moody's and a long-term deposit rating of at least A2 by Moody's; (b) DBRS: the higher of (i) one rating notch below the Account Bank's long-term COR being at least A by DBRS, and (ii) the rating of the Account Bank's long-term, senior, unsecured, unsubordinated and unguaranteed debt obligations being at least A by DBRS provided that if the Account Bank is not rated by DBRS, at least a DBRS Equivalent Rating; and (c) alternatively to each of the above, such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Rated Notes. 	<p>The consequences for the Swap Collateral Account Bank of a breach under the Bank Agreement include a requirement for the Issuer to use commercially reasonable endeavours to replace the Swap Collateral Account Bank within 30 calendar days of the downgrade of the relevant entity.</p>
Collection Account Provider	<ul style="list-style-type: none"> (a) Moody's: a long-term deposit rating of at least Baa3 by Moody's; 	<p>If the Collection Account Provider fails to maintain the</p>

- (b) **DBRS:** a long-term critical obligations rating of at least BBB (low) by DBRS or, if a COR is not available on the Collection Account Provider, an issuer rating or a long-term unsecured, senior unsecured debt rating of BBB (low) by DBRS (either by way of a public rating or, in its absence, by way of a private rating supplied by DBRS), provided that if the Collection Account Provider is not rated by DBRS, at least a DBRS Equivalent Rating; and
- (c) alternatively to each of the above, such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Rated Notes.

Required Ratings as set out in this section “*Triggers Tables*” (the “**Collection Account Required Ratings**”) (such failure a “**Collection Account Provider Downgrade Event**”), the Issuer will use its commercially reasonable endeavours to procure that the Collection Account shall be transferred to another institution authorised under FSMA which has the Collection Account Rating Agency Required Ratings pursuant to an agreement with such institution in substantially the form of the Collection Account Agreement as soon as possible but within 35 calendar days (or such longer period as the Security Trustee and the Rating Agencies may agree, provided that such transfer and replacement is not required to take place within 30 calendar days of the relevant Collection Account Provider Downgrade Event) from the date on which such downgrade occurs, and the Collection Account Provider will, at the request and cost of the Issuer, use its commercially reasonable endeavours to assist with the same.

Swap Counterparty

Required Ratings

Moody's required ratings

The Swap Counterparty, or any additional guarantor, must have the Moody's counterparty risk assessment of A3(cr) or, if a counterparty risk assessment is not available for such entity, the long-term unsecured and unsubordinated debt obligations must be rated at least A3 by Moody's.

DBRS initial required ratings

Long-term unsecured and unsubordinated debt obligations rated at least A2 by Moody's.

DBRS subsequent required ratings

Long-term unsecured and unsubordinated debt obligations rated at least Baa2 by Moody's.

Possible effects of Ratings Trigger being breached include the following:

The Swap Counterparty must within 30 business days (i) provide collateral to the extent required depending on the value of the Interest Rate Swap to each of the parties at such time) or (ii) procure a transfer to an eligible replacement or (iii) procure a guarantee from an eligible guarantor in respect of its obligations under the Swap Agreement or (iv) take such other action (which could include posting collateral or taking no action) as will result in the rating of the Most Senior Class of Rated Notes following the taking of such action being maintained at, or restored to, the level at which it was immediately prior to the relevant rating event.

The Issuer may terminate the Swap Agreement if the Swap Counterparty fails to provide collateral in respect of the Swap Agreement within the relevant time period (to the extent that the Swap Counterparty is required to do so) and such failure is not remedied on or before the third Business Day after notice of such failure is given to the Swap Counterparty.

Subject to the terms of the Swap Agreement, the consequence of a breach is that the Swap Counterparty will be obliged (a) to post collateral or (b) to procure a transfer to an eligible replacement of its obligations under the Swap Agreement or (c) to procure a guarantee from an eligible guarantor in respect of its obligations under the Swap Agreement or (d) to take such other action (which could include taking no action) as will result in the rating of the Most Senior Class of Rated Notes following the taking of such action being maintained at, or restored to, the level at which it was immediately prior to the relevant ratings event.

Subject to the terms of the Swap Agreement, the consequence of a breach is that the Swap Counterparty will be obliged (a) to post collateral and (b) to use commercially reasonable efforts (i) to procure a transfer to an eligible replacement of its obligations under the Swap Agreement or (ii) to procure a guarantee from an eligible guarantor in respect of its obligations under the Swap Agreement or (iii) to take such other action (which could include taking no action) as will result in the rating of the Most Senior Class of Rated Notes following the taking of such action being maintained at, or restored

to, the level at which it was immediately prior to the relevant ratings event.

See the section entitled “The Swap Agreement” for further information.

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"> (a) the service of an Enforcement Notice; (b) the Security Trustee determining that the Charged Property or any part thereof is in jeopardy (including due to the possible insolvency of the Seller); (c) the occurrence of an Insolvency Event occurring in relation to the Seller; or (d) the Issuer, the Security Trustee or the Seller becoming obliged to provide notice of assignment of the Loan by order of court, by law or any relevant regulatory authority. 	<p>Borrowers will be notified of the sale of the Loans to the Issuer and legal title to the Mortgage Pool will be transferred to the Issuer (other than in the case of perfection event (d) whereby only legal title to the affected Loan will be transferred to the Issuer).</p>
Cash Administrator Termination Events	<p>The occurrence of any of the following:</p> <ul style="list-style-type: none"> (a) default is made by the Cash Administrator in making any payment due under the Cash Administration Agreement on the due date or the obligations regarding the transfer of cash under Clause 4 (<i>Bank Accounts</i>) of the Cash Administration Agreement and such default continues unremedied for a period of five Business Days; (b) default by the Cash Administrator in the performance of its covenants and obligations under the Cash Administration Agreement and the Note Trustee considers such default to be materially prejudicial to the interests of the holders of the Most Senior Class and such breach continues unremedied for a period of 15 days after the Cash Administrator has become aware of such breach; (c) the occurrence of an Insolvency Event occurring in relation to the Cash Administrator; or (d) an Enforcement Notice is given and the Note Trustee is of the opinion that the continuation of the appointment of the Cash Administrator is materially prejudicial to the interests of the holders of the Most Senior Class. 	<p>The Issuer shall, within 60 days, use reasonable endeavours to appoint a replacement Cash Administrator which meets the requirements for a substitute service provided for by the Cash Administration Agreement.</p>
Mortgage Administrator	<p>The occurrence of any of the following:</p> <ul style="list-style-type: none"> (a) the Mortgage Administrator defaults in 	<p>If a Mortgage Administrator Termination Event occurs</p>

Termination Events

- making any payment under the Mortgage Administration Agreement on the due date and such default continues unremedied for a period of 10 Business Days after the earlier of: (i) the Mortgage Administrator becoming aware of such default; and (ii) receipt by the Mortgage Administrator of written notice from the Issuer (or, following delivery of an Enforcement Notice, the Security Trustee) requiring the same to be remedied;
- (b) the Mortgage Administrator defaults in the performance or observance of any of its other covenants, undertakings and obligations under Mortgage Administration Agreement which in the opinion of the Security Trustee (acting on the instructions of the Note Trustee) is materially prejudicial to the interests of the holders of the Most Senior Class of Notes and (except where, in the opinion of the Security Trustee, such default is incapable of remedy, when no such continuation and/or notice as is hereinafter mentioned will be required) such default continues unremedied for a period of 30 days after the Mortgage Administrator becomes aware of such event provided however that where the relevant default occurs as a result of a default by any person to whom the Mortgage Administrator has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute an Mortgage Administrator Termination Event if within such 30 day period the Mortgage Administrator has taken steps to remedy such default;
 - (c) the Mortgage Administrator becomes subject to an Insolvency Event; or
 - (d) the Mortgage Administrator fails to obtain or maintain the necessary licences or regulatory approval enabling it to continue servicing Loans.

the Issuer (with the consent of the Security Trustee) or the Security Trustee shall (as soon as practicable after such event has come to its attention) give notice in writing to the Standby Mortgage Administrator of such occurrence and if an Invocation Notice is issued to the Standby Mortgage Administrator, the Standby Mortgage Administrator shall (to the extent it is still appointed) assume the role of the Mortgage Administrator pursuant to the terms of the Standby Mortgage Administration Agreement.

Any party other than the Standby Mortgage Administrator as Mortgage Administrator shall be subject to the prior written consent of the Security Trustee.

Fees

The following table sets out the ongoing fees to be paid by the Issuer to the Transaction Parties.

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Mortgage Administrator fees before invocation	An initial fee of £25,000 (exclusive of any applicable VAT).	Ahead of all outstanding Notes.	Payable on or about the Issue Date.
	A mortgage administrator fee equal to the product of 0.105 per cent. (inclusive of any applicable VAT) and the average aggregate Principal Balance of each of the Loans in the Mortgage Pool as of the last day of each calendar month falling within the Determination Period immediately preceding the relevant Interest Payment Date, divided by four or such other amount as may be agreed between the Issuer and the Mortgage Administrator and notified to the Rating Agencies from time to time.		Payable on each Interest Payment Date.
Standby Mortgage Administrator fees before invocation	An initial project fee of £5,000 (exclusive of any applicable VAT) to act as Standby Mortgage Administrator.	Ahead of all outstanding Notes.	Payable on or about the Issue Date.
	If HML is also acting as Delegate Mortgage Administrator, an annual fee of £25,000 (exclusive of any applicable VAT).		Payable <i>pro rata</i> on each Interest Payment Date.
	If HML is no longer acting as Delegate Mortgage Administrator, an annual standby fee equal to the higher of (i) 0.009 per cent of the aggregate Current Balance of the Loans, or (ii) £50,000 per annum, (in each case, exclusive of any applicable VAT).		Payable <i>pro rata</i> on each Interest Payment Date.
Mortgage Administrator fees after invocation	If HML is acting as Delegate Mortgage Administrator at the time of invocation, a fixed fee £30,000 (exclusive of any applicable VAT). If HML is not acting as Delegate Mortgage Administrator at the time of invocation, a fixed fee of £250,000 (exclusive of any		Payable at time of invocation.

	applicable VAT).		
	An annual fee equal to the higher of (i) 0.15 per cent. of the Current Balance of the Loans, or (ii) £240,000 per annum, (in each case, exclusive of any applicable VAT).		Payable <i>pro rata</i> on each Interest Payment Date.
	A further redemption processing fee of £125 (exclusive of any applicable VAT) when loans are redeemed and a credit management fee of £50 per calendar month (exclusive of any applicable VAT) when collecting amounts due in arrear.		Payable <i>pro rata</i> on each Interest Payment Date.
Other fees and expenses, including fees paid to the Security Trustee, Note Trustee, the Agents, the Account Bank, the Swap Collateral Account Bank, the Custodian, the Cash Administrator, the Corporate Services Provider and the Back-up Mortgage Administrator Facilitator.	An estimated initial fixed fee of £3,750 (exclusive of any applicable VAT). Thereafter an estimated annual fee of £158,000 plus 0.65bps per annum of the aggregate of (a) the Principal Amount Outstanding as at the Issue Date of the Risk Retention Notes and (b) the principal amount of any Swap Collateral posted to the Issuer pursuant to the Swap Agreement (together, the “ Aggregated Period Fees ”) (in each case exclusive of any applicable VAT).	Ahead of all outstanding Notes.	Payable on or about the Issue Date. Annual fees generally paid annually in advance. Aggregated Period Fees payable on each Interest Payment Date.
Expenses related to the admission to trading of the Notes	An estimated initial fixed fee of €7,740 (exclusive of any applicable VAT). Thereafter an annual fixed fee of €2,000 (exclusive of any applicable VAT).	Not Available.	On or about the Issue Date. Payable annually.
BGFL Structuring Fee	means the fee payable by the Issuer to BGFL on the Issue Date in connection with the structuring of the issue of the Notes, in an amount equal to the BGFL Structuring Fee Amount (inclusive of any applicable VAT).	Not Available.	On the Issue Date.
BGFL Reserve Structuring Fee	An amount equal to the Pre-Funding Reserve Excess Amount (inclusive of any applicable VAT).	Not Available.	On the first Interest Payment Date.

CERTAIN REGULATORY DISCLOSURES

Retention Requirements and exposure to the Retained Interest

BGFL, as an original lender for the purposes of the CRR, the AIFMR and Solvency II, will retain, on an ongoing basis, a material net economic interest of at least 5 per cent. in the securitisation, in accordance with Article 405 of the CRR, Article 51 of the AIFMR and Article 254 of Solvency II, in each case not taking into account any relevant national measures (the “**Retention Requirements**”). In order to satisfy the Retention Requirements on the Issue Date, BGFL will hold exposure to the Z1 Notes and the Z2 Notes as required by the text of each of Article 405(1)(d) of the CRR, Article 51(1)(d) of the AIFMR and Article 254(2)(d) of Solvency II. On the Issue Date, this will represent an economic outlay and downside exposure of BGFL. Any change to the manner in which such interest is held will be notified to investors.

In the Subscription Agreement, BGFL will undertake:

- (a) to hold, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the nominal value of the securitisation (the “**Retained Interest**”) in accordance with Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation (in each case, not taking into account any corresponding national measures), provided that BGFL will not be in breach of such undertaking if BGFL fails to so comply due to events, actions or circumstances beyond BGFL’s control;
- (b) at all relevant times comply with the disclosure obligations imposed under Article 409 of Part Five of the CRR as if BGFL were an “institution” subject to the requirements of Article 409 and provide to each of the Arrangers, the Joint Lead Managers and the Issuer access to the data and information referred to in Article 409 of Part Five of the CRR necessary to meet that disclosure obligation, subject always to any requirement of law, provided that BGFL will not be in breach of such undertaking if BGFL fails to so comply due to events, actions or circumstances beyond BGFL’s control;
- (c) to provide notice to the Issuer, the Note Trustee (on behalf of the Noteholders) and the Cash Administrator on or prior to the end of a Determination Period that it continues to hold exposure to the Retained Interest (and the Cash Administrator shall reflect the same in the Investor Report that follows the date of such notice);
- (d) to provide notice to the Issuer and the Note Trustee (on behalf of the Noteholders) and the Cash Administrator as soon as practicable in the event it no longer holds exposure to the Retained Interest; and
- (e) not sell, hedge or otherwise mitigate (and shall procure that none of its affiliates shall sell, hedge or otherwise mitigate) the credit risk under or associated with the Retained Interest, except to the extent permitted under the Retention Requirements.

Each prospective investor is required independently to assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with the Retention Requirements and none of the Issuer, the Arranger, the Joint Lead Managers or any Transaction Party makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. In addition, each prospective Noteholder should ensure that they comply with the implementing provisions in respect of the Retention Requirement 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.

Information Regarding the Policies and Procedures of BGFL or other group entities as relevant

BGFL and other group entities, as relevant, have internal policies and procedures in relation to the granting of mortgage loans, administration of credit-risk bearing portfolios and risk mitigation, which include:

- (a) criteria for the granting of mortgage loans and the process for approving, amending, renewing and re-financing mortgage loans (see “*Constitution of the Mortgage Pool*”);
- (b) systems in place to administer and monitor the mortgage loans and exposures (the Mortgages will be serviced in line with the usual servicing procedures of BGFL – see “*Administration, Servicing and Cash Management of the Mortgage Pool*”);
- (c) adequate diversification of BGFL’s mortgage loan books, given their target market and overall credit strategy (see “*Characteristics of the Provisional Completion Mortgage Pool*”); and

- (d) written policies and procedures in relation to risk mitigation techniques (see “*Administration, Servicing and Cash Management of the Mortgage Pool*”).

Volcker Rule

The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof it 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 analysis is based on the conclusion that the Issuer satisfies all the elements of the exemption from the definition of “investment company” in the Investment Company Act of 1940 provided by Section 3(c)(5)(C) thereunder.

USE OF PROCEEDS

The gross proceeds of the issue of the Notes are expected to amount to approximately £243,430,000. The gross proceeds of:

- (a) the A Notes, B Notes, C Notes, D Notes, E Notes and Z1 Notes will be applied in the purchase by the Issuer from the Seller of the Completion Mortgage Pool on the Issue Date and will be used to fund the Pre-Funding Principal Reserve, which may be applied in purchasing Additional Loans on the Additional Loans Purchase Date;
- (b) the Z2 Notes will be used to fund the General Reserve Fund up to the General Reserve Fund Required Amount on the Issue Date; and
- (c) the X Notes will be used to fund the Pre-Funding Revenue Reserve in an amount equal to £817,342, and the balance of such proceeds will be used for the payment of the Issuer Costs and Expenses and to pay certain fees and commissions, including the BGFL Structuring Fee and the BGFL Reserve Structuring Fee.

THE ISSUER

Introduction

Tower Bridge Funding No.1 plc (the “**Issuer**”) was incorporated and registered under the laws of England and Wales under the Companies Act 2006 with limited liability as a public limited company on 2 June 2017 with registered number 10801292. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1.00 each (one of which is fully paid and 49,999 of which are one quarter paid up), held by Tower Bridge Funding No.1 Holdings Limited (“**Holdings**”). The entire issued share capital of Holdings is held on trust by Intertrust Corporate Services Limited under the terms of a share trust deed. The Issuer has no subsidiaries.

Directors

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

Name	Business Address	Principal Activities/Position
Intertrust Directors 1 Limited	35 Great St. Helen’s, London EC3A 6AP, United Kingdom	Corporate Director
Intertrust Directors 2 Limited	35 Great St. Helen’s, London EC3A 6AP, United Kingdom	Corporate Director
Paivi Helena Whitaker	35 Great St. Helen’s, London EC3A 6AP, United Kingdom	Director

The directors of Intertrust Directors 1 Limited and Intertrust Directors 2 Limited and their respective occupations are:

Name	Business Address	Business Occupation
Claudia Wallace	35 Great St. Helen’s, London EC3A 6AP, United Kingdom	Director
Debra Parsall	35 Great St. Helen’s, London EC3A 6AP, United Kingdom	Director
Susan Abrahams	35 Great St. Helen’s, London EC3A 6AP, United Kingdom	Director
Paivi Helena Whitaker	35 Great St. Helen’s, London EC3A 6AP, United Kingdom	Director

The accounting reference date of the Issuer is 31 December.

The company secretary of the Issuer is Intertrust Corporate Services Limited (registered number 3920255).

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

The telephone number of the Issuer is +44 (0) 20 7398 6300.

Activities

The Issuer has been established as a special purpose vehicle to acquire portfolios of residential mortgage loans and issue asset-backed securities. Its activities will be restricted by the terms and conditions of the Transaction Documents and will be limited to the issue of the Notes and the Certificates, the ownership of the Loans and their Mortgage Rights and other assets referred to herein, the exercise of related rights and powers, and other activities referred to herein or reasonably incidental thereto. These activities will include (a) the collection of all payments of principal and interest due from Borrowers on Loans; (b) the operation of arrears procedures and (c) the enforcement of Loans and their Mortgage Rights against Borrowers in default.

Substantially all of the above activities will be carried on by the Mortgage Administrator on an agency basis under the Mortgage Administration Agreement. In respect of certain specified items, such as the discretionary, as opposed to the procedural, aspects of the enforcement of Loans and their Mortgage Rights against Borrowers in default and other discretionary matters, the Issuer has delegated certain decision-making powers to the Mortgage Administrator pursuant to the Mortgage Administration Agreement. Additionally, the Cash Administrator (as set out in the Cash Administration Agreement), will provide cash management and bond reporting services to the Issuer pursuant to the Cash Administration Agreement, as the case may be. The Issuer may terminate the agency (and, simultaneously, the rights) of the Mortgage Administrator or the Cash Administrator upon the occurrence of certain events of default or insolvency or similar events in relation to the Mortgage Administrator or the Cash Administrator or, in certain circumstances, following an Event of Default in relation to the Notes or Certificates. Following such an event as aforesaid, the Issuer (with the consent of the Security Trustee) or the Security Trustee may, subject to certain conditions, appoint substitute administrators. Promptly upon the occurrence of a Mortgage Administrator Termination Event, the Issuer shall serve an invocation notice on the Standby Mortgage Administrator. on receipt of the Invocation Notice, the Standby Mortgage Administrator shall assume the role of Mortgage Administrator within 5 days if it was acting as delegate Mortgage Administrator at that time, or within 60 days if it was not acting as delegate Mortgage Administrator at that time.

The principal objects of the Issuer are unrestricted in its Memorandum and Articles of Association.

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

Issuer profit

Subject to the availability of funds for such purpose, £1,500 shall be retained by the Issuer on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and, after the service of an Enforcement Notice, the Post-Enforcement Priority of Payments and will be recognised in the accounts of the Issuer as profit for the relevant accounting year. Any such amount so applied shall be credited to the Issuer Profit Ledger and applied in satisfaction of the Issuer's obligations in respect of United Kingdom corporation tax and in payment of dividends.

Auditors

The independent auditor of the Issuer is Deloitte LLP whose office is located at 2 New Street Square, London EC4A 3BZ.

HOLDINGS

Tower Bridge Funding No.1 Holdings Limited (“**Holdings**”) was incorporated in England and Wales on 2 June 2017 (registered number 10801300) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is 35 Great St. Helen’s, London EC3A 6AP, United Kingdom. The telephone number of Holdings’s registered office is +44 (0) 20 7398 6300.

The issued share capital of Holdings comprises one ordinary share of £1.

The entire beneficial interest in the share of Holdings is beneficially owned by Intertrust Corporate Services Limited (the “**Share Trustee**”) on a discretionary trust.

Holdings holds the entire beneficial interest in the issued share capital of the Issuer.

BGFL does not own directly or indirectly any of the share capital of Holdings and neither BGFL nor any company connected with BGFL can direct the Share Trustee and none of such companies has any control, direct or indirect, over Holdings or the Issuer or any other similar vehicle.

The principal objects of Holdings are, among other things, to acquire and hold, by way of investments or otherwise, and deal in or exploit, in such manner as may from time to time be considered expedient, all or any part of any securities or other interests of or in the Issuer or any other similar vehicle.

Holdings has not engaged in any other activities since its incorporation other than those incidental to the authorising of the Transaction Documents to which it is or will be a party and other matters which are incidental to those activities. Holdings has no employees.

Directors

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

Name	Business Address	Business Occupation
Intertrust Directors 1 Limited	35 Great St Helen’s, London EC3A 6AP, United Kingdom	Corporate Director
Intertrust Directors 2 Limited	35 Great St Helen’s, London EC3A 6AP, United Kingdom	Corporate Director
Paivi Helena Whitaker	35 Great St Helen’s, London EC3A 6AP, United Kingdom	Director

The directors of Intertrust Directors 1 Limited and Intertrust Directors 2 Limited and their respective occupations are:

Name	Business Address	Business Occupation
Claudia Wallace	35 Great St. Helen’s, London EC3A 6AP, United Kingdom	Director
Debra Parsall	35 Great St. Helen’s, London EC3A 6AP, United Kingdom	Director
Susan Abrahams	35 Great St. Helen’s, London EC3A 6AP, United Kingdom	Director
Paivi Helena Whitaker	35 Great St. Helen’s, London EC3A 6AP, United Kingdom	Director

The company secretary of Holdings is Intertrust Corporate Services Limited whose registered office is at 35 Great St. Helen, London EC3A 6AP, United Kingdom.

The accounting reference date of Holdings is 31 December.

THE SELLER AND THE MORTGAGE ADMINISTRATOR

Belmont Green Finance Limited

Belmont Green Finance Limited (“**BGFL**”) is a company incorporated under the laws of England and Wales (registration number 09837692) on 22 October 2015, having its registered office at 1 London Road, Staines-upon-Thames, Surrey TW18 4EX, United Kingdom. It is a company whose purpose is advancing or acquiring residential mortgage loans to borrowers in England and Wales. BGFL is a wholly owned subsidiary of BGFL Limited the majority (98.8 per cent.) of whose share capital is owned by Pine Brook Capital Partners II (Cayman) AV LP.

BGFL is currently the authorised mortgage lender of loans within the BGFL group, on the basis that it is an “authorised person” approved by the Financial Conduct Authority to carry out certain regulated activities.

BGFL has 126 employees as at the Issue Date.

BGFL has delegated certain of its responsibilities and obligations as Mortgage Administrator to HML pursuant to the HML Mortgage Administration Delegation Agreement.

BGFL holds the relevant authorisations under FSMA and Data Protection Act 1998 and any other authorisation or approval necessary to act as lender in its capacity as lender/creditor/mortgage administrator under regulated mortgage contracts.

THE DELEGATE MORTGAGE ADMINISTRATOR AND THE STANDBY MORTGAGE ADMINISTRATOR

Homeloan Management Limited

Homeloan Management Limited (“HML” or the “**Delegate Mortgage Administrator**”) is a private limited company registered in England and Wales under company number 02214839. HML, which is regulated by the FCA is part of the Computershare group which forms the largest third party residential mortgage servicer in the United Kingdom. Computershare currently services over £63 billion of mortgages and loans, which represents over half of the outsourced mortgages in the United Kingdom.

The registered office of HML is The Pavilions, Bridgwater Road, Bristol, Avon, BS13 8AE and its principal place of business of HML is at Gateway House, Gargrave Road, Skipton, North Yorkshire, BD23 2HL, United Kingdom.

The information in the preceding two paragraphs has been provided solely by HML for use in this Prospectus. Except for the foregoing two paragraphs, HML and its affiliates do not accept responsibility for this Prospectus.

THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

U.S. Bank Global Corporate Trust Services, which is a trading name of Elavon Financial Services DAC (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 DAC from its offices in London at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

Elavon Financial Services DAC is a bank incorporated in Ireland and a wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services DAC is authorised by the Central Bank of Ireland and the activities of its U.K. Branch are also subject to 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 division conducts business in the United States, is a leading provider of corporate trust services in the United States and Europe, serving private and public companies, government and tax-exempt entities and financial services companies. Global Corporate Trust Services operates a network of 51 domestic offices and two international locations in London and Dublin.

U.S. Bancorp (NYSE: USB), with \$450 billion in assets as of March 31, 2017, is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. The Company operates 3,091 banking offices in 25 states and 4,838 ATMs and provides a comprehensive line of banking, investment, mortgage, trust and payment services products to consumers, businesses and institutions.

THE SWAP COUNTERPARTY

The Royal Bank of Scotland plc (“**RBS**”) is a wholly-owned subsidiary of The Royal Bank of Scotland Group plc (“**RBSG**”), a banking and financial services group. The “Group” comprises The Royal Bank of Scotland plc and its subsidiary and associated undertakings. The Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers. “**RBS Group**” comprises RBSG and its subsidiary and associated undertakings.

RBS Group had total assets of £799 billion and owners’ equity of £49.4 billion as at 31 December 2016. RBS Group’s capital ratios on the end-point CRR basis as at 31 December 2016 were a total capital ratio of 19.2 per cent., a CET1 capital ratio of 13.4 per cent. and a Tier 1 capital ratio of 15.2 per cent. RBS Group’s capital ratios on the PRA transitional basis as at 31 December 2016 were a total capital ratio of 22.9 per cent., a CET1 capital ratio of 13.4 per cent. and a Tier 1 capital ratio of 17.7 per cent. The address of The Royal Bank of Scotland plc is 250 Bishopsgate, London, EC2M 4AA, United Kingdom.

THE CASH ADMINISTRATOR, THE ACCOUNT BANK, THE SWAP COLLATERAL ACCOUNT BANK, THE CUSTODIAN, THE AGENT BANK, THE PRINCIPAL PAYING AGENT AND THE REGISTRAR

U.S. Bank Global Corporate Trust Services, which is a trading name of Elavon Financial Services DAC (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 DAC from its offices in London at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

Elavon Financial Services DAC is a bank incorporated in Ireland and a wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services DAC is authorised by the Central Bank of Ireland and the activities of its U.K. Branch are also subject to 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 division conducts business in the United States, is a leading provider of corporate trust services in the United States and Europe, serving private and public companies, government and tax-exempt entities and financial services companies. Global Corporate Trust Services operates a network of 51 domestic offices and two international locations in London and Dublin.

U.S. Bancorp (NYSE: USB), with \$450 billion in assets as of March 31, 2017, is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. The Company operates 3,091 banking offices in 25 states and 4,838 ATMs and provides a comprehensive line of banking, investment, mortgage, trust and payment services products to consumers, businesses and institutions.

THE COLLECTION ACCOUNT PROVIDER

Barclays Bank PLC (Bank) 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 (Bank Group)) is a transatlantic consumer, corporate and investment bank offering products and services across personal, corporate and investment banking, credit cards and wealth management, with a strong presence in the Group's two home markets of the UK and the US. The Bank Group is focused on two core divisions – Barclays UK and Barclays International. Barclays UK comprises the UK retail banking operations, UK consumer credit card business, UK wealth management business and corporate banking for smaller businesses. Barclays International comprises the corporate banking franchise, the investment bank, the US and international cards business and international wealth management. 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 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, A1 by Moody's Investors Service Ltd. and A by Fitch Ratings Limited.

Based on the Bank Group's audited financial information for the year ended 31 December 2016, the Bank Group had total assets of £1,213,955m (2015: £1,120,727m), total net loans and advances³ of £436,417m (2015: £441,046m), total deposits⁴ of £472,917m (2015: £465,387m), and total equity of £70,955m (2015: £66,019m) (including non-controlling interests of £3,522m (2015: £1,914m)). The profit before tax of the Bank Group for the year ended 31 December 2016 was £4,383m (2015: £1,914m) after credit impairment charges and other provisions of £2,373m (2015: £1,762m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Issuer for the year ended 31 December 2016.

Based on the Bank Group's unaudited financial information for the six months ended 30 June 2017, the Bank Group had total assets of £1,136,867m (30 June 2016: £1,351,958m), total net loans and advances⁵ of £427,980m (30 June 2016: £473,962m), total deposits⁶ of £488,162m (30 June 2016: £500,919m), and total shareholders' equity of £66,167m (30 June 2016: £69,599m) (including non-controlling interests of £84m (30 June 2016: £2,976m)). The profit before tax from continuing operations of the Bank Group for the six months ended 30 June 2017 was £2,195m (30 June 2016: £3,017m) after credit impairment charges and other provisions of £1,054m (30 June 2016: £931m). The financial information in this paragraph is extracted from the unaudited consolidated financial statements of the Bank for the six months ended 30 June 2017.

³ Total net loans and advances include balances relating to both bank and customer accounts.

⁴ Total deposits include deposits from bank and customer accounts.

⁵ Total net loans and advances include balances relating to both bank and customer accounts.

⁶ Total deposits include deposits from bank and customer accounts.

**THE CORPORATE SERVICES PROVIDER AND THE BACK-UP MORTGAGE
ADMINISTRATOR FACILITATOR**

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

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

CONSTITUTION OF THE MORTGAGE POOL

The Mortgage Pool

The Mortgage Pool will comprise Loans advanced to the Borrowers upon the security of residential property situated in England and Wales, such Loans having been acquired by the Issuer pursuant to the Mortgage Sale Agreement, other than Loans which have been repaid in full or repurchased from the Issuer pursuant to the Mortgage Sale Agreement.

At the Issue Date, the Mortgage Pool will comprise the Completion Mortgage Pool, which comprises Loans selected from the Provisional Completion Mortgage Pool prior to the Issue Date (excluding loans which have been repaid in full between the Provisional Pool Reference Date and the Issue Date or such loans that do not comply with the Warranties given in respect of the Loans in the Mortgage Pool). Additional Loans may be sold to the Issuer on a single Business Day falling in the period from (but excluding) the Issue Date, and up to (and including) the Determination Period End Date falling on 28 February 2018.

Please see the section below entitled “*Characteristics of the Completion Mortgage Pool*” for further details on the Provisional Completion Mortgage Pool.

Origination of the Mortgage Pool

The Mortgage Pool comprises of Mortgage Loans originated, by BGFL, on or after 15 December 2016. BGFL originates mortgage loans both directly and indirectly through a number of channels including an extensive broker network, packagers and other mortgage intermediaries.

Repayment Terms

Repayment terms under each type of Loan differ according to the repayment type (see Table 9 (*Distribution of Loans by Repayment Method*) under “*Characteristics of the Provisional Completion Mortgage Pool*” below). The following repayment types are included in the Provisional Completion Mortgage Pool:

- (a) Repayment Loans;
- (b) Interest Only Loans; and
- (c) Part and Part Loans. Monthly payments in respect of Part and Part Loans are comprised of the interest due on both portions of the Loan and the principal repayable on the portion in respect of which the Borrower is required to pay both interest and principal. The principal amount relating to the portion in respect of which the Borrower is required to pay interest only is repayable at maturity.

Each Repayment Loan, Interest Only Loan and Part and Part Loan is a Loan which is secured by a first ranking legal mortgage.

Mortgage Early Redemption Amounts

Under the terms of each Loan, the Borrower is also obliged to pay a compensation payment if more than 10% of the outstanding the Loan is redeemed early; the “**Mortgage Early Redemption Amount**”. The compensation payment which that Borrower pays is determined by the particular mortgage offer upon which that Borrower’s Loan was based.

If a Borrower redeems a Loan before the end of the term/within the Relevant Period and takes out a new loan with the Seller, the Cash Administrator may, in its absolute discretion, up to 30 days after receipt of the Mortgage Early Redemption Amount, refund that Mortgage Early Redemption Amount to that Borrower. A Mortgage Early Redemption Amount not so refunded will following 30 days after receipt, comprise part of the Available Revenue Funds.

If a Borrower defaults and Enforcement Procedures are initiated, the Enforcement Proceeds may be insufficient to repay the Enforcement Liabilities. The Enforcement Proceeds will be applied first in repaying all Enforcement Liabilities. Only when all Enforcement Liabilities have been repaid will the remaining Enforcement Proceeds (if any) be applied towards payment of Mortgage Early Redemption Amounts.

Interest Rate Type

Each Loan will be either:

- (a) a LIBOR Standard Mortgage;
- (b) a Fixed Rate Mortgage; or

- (c) a Variable Rate Mortgage.

The Provisional Completion Mortgage Pool includes both loans which are subject to a variable rate for the full term of the Loan, and Loans in respect of which a fixed rate of interest applies for an initial period, before the interest rate adjusts to a variable rate.

Lending Criteria

Subject to limited exceptions, the following criteria are a summary consolidating certain of the lending criteria applied in relation to the Loans originated by BGFL between 15 December 2016 and the Cut-Off Date (the “**Lending Criteria**”) which will form the Mortgage Pool at the Issue Date, and which, as amended from time to time in a manner consistent with any amendment which a Prudent Mortgage Lender would make, will also apply to the Additional Loans.

Security

- (a) Each Loan must be secured by a first ranking legal mortgage (a “**Mortgage**” over a freehold or leasehold residential property) in England or Wales (the “**Property**”).
- (b) Loans will be granted on residential property offered as acceptable security in England and Wales subject to acceptable valuation. Use of all properties will be for residential purposes as a private dwelling only.
- (c) Minimum property valuation for Owner Occupied Properties is £70,000 for all property types, £125,000 for ex local authority flats/maisonettes outside of Greater London and £200,000 for ex local authority flats/maisonettes within Greater London.
- (d) Minimum property valuation for Buy-To-Let Properties is £50,000 for all property types, £125,000 for ex local authority flats/maisonettes outside of Greater London and £200,000 for ex local authority flats/maisonettes within Greater London.
- (e) Acceptable tenure comprises: freehold houses, flats and maisonettes; leasehold houses, flats and maisonettes with not less than 40 years lease remaining from the date on which the Loan was originated for Repayment Loans or not less than 70 years lease remaining from the date on which the Loan was originated for Interest Only Loans.
- (f) Unacceptable tenure includes: leasehold houses, flats and maisonettes with less than 40 years lease remaining from the date on which the Loan was originated for Repayment Loans or not less than 70 years lease remaining from the date on which the Loan was originated for Interest Only Loans.
- (g) Ex Local Authority, Housing Association or Ministry of Defence houses, will be considered if:
- (i) there is no outstanding pre-emption requirement to repay a proportion of the discount; and
 - (ii) the property is of suitable security and standard construction, a “Wimpey No Fines” house (provided it was constructed post-1945 and is not a bungalow), or a “Laing Easiform” house (provided it was constructed post-1945 and is not a bungalow).
- (h) Ex Local Authority, Housing Association or Ministry of Defence flats and maisonettes, will be considered if:
- (i) there is no outstanding pre-emption requirement to repay a proportion of the discount;
 - (ii) the property is of suitable security and standard construction, a “Wimpey No Fines” house (provided it was constructed post-1945 and is not a bungalow), or a “Laing Easiform” house (provided it was constructed post-1945 and is not a bungalow); and
 - (iii) has a minimum property value of £125,000 if it is not situated in Greater London and a minimum property value of £200,000 if it is situated within Greater London.
- (i) Suitable building insurance should be in place upon completion.
- (j) Full vacant possession is obtained at completion and it is not part-let or in part possession.
- (k) The following types of Property are usually acceptable:
- (i) Flats situated above commercial premises with a maximum of 75% LTV. Where the commercial premises is a restaurant, takeaway, public house or launderette the loan will be restricted to a maximum of 60% LTV.

- (ii) Properties altered for multi-occupation but converted back to single occupation prior to completion, subject to re-inspection.
 - (iii) Properties that include a granny annexe provided that there is no adverse comment from the valuer.
 - (iv) New build properties (i.e. properties that has never been occupied since completion of the build), provided that:
 - (I) the prospective Borrower has provided full details of builder and sales incentives (if applicable);
 - (II) Properties that have been built within the last ten years hold an acceptable guarantee/certificate; and
 - (III) at the time the certificate of practical completion is issued, the consultant must have professional indemnity insurance in force for each claim for the greater of either:
 - (A) the value of the property once completed; or
 - (B) £250,000 if employed directly by the customer or, in any other case, £500,000.
 - (v) Properties up to three acres in size provided (i) the Borrower does not intend to carry out a business from the Property; and (ii) there are no restrictions of the usage of the land including an agricultural occupancy condition being in place. If the property has over three acres, the security can be considered subject to full assessment.
 - (vi) Properties that have been underpinned in the last 10 years must have a 10-year guarantee from the company warranting the works completed and this must be placed with the title deeds. The valuer must also state that there is no sign of new movement.
- (l) The following are examples of types of Property which are deemed unacceptable as security:
- (i) Properties designated as defective under the Housing Defects Act 1984 and the Housing Defects Act 1985;
 - (ii) Properties containing high alumina or mundic block materials;
 - (iii) Steel framed constructions except post 1987 construction within BBA or WIMLAS certification;
 - (iv) High rise flats or maisonettes over 20 storeys;
 - (v) Mobile homes and houseboats; and
 - (vi) Farms, smallholdings or properties with agricultural restrictions in place.
- (m) The following are examples of types of property which are never acceptable:
- (i) Properties with Japanese Knotweed on site;
 - (ii) Properties suffering progressive structural movement;
 - (iii) Live/work units; and
 - (iv) Properties bought “off plan”.
- (n) The following types of modern construction are acceptable:
- (i) Panellised Construction Systems Structural Insulated Panels (SIPS); or
 - (ii) Insulating Concrete Formwork (ICF) (also known as Permanent Insulated Formwork),
- subject to the Property having (A) BOPAS accreditation (no other accreditation will be considered) eligible for standard buildings insurance cover; (B) BPS2020 and UK Agreement certificate preferable for the whole system; (C) 60 years minimum design life assessment tested by a British accredited body (e.g. British Board of Agrément or Building Research Establishment); and (D) an outer skin of brick, block or stone.

Loan Amount

For all Loans, the minimum loan amount is £25,000 and the maximum loan amount is £1,000,000 with a maximum aggregate exposure to each Borrower of £2,000,000.

Loan to Value

- (a) The LTV is calculated by dividing the gross principal amount committed at completion of the Loan (exclusive of any arrangement fee which may be added to the Loan) by the valuation of the Property at origination of the Loan or, in some cases, the lower of such valuation and the sale price.
- (b) The LTV of each Loan at the date of the advance must be no more than 85 per cent. for Owner Occupied Loans and 80 per cent. for Buy-to-Let Loans (exclusive of any fees added to the Loan).
- (c) The LTV of each Interest Only Loan at the date of the advance must be no more than 75 per cent. (exclusive of any fees added to the Loan).

Term

A loan term of between 5 and 35 years can be considered subject to scheme rules.

Borrowers

- (a) A minimum of one and a maximum of four Borrowers are allowed to be parties to the Loan.
- (b) Borrowers must be at least 21 years of age at the time of application, except for Borrowers under Buy-to-Let Loans who are direct family members of another Borrower in the same application, where they must be at least 18 years of age, where at least one Borrower on the application is at least 21 years of age. The maximum age of any Borrower who is a natural person at the end of mortgage term must not exceed 85. Directors/partners of limited companies and LLPs can be up to 95 years of age.
- (c) All Borrowers must provide address history covering the last 3 years (unless applying as an expatriate for a Buy-To-Let Loan where proof of residence from the Borrower's overseas address is required).
- (d) Borrowers who have been resident in the UK for less than 2 years may be accepted if they are applying jointly with another principal Borrower who is: (i) a UK or EEA national; (ii) has been resident in the UK for 2 years; and (iii) can afford the mortgage based solely on their income.
- (e) The Borrower's credit and employment history will have been assessed with the aid of the following:
 - (i) 3 years address history provided by the Borrowers;
 - (ii) a full and comprehensive credit search supplied by a credit reference agency;
 - (iii) confirmation of voters roll entries;and if applicable:
 - (iv) 3 months' payslips and P60;
 - (v) bank statements; and
 - (vi) accountants' certificate;
- (f) Borrowers with CCJs or defaults are allowed.
- (g) Borrowers must not have missed a payment on a secured loan, mortgage or other unsecured credit for at least the past 6 months.
- (h) Borrowers which had been declared bankrupt must have been discharged for at least 6 years.
- (i) Borrowers must not have had a property under a mortgage loan repossessed in the last 10 years.

Income and Affordability

Owner Occupied Loans

- (a) Borrowers must have a minimum annual income of £15,000 for Owner Occupied Loans.
- (b) At least one Borrower must be either employed, self-employed or in receipt of an occupational pension. Borrowers who are employed must be in a permanent position and not under any notice of termination or redundancy and must provide a minimum of 3 months employment history.

- (c) Secondary streams of income for Borrowers who are employed may be included to the extent that:
- (i) 100% of the total amount may be added to the Borrowers income if the additional income is from trust funds, rental profit, investment income supported by accounts or SA302 or accountants reference, occupational pension schemes, state pensions (but not if only income source) second jobs which have a 12 month continuous record, certain allowances provided by an employer, mortgage subsidy, payment from armed forces compensation scheme and lodger income from remortgages, war pensions, maintenance and CSA payments;
 - (ii) 75% of the total amount may be added to the Borrowers income if the additional income is from regular annual or regular monthly bonus (if adequately supported); and
 - (iii) 50% of the total amount may be added to the Borrowers income if the additional income is from non-regular bonus & commission (if adequately supported), overtime or profit related pay, universal credit, child or working tax benefit, Income related employment and support allowance, disability and carers allowance, contribution-based Employment & Support Allowance if in the 'Support Group', incapacity benefit and Personal Independence Payment and Constant Attendance Allowance.
- (d) Borrowers who are self-employed must have a minimum trading period of 12 months. Income should be verified by:
- (i) 1 year accounts prepared by a qualified accountant;
 - (ii) an accountant's reference covering at least the last year; or
 - (iii) 1 year's SA302 and tax year overview for traders without a qualified accountant.
- If proof of income provided is older than 12 months before the date of application for Owner Occupied Loans (or 18 months for Buy-to-Let Loans), an accountant's certificate verifying that there are not material changes in revenue, expenditure, salary and dividends is required.
- (e) Borrowers who are contractors must have been in the same line of work for a minimum period of a year and must currently be working under a contract with a minimum period of 6 months or a rolling contract at least 3 months long which has been renewed at least once. Income should be verified by:
- (iv) Accounts (if contracting for more than 12 months);
 - (v) Payslips (if contracting for less than 12 months and the employer pays both tax and national income);
 - (vi) Payslips for the most recent 3 months (if contracting for less than 12 months and paid by an umbrella company); or
 - (vii) Weekly contract rate times 46 weeks less applicable expenses (if contracting less than 12 months and Borrower pays their own tax and national insurance).

Buy-to-Let Loans

- (a) Rental cover rate must be a minimum of 125 per cent. for Borrowers who are basic rate taxpayers and which are companies or partnerships. Rental cover rate must be a minimum of 140 per cent. for Borrowers who are higher rate tax payers or additional rate taxpayers.
- (b) Properties over which security is created in connection with Buy-to-Let Loans which have multiple unit blocks or houses in multiple occupation must have a minimum rental cover rate of 130 per cent. or 140 per cent. for higher rate tax payers.
- (c) Assured shorthold tenancies between 6 to 36 months may be considered.

Porting

The Loans are not portable.

Changes to Lending Criteria, Administration and Servicing

Subject to obtaining any relevant consents, BGFL as lender of record in respect of the Loans and Mortgages and the Mortgage Administrator may vary the relevant Lending Criteria or the basis on which consents or approvals are given to Borrowers from time to time and BGFL may vary the service specification and collection policies and, in each case, in doing so they must act as a reasonably prudent mortgage lender acting

in a manner consistent with that of an experienced lender, servicer or administrator of residential mortgage loans lending to borrowers in England and Wales who include the recently self-employed, independent contractors, temporary employees and people who may have experienced previous credit problems being, in each case, people who generally do not satisfy the lending criteria of traditional sources of residential mortgage capital (a “**Prudent Mortgage Lender**”).

Insurance

In respect of Loans comprising the Mortgage Pool, either (a) solicitors will have carried out usual investigations, searches and other actions and enquiries which a Prudent Mortgage Lender or its solicitors or conveyancers normally make when lending to an individual on the security of residential property in England and Wales and in each case received a certificate of title or report on title relating to such Property, or (b) with respect to a Loan which is the subject of a remortgage and the instructed solicitor is not carrying out full title searches, such solicitor has confirmed to the Seller that a No Search Indemnity Insurance Policy has been taken out by the solicitor in the name of the Seller, is in full force and effect, that all premium payable thereon have been paid and so far as the solicitor is aware the policy is valid and enforceable.

Valuation

Investors should be aware that valuations of Properties are undertaken as at origination (as more fully described in “*Sale of the Mortgage Pool*”), and the valuations quoted are at the date of the original Loan origination. A revaluation of the property by the Seller may be carried out if a period of 6 month or more has elapsed between the original valuation and the completion of the relevant mortgage. Investors should note that no revaluations have been undertaken by the Arranger, the Joint Lead Managers, the Seller, the Issuer, the Mortgage Administrator, the Note Trustee, the Security Trustee in respect of the issue of the Notes.

Payments

The Loans require monthly payments.

Overpayments

Overpayments are allowed although an early repayment charge may be payable. Borrowers may increase their regular monthly payments above the normal monthly payment then applicable or make lump sum payments at any time.

Interest Rate Setting for Loans

A Loan may be split into more than one parts (each, a “**Part**”); different Parts may have different interest rates and/or different repayment methods.

The Mortgage Administration Agreement contains an obligation on the Mortgage Administrator to set each VVR applicable to a Loan at a rate which is not lower than (a) three-month LIBOR (as determined on the most recent Mortgage LIBOR Reset Date) plus 1.90 per cent.; or (b) if the interest rate on any of the Notes is set by reference to an Alternative Reference Rate, that Alternative Reference Rate (as determined on the most recent Interest Determination Date) plus 1.90 per cent. (except if the interest rate for any Part of any Loan on the Issue Date is zero, the interest rate for such Part can continue to be zero and the VVR Floor shall not apply to such Part of a Loan), provided that the Mortgage Administrator shall only be under an obligation to apply the VVR Floor if it would not be reasonably likely to result in a breach of the applicable Loan Conditions or to be contrary to Applicable Laws, and applying such VVR Floor may be undertaken in accordance with the standards of a Prudent Mortgage Lender.

CHARACTERISTICS OF THE PROVISIONAL COMPLETION MORTGAGE POOL

The statistical and other information contained in this Prospectus has largely been compiled by reference to Loans in the provisional Completion Mortgage Pool (which for the avoidance of doubt excludes the Additional Loans which may be acquired by the Issuer on the Additional Loans Purchase Date) as at 31 August 2017 (the “**Provisional Pool Reference Date**”) (the “**Provisional Completion Mortgage Pool**”). The Provisional Completion Mortgage Pool has the aggregate characteristics indicated in the Tables below. The first Investor Report delivered after the Issue Date will reflect the Loans in the Completion Mortgage Pool.

The information contained these tables has been extracted from information provided by the Mortgage Administrator (which information has been subject to rounding and therefore columns of percentages may not add up to 100 per cent.). Investors should note that the Mortgage Administrator is not providing any representations or warranties in respect of this information.

Each of the Arrangers and the Joint Lead Managers are entitled to assume that all information provided to them by the Mortgage Administrator for the purpose of reporting on the arithmetic or other accuracy is true and correct and is complete and not misleading and are not required to conduct an audit or other similar examination in respect of or otherwise take steps to verify the accuracy or completeness of such information save that the Mortgage Administrator will be required to advise the Joint Lead Managers if they have not been provided with any of those figures which it is required to provide.

Further information in respect of anonymised individual loan level data may be obtained on the following website: www.usbank.com/abs. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus.

A loan will be removed from the Provisional Completion Mortgage Pool if, in the period from (and including) the Provisional Pool Reference Date up to (but excluding) the Issue Date, such loan is repaid in full or such loan does not comply with the Warranties given in respect of the Loans in the Mortgage Pool.

Pool Stratification

Table 1: Summary

Summary Characteristics	Total
Principal Balance at origination	£201,699,587
Current Balance.....	£201,528,416
Number of Loans	996
Weighted Average Original LTV	69.54%
Weighted Average Current LTV	69.50%
Average Principal Balance at origination	202,510
Average Current Balance	202,338
Weighted Average Interest Rate	4.00%
Weighted Average Stabilised Margin	4.81%
Weighted Average Seasoning (Months)	1.96
Weighted Average Term To Maturity (Years).....	23.04
Self-Employed	41.35%
Buy-to-Let.....	66.92%
Interest Only Loans	71.01%
Bankruptcy/IVA	0.00%
CCJ.....	13.99%
Largest Loan Current Balance.....	£862,934

Table 2: Distribution of Loans by Loan to Value Ratio (Original Loan to Value)

Original Loan to Value	No. of Loans	% of Loans	Current Balance	% of Current Balance
≤10.00%.....	7	0.70%	449,577	0.22%
>10.00% ≤20.00%	23	2.31%	2,358,922	1.17%
>20.00% ≤30.00%	18	1.81%	2,231,828	1.11%
>30.00% ≤40.00%	33	3.31%	4,072,762	2.02%
>40.00% ≤50.00%	48	4.82%	9,571,159	4.75%
>50.00% ≤60.00%	79	7.93%	16,975,258	8.42%
>60.00% ≤70.00%	166	16.67%	40,574,848	20.13%
>70.00% ≤80.00%	441	44.28%	91,516,001	45.41%
>80.00% ≤90.00%	181	18.17%	33,778,062	16.76%
>90.00% ≤100.00%	0	0.00%	0	0.00%
Total	996	100.00%	201,528,416	100.00%
Minimum.....				4.74%
Maximum.....				86.00%
Weighted Average				69.54%

Table 3: Distribution of Loans by Loan to Value Ratio (Current Loan to Value)

Current Loan to Value	No. of Loans	% of Loans	Current Balance	% of Current Balance
≤10.00%.....	8	0.80%	480,374	0.24%
>10.00% ≤20.00%	22	2.21%	2,328,124	1.16%
>20.00% ≤30.00%	18	1.81%	2,157,880	1.07%
>30.00% ≤40.00%	32	3.21%	3,996,701	1.98%
>40.00% ≤50.00%	49	4.92%	9,653,016	4.79%
>50.00% ≤60.00%	77	7.73%	16,517,537	8.20%
>60.00% ≤70.00%	154	15.46%	38,429,409	19.07%
>70.00% ≤80.00%	422	42.37%	88,219,051	43.77%
>80.00% ≤90.00%	214	21.49%	39,746,324	19.72%
>90.00% ≤100.00%	0	0.00%	0	0.00%
Total.....	996	100.00%	201,528,416	100.00%
Minimum				4.71%
Maximum.....				85.80%
Weighted Average				69.50%

Table 4: Distribution of Loans by Principal Balance at origination

Principal Balance at origination	No. of Loans	% of Loans	Principal Balance at origination	% of Principal Balance at origination
>25,000 ≤50,000.....	28	2.81%	1,109,983	0.55%
>50,000 ≤100,000.....	167	16.77%	12,402,311	6.15%
>100,000 ≤150,000.....	182	18.27%	22,684,604	11.25%
>150,000 ≤200,000.....	182	18.27%	32,025,796	15.88%
>200,000 ≤250,000.....	166	16.67%	37,314,931	18.50%
>250,000 ≤500,000.....	252	25.30%	83,982,813	41.64%
>500,000 ≤750,000.....	14	1.41%	8,035,735	3.98%
>750,000 ≤1,000,000.....	5	0.50%	4,143,415	2.05%
Total.....	996	100.00%	201,699,587	100.00%
Minimum.....				27,495
Maximum.....				862,750
Average				202,510

Table 5: Distribution of Loans by Current Balance

Current Balance	No. of Loans	% of Loans	Current Balance	% of Current Balance
>25,000 ≤50,000.....	27	2.71%	1,053,886	0.52%
>50,000 ≤100,000.....	170	17.07%	12,614,079	6.26%
>100,000 ≤150,000.....	174	17.47%	21,554,093	10.70%
>150,000 ≤200,000.....	184	18.47%	32,090,994	15.92%
>200,000 ≤250,000.....	167	16.77%	37,332,367	18.52%
>250,000 ≤500,000.....	253	25.40%	83,699,538	41.53%
>500,000 ≤750,000.....	15	1.51%	8,291,943	4.11%
>750,000 ≤1,000,000.....	6	0.60%	4,891,515	2.43%
Total.....	996	100.00%	201,528,416	100.00%
Minimum.....				27,493
Maximum.....				862,934
Average.....				202,338

Table 6: Distribution of Loans with CCJs⁷

CCJs by Original Loan to Value	No. of Loans	% of Loans	No. of Loans		No. of Loans	
			CCJ=0	CCJ=0	CCJ≥1	CCJ≥1
			% of Total		% of Total	
≤10.00%.....	7	0.70%	5	0.59%	2	1.35%
>10.00% ≤20.00%.....	23	2.31%	20	2.36%	3	2.03%
>20.00% ≤30.00%.....	18	1.81%	16	1.89%	2	1.35%
>30.00% ≤40.00%.....	33	3.31%	30	3.54%	3	2.03%
>40.00% ≤50.00%.....	48	4.82%	39	4.60%	9	6.08%
>50.00% ≤60.00%.....	79	7.93%	66	7.78%	13	8.78%
>60.00% ≤70.00%.....	166	16.67%	133	15.68%	33	22.30%
>70.00% ≤80.00%.....	441	44.28%	392	46.23%	49	33.11%
>80.00% ≤90.00%.....	181	18.17%	147	17.33%	34	22.97%
>90.00% ≤100.00%.....	0	0.00%	0	0.00%	0	0.00%
Total.....	996	100.00%	848	100.00%	148	100.00%
Minimum.....						0.00
Maximum.....						5.00
Weighted Average.....						0.20

⁷ CCJ's include all CCJ, both satisfied and unsatisfied at the time of underwriting, even if not used in the underwriting decision

Table 7: Distribution of Loans by Remaining time to maturity

Remaining Time to Maturity (Years)	No. of Loans	% of Loans	Current Balance	% of Current Balance
≤5.....	2	0.20%	322,020	0.16%
>5 ≤10.....	48	4.82%	7,945,383	3.94%
>10 ≤15.....	101	10.14%	18,018,022	8.94%
>15 ≤20.....	203	20.38%	41,649,252	20.67%
>20 ≤25.....	450	45.18%	95,240,482	47.26%
>25 ≤30.....	98	9.84%	19,728,255	9.79%
>30 ≤35.....	91	9.14%	18,027,956	8.95%
>35 ≤40.....	3	0.30%	597,045	0.30%
Total	996	100.00%	201,528,416	100.00%
Minimum				4.83
Maximum				35.00
Weighted Average				23.04

Table 8: Distribution of Loans by Seasoning

Seasoning (Months)	No. of Loans	% of Loans	Current Balance	% of Current Balance
≤1.....	503	50.50%	104,615,136	51.91%
>1 ≤2.....	183	18.37%	37,600,828	18.66%
>2 ≤3.....	93	9.34%	14,837,391	7.36%
>3 ≤4.....	66	6.63%	11,515,973	5.71%
>4 ≤5.....	86	8.63%	19,717,419	9.78%
>5 ≤6.....	49	4.92%	10,336,653	5.13%
>6 ≤7.....	11	1.10%	1,715,548	0.85%
>7.....	5	0.50%	1,189,468	0.59%
Total	996	100.00%	201,528,416	100.00%
Minimum				0.00
Maximum				8.00
Weighted Average				1.96

Table 9: Distribution of Loans by Repayment Method

Repayment Method	No. of Loans	% of Loans	Current Balance	% of Current Balance
Repayment.....	336	33.73%	56,857,015	28.21%
Interest Only.....	654	65.66%	143,108,241	71.01%
Part & Part.....	6	0.60%	1,563,160	0.78%
Total	996	100.00%	201,528,416	100.00%

Table 10: Distribution of Loans by Rate Type⁸

Rate Type	No. of Loans	% of Loans	Current Balance	% of Current Balance
Fixed to Floating	896	89.96%	181,486,417	90.06%
Floating (for life)	100	10.04%	20,041,999	9.94%
Total	996	100.00%	201,528,416	100.00%

Table 11: Distribution of Loans by Interest Product Type

Interest Product Type	No. of Loans	% of Loans	Current Balance	% of Current Balance
LIBOR Standard Mortgages	78	7.83%	15,133,698	7.51%
Standard Variable Rate Mortgage	22	2.21%	4,908,301	2.44%
Fixed Rate Mortgage	896	89.96%	181,486,417	90.06%
Total	996	100.00%	201,528,416	100.00%

Table 12: Distribution of Loans by Fixed Rate Reversion Year

Fixed Rate Reversion Year	No. of Loans	% of Loans	Current Balance	% of Current Balance
2018	3	0.30%	612,131	0.30%
2019	635	63.76%	119,772,736	59.43%
2020	2	0.20%	359,295	0.18%
2021	2	0.20%	577,337	0.29%
2022	354	35.54%	80,206,916	39.80%
Total	996	100.00%	201,528,416	100.00%

⁸ Floating means linked to either the VVR or Libor tracking

Table 13: Distribution of Loans by Interest Rate⁹

Interest Rate	No. of Loans	% of Loans	Current Balance	% of Current Balance
≤3.00%	11	1.10%	2,694,951	1.34%
>3.00% ≤3.50%	123	12.35%	27,349,919	13.57%
>3.50% ≤4.00%	494	49.60%	103,095,717	51.16%
>4.00% ≤4.50%	174	17.47%	34,262,399	17.00%
>4.50% ≤5.00%	146	14.66%	25,764,613	12.78%
>5.00% ≤5.50%	34	3.41%	6,038,884	3.00%
>5.50% ≤6.00%	14	1.41%	2,321,932	1.15%
>6.00%	0	0.00%	0	0.00%
Total	996	100.00%	201,528,416	100.00%
Minimum				2.89%
Maximum				5.99%
Weighted Average				4.00%

Table 14: Distribution of Loans by Arrears¹⁰

Arrears (Months)	No. of Loans	% of Loans	Current Balance	% of Current Balance
≤0.....	989	99.30%	199,808,271	99.15%
>0 ≤1.....	6	0.60%	1,510,194	0.75%
>1 ≤2.....	1	0.10%	209,951	0.10%
>2.....	0	0.00%	0	0.00%
Total	996	100.00%	201,528,416	100.00%
Minimum				0.00
Maximum				1.03
Weighted Average				0.01

⁹ Interest rate means the current rate of interest being charged as at 31 August 2017

¹⁰ Arrears are calculated as the amount of arrears divided by the monthly payment on any day after payment was due

Table 15: Distribution of Loans (Owner Occupied) by Stabilised Margin¹¹

Stabilised Margin	No. of Loans	% of Loans	Current Balance	% of Current Balance
≤2.00%	0	0.00%	0	0.00%
>2.00% ≤2.50%	0	0.00%	0	0.00%
>2.50% ≤3.00%	186	51.96%	34,340,445	51.52%
>3.00% ≤3.50%	159	44.41%	29,561,271	44.35%
>3.50% ≤4.00%	13	3.63%	2,756,937	4.14%
>4.00%	0	0.00%	0	0.00%
Total	358	100.00%	66,658,653	100.00%
Minimum				2.59%
Maximum				3.59%
Weighted Average				2.86%

Table 16: Distribution of Loans (Buy-to-Let) by Stabilised Margin¹²

Stabilised Margin	No. of Loans	% of Loans	Current Balance	% of Current Balance
≤3.00%	0	0.00%	0	0.00%
>3.00% ≤3.50%	0	0.00%	0	0.00%
>3.50% ≤4.00%	0	0.00%	0	0.00%
>4.00% ≤4.50%	0	0.00%	0	0.00%
>4.50% ≤5.00%	0	0.00%	0	0.00%
>5.00% ≤5.50%	0	0.00%	0	0.00%
>5.50% ≤6.00%	638	100.00%	134,869,763	100.00%
>6.00% ≤6.50%	0	0.00%	0	0.00%
>6.50%	0	0.00%	0	0.00%
Total	638	100.00%	134,869,763	100.00%
Minimum				5.59%
Maximum				5.84%
Weighted Average				5.78%

¹¹ Stabilised margin is the margin over the relevant reversionary index

¹² Stabilised margin is the margin over the relevant reversionary index

Table 17: Distribution of Loans by Original Tenure of Loan to Value

Tenure by Original LTV	No. of Loans		No. of Loans Freehold		No. of Loans Leasehold	
		% of Loans		% of Total		% of Total
≤10.00%.....	7	0.70%	7	0.99%	0	0.00%
>10.00% ≤20.00%.....	23	2.31%	19	2.70%	4	1.37%
>20.00% ≤30.00%.....	18	1.81%	16	2.27%	2	0.68%
>30.00% ≤40.00%.....	33	3.31%	26	3.69%	7	2.40%
>40.00% ≤50.00%.....	48	4.82%	38	5.40%	10	3.42%
>50.00% ≤60.00%.....	79	7.93%	58	8.24%	21	7.19%
>60.00% ≤70.00%.....	166	16.67%	111	15.77%	55	18.84%
>70.00% ≤80.00%.....	441	44.28%	281	39.91%	160	54.79%
>80.00% ≤90.00%.....	181	18.17%	148	21.02%	33	11.30%
>90.00% ≤100.00%.....	0	0.00%	0	0.00%	0	0.00%
Total.....	996	100.00%	704	100.00%	292	100.00%

Table 18: Distribution of Loans by Loan Purpose

Loan Purpose	No. of Loans	% of Loans	Current Balance	% of Current Balance
Purchase.....	488	49.00%	91,909,637	45.61%
Re-mortgage.....	490	49.20%	107,524,427	53.35%
Right to Buy.....	18	1.81%	2,094,352	1.04%
Total.....	996	100.00%	201,528,416	100.00%

Table 19: Distribution of Loans by Property Type

Property Type	No. of Loans	% of Loans	Current Balance	% of Current Balance
House, detached or semi-detached.....	340	34.14%	73,763,239	36.60%
Flat/Apartment.....	268	26.91%	53,577,830	26.59%
Bungalow.....	35	3.51%	6,496,774	3.22%
Terraced House.....	322	32.33%	58,166,501	28.86%
Multifamily house (properties with more than four units securing one loan) with recourse to the borrower.....	31	3.11%	9,524,072	4.73%
Total.....	996	100.00%	201,528,416	100.00%

Table 20: Original Valuation Type

Original Valuation Type	No. of Loans	% of Loans	Current Balance	% of Current Balance
Full, internal and external inspection.....	996	100.00%	201,528,416	100.00%
Total.....	996	100.00%	201,528,416	100.00%

Table 21: Distribution of Loans by Region

Regions	No. of Loans	% of Loans	Current Balance	% of Current Balance
North East.....	23	2.31%	2,093,125	1.04%
North West.....	74	7.43%	9,218,223	4.57%
Yorkshire and the Humber.....	62	6.22%	7,249,502	3.60%
East Midlands	59	5.92%	7,741,365	3.84%
West Midlands.....	69	6.93%	10,407,789	5.16%
East of England.....	158	15.86%	30,102,974	14.94%
Greater London.....	284	28.51%	82,550,766	40.96%
South East.....	158	15.86%	35,719,548	17.72%
South West.....	70	7.03%	11,452,788	5.68%
Wales	39	3.92%	4,992,335	2.48%
Total.....	996	100.00%	201,528,416	100.00%

Table 22: Originator

Originator	No. of Loans	% of Loans	Current Balance	% of Current Balance
BGFL.....	996	100.00%	201,528,416	100.00%
Total.....	996	100.00%	201,528,416	100.00%

Table 23: Distribution of Loans by Occupancy Type

Occupancy Type	No. of Loans	% of Loans	Current Balance	% of Current Balance
Owner-Occupied	358	35.94%	66,658,653	33.08%
Buy to Let.....	638	64.06%	134,869,763	66.92%
Total.....	996	100.00%	201,528,416	100.00%

TITLE TO THE MORTGAGE POOL

The Loans and the Mortgage Rights will be sold by the Seller to the Issuer. The sale of the Loans and their related Mortgages will take effect in equity only as at the Issue Date or, in relation to Additional Loans, at the Additional Loans Purchase Date, legal title to all Loans and Mortgage Rights is either held by BGFL or is in the process of being registered in its name. The Issuer will grant a first fixed equitable charge in favour of the Security Trustee over its interests in the Loans, the Mortgages and their related Mortgage Rights.

The Mortgage Administrator is required under the terms of the Mortgage Administration Agreement to ensure the safe custody of title deeds. The Mortgage Administrator will have custody of title deeds in respect of the Loans and the Mortgage Rights as agent of the Issuer and, following any enforcement action by the Security Trustee against the Issuer, the Security Trustee.

Save as mentioned below, neither the Issuer nor the Security Trustee will effect any registration at the Land Registry to protect the sale of the Loans and the Mortgage Rights by the Seller to the Issuer or the charge of them by the Issuer in favour of the Security Trustee nor, save as mentioned below, will they be entitled to obtain possession of the title deeds to the Properties or the Loans and their related Mortgages.

Save as mentioned below, notice of the sale to the Issuer and the equitable charge in favour of the Security Trustee will not be given to the Borrowers.

Under the Mortgage Sale Agreement and the Deed of Charge, the Issuer (with the consent of the Security Trustee) or the Security Trustee will each be entitled to effect such registrations, recordings and give such notices as it considers necessary to protect and perfect the interests respectively of the Issuer (as purchaser) and the Security Trustee (as chargee) in the Loans and the Mortgage Rights upon the occurrence of a Perfection Event. These rights are supported by irrevocable powers of attorney given by the Issuer and BGFL in favour of the Security Trustee.

The effect of (i) not giving notice to the Borrowers of the sale of the relevant Loans and their Mortgage Rights to the Issuer and the charging of the Issuer's interest in the Loans and their Mortgage Rights to the Security Trustee and (ii) the charge of the Issuer's rights thereto in favour of the Security Trustee pursuant to the Deed of Charge taking effect in equity only, is that the rights of the Issuer and the Security Trustee may be, or may become, subject to equities as well as to the interests of third parties who perfect a legal interest or title prior to the Issuer or the Security Trustee acquiring and perfecting a legal interest or title (such as, in the case of Mortgages over unregistered land, a third party acquiring a legal interest in the relevant Mortgage without notice of the Issuer's or the Security Trustee's interests or, in the case of Mortgages over registered land (whether at the Land Registry), a third party acquiring a legal interest or title by registration or recording prior to the registration or recording of the Issuer's or the Security Trustee's interests).

The risk of such equities and other interests leading to third party claims obtaining priority to the interests of the Issuer or the Security Trustee in the Loans and the Mortgage Rights is likely to be limited to circumstances arising from a breach by the Seller or the Issuer of its or their contractual or other obligations or fraud or mistake on the part of the Seller or the Issuer or their respective officers, employees or agents (if any).

SALE OF THE MORTGAGE POOL

Acquisition of Loans on the Issue Date

On the Issue Date, the Seller will agree to sell its interest in the Completion Mortgage Pool to the Issuer for (A) an immediate cash payment equal to the Initial Cash Purchase Price payable on the Issue Date and (B) deferred consideration consisting of Residual Payments, the right to such Residual Payments being represented by the Certificates. This amount may be settled by way of set-off in the event a Seller agrees to subscribe for some or all of the Notes.

Acquisition of Additional Loans following Issue Date

On any single Business Day falling in the period from (but excluding) the Issue Date up to (and including) the Determination Period End Date falling on 28 February 2018, the Seller may (but is not obliged to) sell to the Issuer further Loans on the Additional Loans Purchase Date, to the extent that the relevant conditions to purchase in the Mortgage Sale Agreement are satisfied (such Loans being “**Additional Loans**”). The Issuer shall, provided certain conditions are met, purchase Additional Loans using amounts standing to the credit of the Pre-Funding Principal Reserve only.

The total consideration in respect of the Additional Loans shall comprise (A) the Additional Loans Cash Consideration for such Additional Loans and (B) deferred consideration consisting of Residual Payments, the right to such Residual Payments being represented by the Certificates provided that, it shall be a condition of any purchase by the Issuer of any Additional Loans that the Additional Loans CB Condition is met.

The Additional Loans Cash Consideration shall be satisfied by applying the required amount of the Pre-Funding Principal Reserve on the Additional Loans Purchase Date in payment to the Seller in respect of the Additional Loans in accordance with the Mortgage Sale Agreement

Any purchase of Additional Loans by the Issuer will be subject to (amongst other things):

- (a) a confirmation by the Rating Agencies that the purchase of the Additional Loans would not result in a qualification, downgrade or withdrawal of the then current ratings of each Class of Notes rated thereby;
- (b) the provision, by each of the Issuer and the Seller, of solvency certificates dated the date of such purchase, signed by an authorised officer of the relevant company;
- (c) certification from an authorised officer of BGFL that the Additional Loans were originated in accordance with the Lending Criteria and pursuant to the Standard Documentation;
- (d) a Pool AUP was conducted in respect of the Additional Loans in the same manner as the Pool AUP was conducted in relation to the Completion Mortgage Pool;
- (e) no Enforcement Notice has been served;
- (f) the Additional Loans that are Fixed Rate Loans will be hedged by the Interest Rate Swap following the Additional Loans Purchase Date;
- (g) at least one regular monthly instalment has been made by the relevant Borrower under the Additional Loan to be purchased; and
- (h) the following pre-funding portfolio tests have been met:
 - (i) the weighted average Original Loan to Value of the Additional Loans shall not exceed 70.5%;
 - (ii) the weighted average interest rate of the Additional Loans is greater than 3.75%;
 - (iii) the weighted average stressed underwritten coverage ratio for Additional Loans which are buy-to-let loans is greater than or equal to 140%;
 - (iv) the weighted average reversionary margin for Additional Loans which are buy-to-let loans is greater than or equal to 4%;
 - (v) the weighted average reversionary margin for Additional Loans which are Owner Occupied Loans is greater than 2%;

- (vi) the aggregate balance of Additional Loans that are Interest Only or Part and Part Mortgage is less than or equal to 80% of the aggregate balance of Additional Loans;
- (vii) the aggregate balance of Additional Loans that are originated in London and the South East is less than or equal to 60% of the aggregate balance of the Additional Loans;
- (viii) the aggregate balance of Additional Loans that are originated to a Tier 1 Borrower is greater than or equal to 50% of the aggregate balance of the Additional Loans; and
- (ix) the aggregate balance of Additional Loans that have had a prior CCJ is less than or equal to 25% of the aggregate balance of the Additional Loans.

The Issuer will only be entitled to apply amounts standing to the credit of the Pre-Funding Principal Reserve in purchasing Additional Loans on the Additional Loans Purchase Date provided that the Issuer is permitted to purchase such Additional Loans in accordance with, the Mortgage Sale Agreement.

Warranties and Repurchase

Issue Date

The Mortgage Sale Agreement contains representations and warranties given by the Seller, in relation to the relevant Loans sold pursuant to the relevant mortgage sale agreement on the Issue Date and the Additional Loans Purchase Date. No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee would normally be expected to carry out have been or will be made by the Issuer, the Note Trustee or the Security Trustee, each of whom is relying upon the representations and warranties in the Mortgage Sale Agreement.

Any breach of these representations and warranties by a Loan which could (having regard to, but without limitation, whether a loss is likely to be incurred in respect of that Loan to which the breach relates after taking into account the likelihood of recoverability or otherwise of any sums under any applicable insurance policies) have a Material Adverse Effect on the value of that Loan and the related Mortgage Rights, and which if capable of remedy, is not so remedied by the Seller within 30 calendar days of notification of such breach to the Seller, then the Seller is required to repurchase, or procure the repurchase by one of its affiliates, of the relevant Loan and its Mortgage Rights for a consideration in cash equal to the Repurchase Price. Any Principal Collections or Revenue Collections received by the Issuer in relation to the relevant loan between the immediately preceding Determination Period End Date and the Repurchase Date will be transferred to the Seller upon the repurchase of the Loan. Performance of the obligation to repurchase will be in satisfaction of all liabilities of the Seller in respect thereof.

If a Loan has never existed, or has ceased to exist, such that it is not outstanding on the date on which it is due to be repurchased, the Seller will not be obliged to repurchase that Loan, but shall instead indemnify the Issuer against any loss suffered by reason of any representation or warranty relating to or otherwise affecting that Loan being untrue or incorrect.

The representations and warranties referred to will include, *inter alia*, statements to the following effect:

1. The particulars of each Loan and its related Mortgage set out in appendix A of the Mortgage Sale Agreement or, in respect of any Additional Loans, the relevant Additional Loans Sale Notice, are complete, true and accurate in respect of the data fields ascribed therein. Immediately prior to the date of sale, the Seller (a) was the absolute beneficial owner of, and (b) holds or will hold, upon completion of any pending applications for registration or recording of the Seller at the Land Registry, legal title to, all of the Loans and their related Mortgages and Mortgage Rights and such other related property, and the Seller has not assigned (whether by way of absolute assignment or by way of security only), transferred, charged, disposed of or dealt with the benefit of any of the Loans or their related Mortgages, any of the other rights relating thereto or any of the property, rights, titles, interests or benefits to be sold, transferred or assigned pursuant to the Mortgage Sale Agreement in any way whatsoever other than (i) pursuant to the Mortgage Sale Agreement and (ii) any security interest which will be released immediately prior to sale.
2. Each Loan and its related Mortgage is non-cancellable and constitutes a valid and binding obligation of the Borrower enforceable in accordance with its terms, except that:
 - (i) enforceability may be limited by:

- (A) bankruptcy or insolvency of the Borrower or other laws relating to enforcement of general applicability affecting the enforcement rights of creditors generally and the court's discretion in relation to equitable remedies (or, in limited circumstances, if the Borrower purchased the property from a bankrupt vendor);
 - (B) the application of the CRA or the CCA (if the CCA is deemed to apply to the Loans); or
 - (C) fraud, and
- (ii) no warranty is given in relation to any obligation of the Borrower to pay early repayment charges 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 repayment charges where repayment takes place following the early repayment charge period), provided that nothing in this paragraph constitutes a representation or a warranty as to the sufficiency of such Property as security for indebtedness secured on it.
3. Subject to completion of any registration which may be pending at the Land Registry, each Mortgage relating to a Loan constitutes a first legal mortgage over the relevant Property.
 4. The Loans were originated by the Seller and, at the time of origination of the Loans, the Seller took reasonable steps to verify that each Loan was made in accordance with the applicable Lending Criteria in effect at the time of its origination.
 5. The Loans were originated by the Seller in the ordinary course of business.
 6. The Loans were originated on or after 15 December 2016.
 7. All steps necessary to perfect the Seller's title to each Loan, together with their related Mortgages, were duly taken at the appropriate time or are in the process of being taken with all due diligence.
 8. No rescission, lien or right of set-off or counterclaim has been created or arisen between the Seller and any Borrower which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Loan.
 9. In relation to each Loan:
 - (i) if the Property is not registered, the Borrower has a good and marketable title to the fee simple absolute in possession or a term of years absolute in the relevant Property or other good freehold state (if freehold) or a term of years absolute (if leasehold) free (save for the Mortgage) from any encumbrance which would affect such title; and
 - (ii) if the Property is registered, it has been or is in the course of registration with title absolute in the case of freehold property or absolute or good leasehold title in the case of leasehold property or possessory title in the case of freehold or leasehold title where (in accordance with the relevant Lending Criteria) such possessory title has been taken into account by the value in the valuation of the Property.
 10. The registration or recording of each Mortgage has been completed at the Land Registry by an approved solicitor and the Seller is registered or recorded as the legal title-holder in respect of each Mortgage or an application to register or record the Seller as the legal title-holder of the Mortgage will be made to the Land Registry by an approved solicitor in accordance with the instructions set out in the covering revised offer letter to solicitors.
 11. In relation to each Mortgage of Property relating to a Loan, where registration is pending at the Land Registry, so far as it is aware, there is no caution, notice, inhibition or restriction which would prevent the registration of the Mortgage.
 12. Each Loan and its related Mortgage has been substantially made on the terms of the Standard Documentation.
 13. No Loan has been subject to any variation, amendment, modification, waiver or exclusion of time of any kind other than (a) product switches or conversions which have been separately agreed or (b) as required pursuant to applicable laws or relevant regulatory guidance provided that any such variation, amendment, modification, waiver or exclusion of time of any kind is made in accordance with the Lending Criteria.

14. Interest on each Loan is charged on such Loan in accordance with the provisions of that Loan and its related Mortgage.
15. No Loan has a Principal Balance of greater than £1,000,000 on the relevant date of sale to the Issuer.
16. No Loan has a final maturity beyond the date falling two years prior to the Final Maturity Date of the Notes.
17. Each Loan had an initial term of no more than 35 years at origination.
18. Since the origination of each Loan, full and proper accounts, books and records have been kept showing clearly all transactions, payments, receipts and proceedings relating to that Loan and its related Mortgage and all such accounts, books and records are up to date, accurate and in the possession of the Seller or held to its order.
19. The Seller has not received written notice of any litigation or claim calling into question in any material way its title to any Loan and its related Mortgage or their ability to fully, effectively and promptly enforce the same.
20. Subject to completion of any registration or recording which may be pending at the Land Registry, all property deeds relating to the Loans and loan files relating to the Loans are held by, or to the order of, the Seller.
21. No Borrower is at present, or was at origination of the relevant Loan, an employee of the Seller or any company related to the Seller.
22. No Loan or its related Mortgage contains an obligation to make any further advance.
23. All Loans are either LIBOR Standard Mortgages, Fixed Rate Mortgages or VVR Mortgages.
24. All formal approvals, consents and other steps necessary to permit a legal transfer of the Loans and their related Mortgages and the Mortgage Rights to be sold under the Mortgage Sale Agreement have been obtained or taken and all Loans and related Mortgage Rights are freely assignable and no formal approvals, consents or other steps are necessary as at the date of sale to permit a legal, equitable or beneficial transfer of the Loans and related Mortgage Rights, save only for the relevant transfer (and in the case of a legal transfer, registration at the relevant registries and notification to the relevant Borrower) itself, and no notification to any Borrower is required to effect any equitable or beneficial transfer of the Loans and related Mortgage Rights to the Issuer pursuant to the Mortgage Sale Agreement and the Loans and related Mortgage Rights are not subject to any contractual confidentiality restrictions which may restrict the ability of the Issuer to acquire the same.
25. At origination of each Loan, variable direct debit instructions in favour of the Seller (or other arrangements acceptable to the Seller to ensure regular payment) were completed in respect thereof and such completed variable direct debit instructions were held by or on behalf of the Seller.
26. To the best of the Seller's knowledge, information and belief, no fraud, misrepresentation or concealment has been perpetrated in respect of a Loan by:
 - (i) any person who prepared a valuation of a Property; or
 - (ii) any solicitors who acted for the Seller in relation to any Loan; or
 - (iii) any insurance broker or agent in relation to any insurance policy; or
 - (iv) any Borrower of any Loan; or
 - (v) any other party within the knowledge of the Seller,which would result in any monies owed by any of the Borrowers not being or being unlikely to be repaid in full under the terms of any of the Loans.
27. No Loan is currently repayable in a currency other than sterling and the currency of the repayments cannot be changed by the Borrower to a currency other than sterling.
28. The Seller has not excluded, restricted or waived or agreed to waive any of its rights against any valuer, solicitor or other professional who has provided information, carried out work or given advice in connection with any Loan and the related Mortgage.

- 29.
- (i) Subject to paragraph 29(ii) below, prior to making each Loan to a Borrower, the Seller instructed or required to be instructed on its behalf solicitors or licensed or qualified conveyancers to carry out in relation to the relevant Property all investigations, searches and other actions that would have been undertaken by a Prudent Mortgage Lender when advancing money in an amount equal to such advance to an individual to be secured on a property of the kind permitted under the Lending Criteria and a report on title was received by or on behalf of it from such solicitors or licensed or qualified conveyancers which either initially or after further investigation revealed no material matter which would cause a Prudent Mortgage Lender to decline such Loan having regard to the Lending Criteria.
 - (ii) With respect to a Loan, which is the subject of a remortgage and the instructed solicitor is not carrying out full title searches, such solicitor has confirmed to the Seller that (i) a no search indemnity insurance policy (a “**No Search Indemnity Insurance Policy**”) has been taken out by the solicitor in the name of the Seller, is in full force and effect, that all premiums payable thereon have been paid and so far as the solicitor is aware the policy is valid and enforceable and the solicitor has not received notice and is not otherwise aware of any reason why the relevant insurer may refuse liability under the relevant insurance policy, (ii) the No Search Indemnity Insurance Policy details have been or will be provided to the Seller and (iii) all of the Seller’s requirements for an offer have been complied with.
30. Prior to making each Loan, the relevant Property was valued by an independent valuer from the panel of valuers from time to time approved by the Seller.
31. The Seller took all reasonable steps to ensure that at the date of completion of each Mortgage the relevant Property was insured under a policy with an insurance company against fire and other commercial risks for an amount not less than the full reinstatement value determined by a valuer approved by the Seller and the Seller became either the sole or a joint insured or its interest was noted by the insurers or, in the case of leasehold property, is covered by a landlord’s buildings insurance policy, with, where possible, the interests of the Seller and the Borrower endorsed or deemed noted thereon, in each case with a reputable insurance company agreed to by the Seller against all risks usually covered by a Prudent Mortgage Lender when advancing money on the security of the property of the same nature to at or around the time the related Loan was completed and the Seller has not received notice of any circumstances giving the insurer thereunder the right to avoid or terminate the policy.
32. Other than with respect to Buy-to-Let Loans, in relation to each Mortgage relating to a Loan, any person who at the date when the Loan was made had attained the age of 18 and who has been identified by the Borrower of such Loan as residing or about to reside in the relevant Property is either named as a joint Borrower or has signed a form of consent declaring that he or she will assert no right to any overriding or other interest by occupation adverse to the mortgagee’s rights under the relevant Mortgage, or the Seller holds insurance in respect thereof.
33. At the date of origination:
- (i) as far as the Seller was aware the terms of, and the origination steps taken in respect of, all Loans complied with applicable laws and regulations (including without limitation all requirements of the CCA and UCTA or CRA) that were necessary to ensure that the relevant Loans and Mortgages were enforceable and the relevant Borrower was obliged to pay interest and repay principal on the dates specified in the relevant Loans, subject to any reservations or matter disclosed generally as regards non-compliance with any laws and regulations contained within the Legal Opinions; and
 - (ii) the Seller had all necessary consents, authorisations, approvals, licences and orders including without limitation all necessary licences under the CCA and FSMA to originate the Loans.
34. No Loan is subject to a Retention at the date of the Mortgage Sale Agreement.
35. No Loan is a Self-Certified Mortgage.
36. In relation to any Loan which is the subject of a Regulated Mortgage Contract, all applicable requirements of law or of any person who has regulatory authority which has the force of law (including, without limitation, MCOB, as amended from time to time) have been complied with in all

material respects in connection with the origination, documentation and administration of such Loan (as applicable).

37. The Seller:
 - (i) is not aware of any breach by the Borrower under any Loan or related Mortgage Rights which would have a Material Adverse Effect on such Loan or Mortgage Rights and no steps have been taken by the Seller to enforce any Mortgage Rights as a result of such breach; and
 - (ii) has not received notice of the bankruptcy, insolvency, sequestration or death of any Borrower.
38. All the title deeds, the deeds constituting the Mortgage and the correspondence file (such as it exists) and microfiche or electronically stored data relating to each of the Loans are held by or to the order of the Seller or have been lodged by, or on behalf of, the Seller at the Land Registry.
39. All the Loans in respect of Properties are governed by English law.
40. The Seller has not given express written consent to the grant of a tenancy by a Borrower in circumstances where no Prudent Mortgage Lender at the time such consent was given would give such consent.
41. Each Buy-to-Let Loan has been let by way of an assured shorthold tenancy or a short-assured tenancy which meets the requirements of either Section 19A or Section 20 of the Housing Act 1988 with a minimum term of at least six months and (in respect of non-corporate lets only), a maximum term of 36 months, and, so far as the Seller is aware, no Property with respect to a Loan which is not a Buy-to-Let Loan has been let or sub-let.
42. Where the Borrower is an individual borrower, each such Borrower was aged 21 years or older at the date that he or she executed the relevant Mortgage.
43. Each Property is a residential property.
44. No material legal proceedings by Borrowers are outstanding against the Seller which would call into question their beneficial or legal title to the Loans.
45. In relation to any leasehold Property:
 - (i) the lease cannot be forfeited on the bankruptcy of the tenant;
 - (ii) in any case where the Seller has received written notice from the relevant landlord that it is or may be taking steps to forfeit the lease of that Property, the Seller has taken such steps (if any) and in such time as would be taken by a Prudent Mortgage Lender to protect its security and Loan; and
 - (iii) any requisite consent of the landlord to, or notice of, the creation of the Mortgage has been obtained or given (as applicable).
46. Each Property is located in England or Wales.
47. At least one regular monthly instalment due in respect of each Loan has been paid by the relevant Borrower.
48. No Buy-to-Let Loan constitutes a “consumer buy-to-let mortgage contract” as defined under the Mortgage Credit Directive Order 2015.
49. No agreement for any Loan is in whole or in part (i) a “regulated credit agreement” under Article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 or (ii) a “regulated agreement” or “regulated credit agreement” under Section 8 of the Consumer Credit Act 1974 (as amended, extended or re-enacted from time to time).
50. The Seller has not supplied or brokered PPI in respect of any Borrower’s payment obligations under any Loan.
51. No agreement for any Loan is or includes a consumer credit agreement (as defined in section 8 of the Consumer Credit Act 1974) or constitutes any other agreement regulated or partly regulated by the Consumer Credit Act 1974 (other than sections 137 to 140 of such Act) or any modification or re-enactment thereof or, to the extent that it is so regulated or partly regulated, all the requirements of the Consumer Credit Act 1974 have been met in full.

52. The proposed limitations or exclusions of the liability of the Seller contained in the loan agreement relating to each Loan are fair and reasonable having regard to the circumstances of the particular Borrower for the purposes of the CRA and are not “unfair terms” within the meaning of the CRA.
53. Other than terms excluded from the assessment of fairness pursuant to section 64 of the CRA, none of the terms contained in such loan agreements (other than any Early Repayment Charges) are unfair terms within the meaning of the CRA; no injunction or interdict has been granted by the court pursuant to the CRA which might prevent or restrict the use in a loan agreement of any particular term or the enforcement of any such term; and in carrying out the procedures for enabling Borrowers to enter into loan agreements, the Seller complied with the CRA and in particular, ensured that each Borrower had a real opportunity to read and understand the terms of the relevant loan agreement before the conclusion of the loan agreement.
54. No Mortgage Rights comprises or includes (or comprises or includes an interest in) stock or marketable securities (within the meaning of section 122 of the Stamp Act 1891); chargeable securities (within the meaning of section 99 of the Finance Act 1986) or a chargeable interest (within the meaning of section 48 of the Finance Act 2003).
55. The Loans and the Mortgage Rights:
 - (i) constitute financial assets in accordance with generally accepted accounting practice, as amended and applied by the Tax Regulations; and
 - (ii) are not shares.
56. Any Borrower under a Loan that is not an individual is either a partnership or a company incorporated with limited liability in the UK. Each of the Loans that have been made to a partnership or company borrower is one or both of:
 - (i) a “debenture” which is not a marketable security for the purposes of paragraph 25 of Schedule 13 FA 1999; and
 - (ii) loan capital that is exempt from all stamp duty on a transfer under section 79(4) FA 1986.
57. Each Borrower under a loan that is a partnership will be a partnership formed under the Partnership Act 1890, a Limited Partnership formed under the Limited Partnership Act 1907 or a limited liability partnership formed under the Limited Liability Partnership Act 2000.
58. The Mortgages and any related Mortgage Rights (other than a rentcharge) are interests or rights held for the purposes of securing the payment of money or the performance of another obligation.
59. Each Borrower is a natural individual, a UK incorporated private limited company, or a limited liability partnership or partnership.
60. Each Borrower has been instructed to make payment into the Collection Account or, with respect to a Borrower with direct debit instructions in place, such direct debit instructions have been amended in order to direct payments made pursuant to those direct debit instructions into the Collection Account.

Product Switches and Further Advances

So long as the Loans are serviced by the Seller, the Seller may offer a Borrower, or a Borrower may request, a Product Switch or a further advance from time to time.

Should a Product Switch be agreed between the Mortgage Administrator (acting on the instructions of the Seller in its capacity as legal title holder and lender of record) and a Borrower, the Mortgage Administrator shall notify the Seller and the Issuer of such agreement, and the Seller shall be required to repurchase the relevant Loan prior to the date such Product Switch is effected, unless such Loan is a Conditional Product Switch, in which case the Seller shall be required to repurchase the relevant Loan from the Issuer on or before the date falling 15 calendar days after the date on which the notification is made to the Seller in respect of such Conditional Product Switch (which notification is expected to be made during the calendar month following the calendar month in which such Conditional Product Switch is agreed).

Should a Further Advance be agreed between the Mortgage Administrator (acting on the instructions of the Seller in its capacity as legal title holder and lender of record) and a Borrower, the Issuer (or the Mortgage Administrator on its behalf) shall notify the Seller and the Seller shall be required to repurchase the relevant Loan from the Issuer on or prior to the date on which such Further Advance is effective. Notwithstanding the

foregoing, investors should note that, as at the date of this Prospectus, BGFL does not offer Further Advances to Borrowers.

Notwithstanding the foregoing, the Mortgage Administrator (acting on the instructions of the Seller in its capacity as legal title holder and lender of record) shall not make an offer, for a Further Advance, Product Switch or Regulated Amendment without first having received confirmation that the Seller will repurchase the relevant Loans together with the Mortgage Rights from the Issuer.

Consideration payable by the Seller in respect of the repurchase of any relevant Loans and their related Mortgage Rights shall be a cash payment to the Issuer by BGFL equal to the Repurchase Price.

Mortgage Pool Option

The Issuer will, by the Deed Poll, grant to the Mortgage Pool Option Holder the option (the “**Mortgage Pool Option**”) to require the Issuer to (a) sell to the Mortgage Pool Option Holder (or to a third party purchaser nominated by the Mortgage Pool Option Holder) the beneficial title to and interest in all Loans in the Mortgage Pool and their related Mortgage Rights and (b) transfer to the Mortgage Pool Option Holder (or a third party purchaser nominated by it) the right to have the legal title to the Mortgage Pool and related Mortgage Rights in the Mortgage Pool transferred to it, in such a manner as to enable the Issuer to redeem the Notes in full on the relevant Call Option Date.

The purchase price for the Mortgage Pool under the Mortgage Pool Option shall be an amount which, together with any amounts standing to the credit of the Transaction Account (including the General Reserve Fund and Liquidity Reserve Fund) and/or any other cash held by or on behalf of the Issuer (other than any Swap Excluded Receivable Amounts and any Issuer Profit Amount), would be required to pay any amounts required under the Pre-Enforcement Priority of Payments to be paid in priority to or *pari passu* with the Notes on such Interest Payment Date, to redeem all Notes then outstanding in full together with accrued and unpaid interest on such Notes and pay costs associated with the redemption, as calculated on the Determination Date immediately preceding the relevant Call Option Date (the “**Mortgage Pool Purchase Price**”).

The Mortgage Pool Option Holder may, on giving not more than 60 nor less than 30 calendar days’ notice prior to the relevant Call Option Date, deliver a notice to the Issuer (with a copy to the Security Trustee, the Mortgage Administrator and the Cash Administrator) that it intends to exercise the Mortgage Pool Option in respect of such Call Option Date (the “**Exercise Notice**”), provided that:

- (i) on or prior to the specified Call Option Date, no Enforcement Notice has been served; and
- (ii) the Mortgage Pool Option Holder has, immediately prior to delivering the Exercise Notice, certified to the Issuer and the Security Trustee that it will have the necessary funds to pay the Mortgage Pool Purchase Price on the specified Call Option Date (such certification to be provided by way of certificate signed by two directors of the Mortgage Pool Option Holder).

Following receipt of the Exercise Notice, the Cash Administrator, on behalf of the Issuer, shall send to the Mortgage Pool Option Holder a notice specifying the Mortgage Pool Purchase Price (as defined below) (a “**Counter Notice**”). If the Mortgage Pool Option Holder agrees to the Mortgage Pool Purchase Price as set out in the Counter Notice, it will acknowledge and accept the terms of the Counter Notice by counter-signing such notice and delivering such counter-signed notice to the Issuer, the Security Trustee, the Cash Administrator and the Principal Paying Agent confirming that the purchase shall take place on the Call Option Date specified in the Exercise Notice.

Following receipt such acknowledgement and acceptance from the Mortgage Pool Option Holder, the Issuer shall certify to the Security Trustee that it will have the necessary funds to pay all amounts required under the Pre-Enforcement Priority of Payments (a) to be paid in priority to or *pari passu* with the Notes on such Call Option Date, (b) to redeem all Notes then outstanding in full, together with accrued and unpaid interest on such Notes, and (c) to pay costs associated with the redemption.

On the specified Call Option Date, the Mortgage Pool Option Holder will purchase the Mortgage Pool, the Notes will be redeemed in full and the Certificates will be cancelled.

CREDIT STRUCTURE

The Notes and Certificates will not be obligations of the Account Bank, the Swap Collateral Account Bank, the Collection Account Provider, the Arrangers, the Joint Lead Managers, the Cash Administrator, the Corporate Services Provider, the Note Trustee, the Security Trustee, the Swap Counterparty, the Mortgage Administrator, the Standby Mortgage Administrator, the Back-up Mortgage Administrator Facilitator, the Seller, the Principal Paying Agent or anyone other than the Issuer and will not be guaranteed by any such party. None of the Swap Collateral Account Bank, the Account Bank, Collection Account Provider, the Arrangers, the Joint Lead Managers, the Cash Administrator, the Corporate Services Provider, the Note Trustee, the Security Trustee, the Swap Counterparty, the Mortgage Administrator, the Standby Mortgage Administration, the Back-up Mortgage Administrator Facilitator, the Seller, the Principal Paying Agent nor anyone other than the Issuer will accept any liability whatsoever in respect of any failure to pay any amount due under the Notes and Certificates.

As a condition to the issue of the Notes:

- the A Notes are expected to be rated AAA(sf) by DBRS/Aaa(sf) by Moody's;
- the B Notes are expected to be rated AA(high)(sf) by DBRS/Aa2(sf) by Moody's;
- the C Notes are expected to be rated A(high)(sf) by DBRS/A1(sf) by Moody's;
- the D Notes are expected to be rated BBB(sf) by DBRS/Baa2(sf) by Moody's; and
- the E Notes are expected to be rated BB(high)(sf) by DBRS/Ba2(sf) by Moody's.

None of the X Notes, the Z1 Notes, the Z2 Notes or the Certificates will be rated.

The ratings assigned to the Rated Notes by DBRS address, *inter alia*:

- (a) the likelihood of full and timely payment of interest due to the holders of the Rated Notes on each Interest Payment Date;
- (b) the likelihood of full and ultimate payment of principal to the holders of the Rated Notes by or on the Final Maturity Date.

The ratings assigned to the Rated Notes by Moody's address, *inter alia*:

- (a) the likelihood of full and timely payment of interest due to the holders of the Rated Notes on each Interest Payment Date; and
- (b) the likelihood of full and ultimate payment of principal to the holders of the Rated Notes by or on the Final Maturity Date.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the other ratings, the market value and/or the liquidity of the Rated Notes.

The structure of the credit arrangements may be summarised as follows:

The Notes

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

Issue Price and Redemption of Notes

On the Issue Date, the Issuer will issue:

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

- (f) the Z1 Notes at an issue price of 100 per cent. of the principal amount of the Z1 Notes; and
- (g) the Z2 Notes at an issue price of 100 per cent. of the principal amount of the Z2 Notes.

On the Issue Date, the Issuer will also issue the Certificates. The Z1 Notes and Z2 Notes will be fully retained by the Seller. The Certificates will be initially fully retained by the Seller or transferred to one of its affiliates. Each of the Notes will be redeemed in accordance with Note Condition 5 (*Redemption*).

Receipts

The Cash Administrator on behalf of the Issuer will calculate on each Determination Date the Available Revenue Funds and the Available Principal Funds of the Issuer for the previous Determination Period (as set out in the Cash Administration Agreement). The Cash Administrator will on the next Interest Payment Date apply such Available Revenue Funds and Available Principal Funds on behalf of the Issuer to make payments of interest and principal on the Notes as well as certain other amounts under the Pre-Enforcement Priority of Payments.

Credit Support for the Notes Provided by Available Revenue Funds

The interest rates payable by Borrowers in respect of the Loans vary in respect of different Borrowers and different types of Loans. It is anticipated that, on the Issue Date, the weighted average interest rate payable by Borrowers on the Loans will, assuming that all of the Loans are fully performing and that no extraordinary expenses have been incurred by the Issuer, exceed the amounts payable under items (i) to (xxiii) inclusive of the Pre-Enforcement Revenue Priority of Payments. The actual amount of the excess will vary during the life of the Notes; two of the key factors determining such variations are the level of delinquencies experienced and the weighted average interest rate in each case on the Mortgage Pool. Available Revenue Funds may be applied (after making payments or provisions ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date towards reducing any Principal Deficiency.

The Reserve Funds

In order to provide limited coverage for insufficient funds available (a) to provide, in respect of the General Reserve Fund, for payment of items (i) to (xvi) of the Pre-Enforcement Revenue Priority of Payments if the Available Revenue Funds disregarding items (f), (g) and (h) of that definition are insufficient (such shortfall arising from time to time a “**Shortfall**”), the Issuer will establish the General Reserve Fund on the Issue Date and (b) to provide, in respect of the Liquidity Reserve Fund, for payment of items (i) to (vi) (inclusive) and (viii) of the Pre-Enforcement Revenue Priority of Payments, a “**Revenue Shortfall**”), the Issuer will establish and maintain the Liquidity Reserve Fund on and from the first Interest Payment Date to (and including) the Interest Payment Date on which the B Notes are redeemed in full.

General Reserve Fund

The General Reserve Fund will, on the Issue Date, be maintained within the Transaction Account and in the General Reserve Fund Ledger and be fully funded by the proceeds from the Z2 Notes in an amount equal to General Reserve Fund Required Amount. The Cash Administrator will maintain the General Reserve Fund Ledger pursuant to the Cash Administration Agreement to record the balance from time to time of the General Reserve Fund.

The “**General Reserve Fund Required Amount**” shall be calculated as follows:

- (a) prior to the redemption in full of the Rated Notes, 2.5 per cent. of the aggregate Principal Amount Outstanding of the Principal Backed Notes as at the Issue Date; and
- (b) on the Interest Payment Date on which the Rated Notes are to be redeemed in full, zero.

The General Reserve Fund Ledger will, from time to time, be credited in accordance with the Pre-Enforcement Revenue Priority of Payments up to an amount equal to the General Reserve Fund Required Amount.

The General Reserve Fund shall be maintained until the Interest Payment Date on which the Rated Notes are to be redeemed in full. On the Interest Payment Date on which the Rated Notes are redeemed in full, following application of the General Reserve Fund to cover any Shortfall, any remaining balance in the General Reserve Fund will form part of Available Principal Funds and will be applied in accordance with the relevant Priority of Payments.

The General Reserve Fund will be applied as set out in “*Credit Structure – Application of the General Reserve Fund, the Liquidity Reserve Fund and Principal Addition Amounts – Shortfall, Revenue Shortfall and Further Revenue Shortfall*” below.

Liquidity Reserve Fund

On the Issue Date, the Issuer will establish the Liquidity Reserve Fund. The Cash Administrator will, pursuant to the Cash Administration Agreement, maintain the Liquidity Reserve Fund Ledger to record the balance from time to time of the Liquidity Reserve Fund (“**Liquidity Reserve Fund Ledger**”) and the Liquidity Reserve Deficiency Ledger (the “**Liquidity Reserve Deficiency Ledger**”) which will record:

- (a) as a debit, any amounts used to pay or provide for a Revenue Shortfall; and
- (b) as a credit, any amounts paid into the Liquidity Reserve Fund pursuant to item (ix) of the Pre-Enforcement Revenue Priority of Payments.

The Liquidity Reserve Fund will be funded on each Interest Payment Date until the amount standing to the credit of the Liquidity Reserve Fund Ledger within the Transaction Account on the Determination Date prior to the Interest Payment Date is equal to or greater than the Liquidity Reserve Fund Required Amount.

On any Interest Payment Date, the “**Liquidity Reserve Fund Required Amount**” shall be calculated as follows:

- (a) while the A Notes or the B Notes remain outstanding, an amount equal to 1.5 per cent. of the aggregate Principal Amount Outstanding of the A Notes and the B Notes on the Determination Date immediately prior to such Interest Payment Date; and
- (b) on the Interest Payment Date on which the A Notes or the B Notes are to be redeemed in full, zero.

The “**Liquidity Reserve Initial Funding Date**” shall be the day after the Interest Payment Date on which the cumulative amount of Available Principal Funds previously transferred to the Liquidity Reserve Fund pursuant to item (i) of the Pre-Enforcement Principal Priority of Payments on all prior Interest Payment Dates is equal to the Liquidity Reserve Fund Required Amount.

On an Interest Payment Date falling prior to the Liquidity Reserve Initial Funding Date, the Liquidity Reserve Fund will be funded from Available Principal Funds in accordance with the Pre-Enforcement Principal Priority of Payments.

On an Interest Payment Date where there was a Revenue Shortfall on any previous Interest Payment Dates, the Liquidity Reserve Fund will be replenished from Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments.

If, on any Interest Payment Date, the amounts standing to the credit of the Liquidity Reserve Fund Ledger (after the application of amounts payable pursuant to item (ix)(A) and (B) of the Pre-Enforcement Revenue Priority of Payments) exceed the Liquidity Reserve Fund Required Amount (such excess being the “**Liquidity Reserve Fund Excess Amounts**”), such Liquidity Reserve Fund Excess Amounts will be applied as, and form part of, Available Principal Funds on such Interest Payment Date. On the Interest Payment Date on which the B Notes are redeemed in full, following application of the General Reserve Fund to cover any Shortfall, any amount standing to the credit of the Liquidity Reserve Fund Ledger shall be credited to the Principal Ledger and the Liquidity Reserve Fund Required Amount will be reduced to zero.

Application of the General Reserve Fund, the Liquidity Reserve Fund and Principal Addition Amounts – Shortfall, Revenue Shortfall and Further Revenue Shortfall

If the Cash Administrator determines on the immediately preceding Determination Date that there will be a Shortfall or Revenue Shortfall, the Cash Administrator may (as set out in the Cash Administration Agreement), on any Interest Payment Date, apply any amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund towards a Shortfall or a Revenue Shortfall as follows:

- (a) where there is a Shortfall, the Issuer shall first pay or provide for that Shortfall by the application of the General Reserve Fund to be applied as Available Revenue Funds and applied in accordance with the Pre-Enforcement Revenue Priority of Payments; and
- (b) thereafter if there remains a Revenue Shortfall, the Issuer shall pay or provide for that Revenue Shortfall by the application of the Liquidity Reserve Fund to be applied as Available Revenue Funds and applied to items (i), (ii), (iii), (iv), (v), (vi) and (viii) of the Pre-Enforcement Revenue Priority of Payments in the order therein.

If, on any relevant Interest Payment Date, the amounts of Available Revenue Funds, together with funds standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund is calculated to be insufficient to pay items (i), (ii), (iii), (iv), (v), (vi) and (viii) of the Pre-Enforcement Revenue Priority of Payments and (if the B Notes have been redeemed in full) the interest payment on the Most Senior Class then outstanding, there would be a Further Revenue Shortfall, Available Principal Funds will then be applied as item (h) in the definition of Available Revenue Funds to the extent of the shortfall in accordance with item (ii) the Pre-Enforcement Principal Priority of Payments (such amounts “**Principal Addition Amounts**”) and such Principal Addition Amounts will be applied to items (i), (ii), (iii), (iv), (v), (vi) and (viii) and (if the B Notes have been redeemed in full) the relevant item corresponding to the payment of amounts (other than in respect of principal) in respect of the Most Senior Class, in each case of the Pre-Enforcement Revenue Priority of Payments in the order therein.

The Notes

Each Class of Notes will be constituted by the Trust Deed and will share the same security.

- (a) Prior to (i) the service of an Enforcement Notice, or (ii) the occurrence of a Redemption Event:
- (i) the A Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*) below, the B Notes, the C Notes, the D Notes, the E Notes, the Z1 Notes and the Z2 Notes as to payment of principal;
 - (ii) the B Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*) below, the C Notes, the D Notes, the E Notes, the Z1 Notes and the Z2 Notes as to payment of principal;
 - (iii) the C Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*) below, the D Notes, the E Notes, the Z1 Notes and the Z2 Notes as to payment of principal;
 - (iv) the D Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*) below, the E Notes, the Z1 Notes and the Z2 Notes as to payment of principal; and
 - (v) the E Notes will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*) below, the Z1 Notes and the Z2 Notes as to payment of principal; and
 - (vi) the Z1 Notes and Z2 Notes will rank *pari passu* without preference or priority amongst themselves as to payments of principal but will rank after the A Notes, the B Notes, the C Notes, the D Notes and the E Notes.

Prior to (i) the service of an Enforcement Notice, or (ii) the occurrence of a Redemption Event, payments of interest and principal in respect of the X Notes shall be payable only out of Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments to the extent there are Available Revenue Funds remaining after payment of items ranking senior thereto.

Each Certificate represents a *pro rata* entitlement to receive any residual balance following payment of all senior items in the relevant Priority of Payments by way of deferred consideration for the purchase by the Issuer of the Completion Mortgage Pool and any Additional Loans.

- (b) Following (i) the service of an Enforcement Notice, or (ii) the occurrence of a Redemption Event:
- (i) the A Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*) below, the B Notes, the C Notes, the D Notes, the E Notes, the X Notes, the Z1 Notes, the Z2 Notes as to payment of interest and principal and the Certificates;
 - (ii) the B Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security*

and Administration) and Note Condition 5 (Redemption) below, the C Notes, the D Notes, the E Notes, the X Notes, the Z1 Notes, the Z2 Notes as to payment of interest and principal and the Certificates;

- (iii) the C Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*) below, the D Notes, the E Notes, the X Notes, the Z1 Notes, the Z2 Notes as to payment of interest and principal and the Certificates;
- (iv) the D Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*) below, the E Notes, the X Notes, the Z1 Notes, the Z2 Notes as to payment of interest and principal and the Certificates;
- (v) the E Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*) below, the X Notes, the Z1 Notes, the Z2 Notes as to payment of interest and principal and the Certificates;
- (vi) the X Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*) below, the Z1 Notes and the Z2 Notes as to payment of interest and principal and the Certificates;
- (vii) the Z1 Notes and Z2 Notes will rank *pari passu* and without preference or priority amongst themselves for all purposes but will rank in priority to, to the extent set out in Note Condition 2 (*Status, Security and Administration*) and Note Condition 5 (*Redemption*) below, the Certificates; and
- (viii) subject as provided below, the Certificates will rank *pari passu* without preference or priority amongst themselves for all purposes but will rank after the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the X Notes, the Z1 Notes and the Z2 Notes.

Payments in respect of the X Notes, the Z1 Note, the Z2 Notes and the Certificates will only be payable to the extent there are funds remaining after payment of items ranking in priority thereto.

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

Principal Deficiency Ledger

A Principal Deficiency Ledger comprising a number of sub-ledgers, being the A Principal Deficiency Sub-Ledger, the B Principal Deficiency Sub-Ledger, the C Principal Deficiency Sub-Ledger, the D Principal Deficiency Sub-Ledger, the E Principal Deficiency Sub-Ledger and the Z1 Principal Deficiency Sub-Ledger respectively, will be established in order to record Losses and/or the application of Principal Addition Amounts to pay a Further Revenue Shortfall.

Any Losses and the application of any Principal Addition Amounts to meet a Further Revenue Shortfall shall firstly be debited from the Z1 Principal Deficiency Sub-Ledger (such debit items being recredited at item (xviii) of the Pre-Enforcement Revenue Priority of Payments) up to the Principal Amount Outstanding of the Z1 Notes, and shall then be debited from the E Principal Deficiency Sub-Ledger (such debit items being recredited at item (xvi) of the Pre-Enforcement Revenue Priority of Payments) up to the Principal Amount Outstanding of the E Notes, and shall then be debited from the D Principal Deficiency Sub-Ledger (such debit items being recredited at item (xiv) of the Pre-Enforcement Revenue Priority of Payments) up to the Principal Amount Outstanding of the D Notes, and shall then be debited from the C Principal Deficiency Sub-Ledger (such debit items being recredited at item (xii) of the Pre-Enforcement Revenue Priority of Payments) up to the Principal Amount Outstanding of the C Notes, and shall then be debited from the B Principal Deficiency Sub-Ledger (such debit items being recredited at item (x) of the Pre-Enforcement Revenue Priority of Payments) up to the Principal Amount Outstanding of the B Notes, and shall then be debited from the A Principal Deficiency Sub-Ledger (such debit items being recredited at item (vii) of the Pre-Enforcement Revenue Priority of Payments).

Collection Account, Bank Accounts and Authorised Investments

Collection Account

Following the Issue Date and unless otherwise agreed in writing by the Issuer and the Security Trustee, payments by Borrowers in respect of amounts due under the Loans will be made by direct debit into an account in the name of the Seller (the “**Collection Account**”) at the Collection Account Provider. One-off payments by Borrowers in respect of amounts due under the Loans will also be made into the Collection Account. No payments from Borrowers with loans from BGFL which are not Loans in the Mortgage Pool should be paid into the Collection Account. BGFL will declare a trust over the Collection Account (the “**Collection Account Declaration of Trust**”) in favour of the Issuer.

The Collection Account Provider shall be entitled at any time to deduct from the Collection Account any amounts to satisfy any of their 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 Pool.

Bank Agreement and Transaction Account

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

All amounts received from Borrowers will, following the Issue Date be credited initially to the Collection Account. The Mortgage Administrator is obliged to instruct the Collection Account Provider to transfer from the Collection Account to the Transaction Account on a daily basis all amounts received via direct debit credited in cleared funds to the Collection Account in respect of the Loans during the previous Business Day, and where amounts had been received other than by way of direct debit, the Mortgage Administrator shall procure that such amounts received in cleared funds are transferred from the Collection Account to the Transaction Account within three Business Days of such cleared funds being credited to the Collection Account.

Authorised Investments

Funds of the Issuer will be deposited into the Transaction Account and the Cash Administrator, acting on the direction of the Issuer and/or Mortgage Administrator, may invest such funds into Authorised Investments in accordance with applicable laws and regulations (as set out in the Cash Administration Agreement).

The Swap Agreement

Interest Rate Risk for the Notes

The Fixed Rate Mortgages in the Mortgage Pool pay a fixed rate of interest for a period of time. However, the interest rate payable by the Issuer with respect to the Floating Rate Notes is an amount calculated by reference to LIBOR.

To attempt to provide a hedge against the possible variance between:

- (a) the fixed rates of interest payable on the Fixed Rate Mortgages in the Mortgage Pool; and
- (b) a rate of interest calculated by reference to LIBOR payable on the Floating Rate Notes,

the Issuer will enter into the Interest Rate Swap with the Swap Counterparty on or around the Issue Date.

The Interest Rate Swap will be governed by the Swap Agreement.

Swap Agreement

Under the Interest Rate Swap, for each Interest Period falling prior to the termination date of the Interest Rate Swap, the following amounts will be calculated:

- (a) the amount produced by applying a rate equal to three-month LIBOR (or in respect of the first Interest Period and the second Interest Period, the linear interpolation of the relevant LIBOR rates) for the relevant Interest Period to the applicable notional amount of the Interest Rate Swap and multiplying the resulting amount by the applicable day count fraction specified in the Swap Agreement (the “**Interest Period Swap Counterparty Amount**”); and
- (b) the amount produced by applying the weighted average of the swap rate allocated to the eligible fixed rate loans to the applicable notional amount of the Interest Rate Swap and multiplying the resulting

amount by the applicable day count fraction specified in the Swap Agreement (the “**Interest Period Issuer Amount**”).

After these two amounts are calculated in relation to an Interest Period, the following payments will be made on the relevant Interest Payment Date:

- (a) if the Interest Period Swap Counterparty Amount for that Interest Payment Date is greater than the Interest Period Issuer Amount for that Interest Payment Date, then the Swap Counterparty will pay the difference to the Issuer;
- (b) if the Interest Period Issuer Amount is greater than the Interest Period Swap Counterparty Amount for that Interest Payment Date, then the Issuer will pay the difference to the Swap Counterparty; and
- (c) if the two amounts are equal, neither party will make a payment to the other.

If a payment is to be made by the Swap Counterparty, that payment will be included in the Available Revenue Funds and will be applied on or about the relevant Interest Payment Date according to the relevant Priority of Payments. If a payment is to be made by the Issuer, it will be made according to the relevant Priority of Payments of the Issuer.

For the purposes of calculating both the Interest Period Swap Counterparty Amount and the Interest Period Issuer Amount, the notional amount (the “**Fixed Rate Notional Amount**”) of the Interest Rate Swap in respect of a calendar month will be an amount in sterling equal to the principal amount outstanding of the relevant Loans (which shall not include any Loan which is or has been more than 180 days in arrears) to be determined on the Swap Determination Period End Date in relation to a relevant Swap Determination Period, provided that any amendments or changes to certain terms of the Loan (including, but not limited to, the term of the loan, the payment frequency, the interest rate type, the loan maturity date and the repayment method) shall be deemed not to have been made or occurred when determining the Fixed Rate Notional Amount, unless such amendments or changes are made in order for the Issuer to comply with the provisions of MCOB 13.3 (“*Dealing fairly with customers with a payment shortfall: policy and procedures*”) (or any successive regulation) and such other provisions, laws and/or regulations as may be agreed between the Issuer and the Swap Counterparty.

The Effective Date (as defined in the Swap Agreement) of the Interest Rate Swap is the Issue Date and the Termination Date of the Interest Rate Swap is the earliest of:

- (a) the Final Maturity Date in respect of the Notes; and
- (b) the date on which the notional amount is zero, other than due to an Additional Termination Event in respect of the swap transaction.

Overview of the Swap Agreement

Under the terms of the Swap Agreement, in the event that the relevant rating(s) of the Swap Counterparty (or its guarantor, if applicable) assigned by a Rating Agency is or are below the Swap Counterparty Required Ratings, the Swap Counterparty will, in accordance with the Swap Agreement, be required to take certain remedial measures within the timeframe stipulated in the Swap Agreement and at its own cost which may include providing Swap Collateral for its obligations under the Swap Agreement, arranging for its obligations under the Swap Agreement to be transferred to an entity with the Swap Counterparty Required Ratings, procuring another entity with the Swap Counterparty Required Ratings to become co-obligor or guarantor, as applicable, in respect of its obligations under the Swap Agreement or taking such other action (or inaction) that would result in the rating of the Most Senior Class of Rated Notes being maintained at, or restored to, the level it would have been at prior to such lower rating being assigned by the relevant Rating Agency.

To the extent required to be provided as set out above, Swap Collateral will be provided under a Credit Support Annex to the Schedule to the Swap Agreement and may take the form of cash in various currencies or eligible securities. The Swap Counterparty will be responsible for determining (in accordance with stipulated parameters) the amount of Swap Collateral which is required to be transferred. Any Swap Collateral provided will be transferred by the Swap Counterparty to the Swap Collateral Account Bank. The Swap Counterparty may from time to time be required to transfer additional Swap Collateral, or may be entitled to require a transfer of equivalent Swap Collateral to it (provided that the Issuer will not be a net transferor of Swap Collateral). In certain circumstances of termination of the Swap Agreement, the value of Swap Collateral then held by the Swap Collateral Account Bank will be taken into account in determining the respective obligations of the parties to the Swap Agreement as described below. Swap Collateral will not form part of Available Revenue Funds.

The Swap Agreement may be terminated in certain circumstances, including, but not limited to, the following, each as more specifically defined in the Swap Agreement (an “**Early Termination Event**”):

- (a) if there is a failure by a party to pay amounts due under the Swap Agreement and any applicable grace period has expired;
- (b) if certain insolvency events occur with respect to a party;
- (c) if a breach of a provision of the Swap Agreement by the Swap Counterparty is not remedied within the applicable grace period;
- (d) if a change of law results in the obligations of one of the parties becoming illegal;
- (e) if the Swap Counterparty is downgraded below certain ratings and fails to comply with the requirements of the downgrade provisions contained in the Swap Agreement (as described above);
- (f) service by the Note Trustee of an Enforcement Notice on the Issuer pursuant to Condition 9 (*Events of Default*) of the Notes;
- (g) if any Transaction Document, the Note Conditions or the Certificate Conditions is modified or supplemented without the prior written consent of the Swap Counterparty (such consent not to be unreasonably withheld) and such amendment or modification would:
 - (i) cause, in the reasonable opinion of the Swap Counterparty, (A) the Swap Counterparty to pay more or receive less under the Swap Agreement or (B) a decrease (from the Swap Counterparty’s perspective) in the value of the Interest Rate Swap;
 - (ii) result in any of the Issuer’s obligations to the Swap Counterparty under the Swap Agreement to be further contractually subordinated, relative to the level of subordination of such obligations as of the Closing Date, to the Issuer’s obligations to any other Secured Creditor;
 - (iii) if, the Swap Counterparty were to replace itself as swap counterparty under the Swap Agreement, require the Swap Counterparty to pay more or receive less in the reasonable opinion of the Swap Counterparty, in connection with such replacement, as compared to what the Swap Counterparty would have been required to pay or would have received had such modification or amendment not been made;
 - (iv) result in an amendment of Note Condition 11(f) (*Swap Counterparty Consent for Modification*); or
 - (v) result in an amendment to, or waiver of the undertakings of the Issuer as set out in, Clause 14.2.6 (*Disposal of Assets*) of the Trust Deed related to a refinancing, sale, transfer or disposal of assets of the Issuer with a view to prematurely redeeming the Notes in circumstances not expressly permitted or provided for in the Transaction Documents as at the Closing Date;
- (h) if a Loan is removed from the Interest Rate Swap under the terms of the Swap Agreement provided that under this Early Termination Event the Interest Rate Swap shall only terminate partially in respect of such Loan; and
- (i) if an irrevocable notice is given by or on behalf of the Issuer that redemption of all the Notes will occur pursuant to Note Condition 5(b) (*Mandatory Redemption of the Notes*), Note Condition 5(d) (*Mandatory Redemption in Full*) or Note Condition 5(e) (*Optional Redemption for Taxation or Other Reasons*) or any other reason (other than in accordance with Note Condition 5(a) (*Final Redemption of the Notes*) or with the prior written consent of the Swap Counterparty).

Upon an early termination of the Interest Rate Swap, depending on the type of Early Termination Event (as defined in the Swap Agreement) and circumstances prevailing at the time of termination, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other. This termination payment will be calculated and made in Sterling. The amount of any termination payment will be based upon a good faith determination of total losses and costs (or gains) and will include any unpaid amounts that became due and payable prior to the date of termination, taking account of any Swap Collateral transferred by the Swap Counterparty to the Issuer.

Depending on the terms of the Interest Rate Swap and the circumstances prevailing at the time of termination, any such termination payment could be substantial and may affect the funds available to pay amounts due to the Noteholders and Certificateholders.

The Swap Counterparty may, subject to certain conditions specified in the Swap Agreement including (without limitation) the satisfaction of certain requirements of the Rating Agencies, transfer its obligations under the Swap Agreement to another entity with the Swap Counterparty Required Ratings.

The Issuer is not obliged, under the Swap Agreement, to gross up payments made by it if a withholding or deduction for or on account of taxes is imposed on payments made under the Interest Rate Swap.

The Swap Counterparty will generally be obliged to gross up payments made by it to the Issuer if a withholding or deduction for, or on account of, tax is imposed on payments made by it under the Interest Rate Swap (other than in respect of any FATCA withholdings). However, if the Swap Counterparty is required to gross up a payment under the Interest Rate Swap due to a change in the law, the Swap Counterparty may terminate the Interest Rate Swap.

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

ADMINISTRATION, SERVICING AND CASH MANAGEMENT OF THE MORTGAGE POOL

Mortgage Administration Agreement

The Mortgage Administrator is required to administer the Mortgage Pool on behalf of the Issuer under the Mortgage Administration Agreement (see “*The Mortgage Administrator*”). The duties of the Mortgage Administrator include, *inter alia*:

- (a) keeping records (written or computerised)/books of account/documents for the Issuer in relation to the Loans and their Mortgage Rights and keeping all key loan details in computerised form;
- (b) keeping records for all taxation purposes including VAT;
- (c) notifying relevant Borrowers of any changes in their payments;
- (d) assisting the auditors of the Issuer and providing information to them upon reasonable request;
- (e) providing a redemption statement to a Borrower or any person acting on the Borrower’s behalf, in each case upon written request or otherwise at the discretion of the Mortgage Administrator;
- (f) notifying relevant Borrowers of any other matter or thing which the applicable Loan Conditions or offer conditions require them to be notified of in the manner and at the time required by the relevant Loan Conditions;
- (g) subject to the provisions of the Mortgage Administration Agreement, taking all steps in accordance with the usual procedures undertaken by a Prudent Mortgage Lender acting reasonably and the servicing procedures, to recover all sums due to the Issuer including without limitation by the institution of proceedings and/or enforcement of any Loan or any Mortgage Rights;
- (h) taking all other action and doing all other things which it would be reasonable to expect a Prudent Mortgage Lender acting reasonably to do in servicing its Loans, including acting as collection agent for the Issuer under the Direct Debiting Scheme, monitoring performance of the Loans and the Borrowers and monitoring and taking such action as is necessary in relation to Loans in arrears;
- (i) keeping a Mortgage Account for each Loan which shall record all proceeds received in respect of that Loan and all amounts debited to such Mortgage Account;
- (j) if required by the relevant Loan Conditions but otherwise at its discretion, preparing and sending on request an annual statement to Borrowers in relation to each calendar year in the agreed form;
- (k) arranging for the renewal and continuation at all times of the Insurance Contracts;
- (l) taking such steps as are necessary to ensure that rights of set-off do not arise as between a Borrower and the Seller;
- (m) providing the reports and other information which it is required to provide under the Mortgage Administration Agreement;
- (n) maintaining adequate insurance against loss or damage to any documents or information held under the Mortgage Administration Agreement;
- (o) cooperate with and provide information to the Standby Mortgage Administrator;
- (p) notify any Losses determined in respect of a Loan in the Mortgage Pool to the Cash Administrator as soon as reasonably practicable after becoming aware of such Loss;
- (q) following the occurrence of a Perfection Event, take all such action as may be required to transfer legal title from the Seller to such person as directed by the Issuer;
- (r) (by reference to the method described in the Loan Conditions for each Loan) implementing the interest rate chargeable to borrowers in respect of such Loans as set by the BGFL (as legal title holder); and
- (s) following the agreement of a Product Switch (including a Conditional Product Switch), Further Advance or Regulated Amendment, to notify the Seller and the Issuer thereof.

If the Mortgage Administrator becomes aware that any Borrower in respect of a Loan is subject to any sanctions and/or any Loan breaches applicable sanctions, then the Mortgage Administrator shall make such notifications to the Seller and the Issuer (and, following the delivery of an Enforcement Notice, the Security Trustee) as required in accordance with the provisions of the Mortgage Administration Agreement.

Provided prior notification has been given to the Issuer and the Security Trustee, the Mortgage Administrator is permitted to sub-contract or delegate its obligations under the Mortgage Administration Agreement subject to various conditions. The Mortgage Administrator shall not be released or discharged from any liability and shall remain responsible for the performance of the obligations of the Mortgage Administrator.

On the Issue Date, the Mortgage Administrator will delegate certain of its obligations to HML.

In consideration for the performance of the services under the Mortgage Administration Agreement, the Issuer shall pay to the Mortgage Administrator an initial fee of £25,000 (exclusive of any applicable VAT) and a mortgage administrator fee equal to the product of 0.105 per cent. (inclusive of any applicable VAT) and the average aggregate Principal Balance of each of the Loans in the Mortgage Pool as of the last day of each calendar month falling within the Interest Period immediately preceding the relevant Interest Payment Date, divided by four, or such other amount as may be agreed between the Issuer and the Mortgage Administrator and notified to the Rating Agencies from time to time.

Further, on each Interest Payment Date, the Mortgage Administrator will be reimbursed for all out-of-pocket costs, expenses and charges properly incurred by the Mortgage Administrator in the performance of the Services, in accordance with the relevant Priority of Payments.

The Mortgage Administrator may be terminated by the Issuer (with the consent of the Security Trustee) or, following delivery of an Enforcement Notice, the Security Trustee by written notice to the Mortgage Administrator if (each a “**Mortgage Administrator Termination Event**”):

- (a) the Mortgage Administrator defaults in making any payment under Mortgage Administration Agreement on the due date and such default continues unremedied for a period of 10 Business Days after the earlier of:
 - (i) the Mortgage Administrator becoming aware of such default; and
 - (ii) receipt by the Mortgage Administrator of written notice from the Issuer (or, following delivery of an Enforcement Notice, the Security Trustee) requiring the same to be remedied;
- (b) the Mortgage Administrator defaults in the performance or observance of any of its other covenants, undertakings and obligations under Mortgage Administration Agreement which in the opinion of the Security Trustee (acting on the instructions of the Note Trustee) is materially prejudicial to the interests of the holders of the Most Senior Class of Notes and (except where, in the opinion of the Security Trustee, such default is incapable of remedy, when no such continuation and/or notice as is hereinafter mentioned will be required) such default continues unremedied for a period of 30 days after the Mortgage Administrator becomes aware of such event provided however that where the relevant default occurs as a result of a default by any person to whom the Mortgage Administrator has sub-contracted or delegated part of its obligations hereunder, such default shall not constitute a Mortgage Administrator Termination Event if within such 30 day period the Mortgage Administrator has taken steps to remedy such default;
- (c) the Mortgage Administrator becomes subject to an Insolvency Event; or
- (d) the Mortgage Administrator fails to obtain or maintain the necessary licences or regulatory approval enabling it to continue servicing Loans.

The appointment of the Mortgage Administrator may also be terminated upon the expiry of not less than 12 months’ notice of termination given in writing by the Mortgage Administrator to the parties to the Mortgage Administration Agreement, provided that, *inter alia*, the Security Trustee consent in writing to such termination, a substitute administrator shall be appointed no later than the date of termination of the Mortgage Administrator and on substantially the same terms as the relevant terms of the Mortgage Administration Agreement and the then current ratings of the Rated Notes are not withdrawn, qualified or downgraded as the result of such resignation.

On receipt of the notice of termination of the Mortgage Administrator and if no Standby Mortgage Administrator is then in place, the Back-up Mortgage Administrator Facilitator will use reasonable endeavours to identify and select a replacement mortgage administrator within 30 days. The Issuer shall

appoint the proposed successor as Mortgage Administrator on substantially the same terms as those in the Mortgage Administration Agreement. Such appointment shall be subject to the prior written consent of the Security Trustee.

Standby Mortgage Administration Agreement

If the Mortgage Administrator is terminated, the Issuer (with the consent of the Security Trustee) or, following delivery of an Enforcement Notice, the Security Trustee shall give notice in writing to the Standby Mortgage Administrator of such occurrence.

The Standby Mortgage Administrator shall undertake the obligation to provide the Services within: (i) if HML is a delegate Mortgage Administrator on the date of receipt of the notice, 5 Business Days from the date of such notice; and (ii) if HML is not a delegate Mortgage Administrator on the date of receipt of the notice, 60 days from the date of such notice.

The aggregate liability of the Standby Mortgage Administrator arising out of, or in connection with, the Standby Mortgage Administration Agreement (including, but not limited to, contractual liability, tortious or delictual liability including negligence and non-fraudulent misrepresentation, breach of statutory duty, restitution or otherwise) shall not exceed:

- (a) prior to the invocation of the Standby Mortgage Administrator, the aggregate amount of all fees paid to the Standby Mortgage Administrator in the 12 consecutive months immediately following the Issue Date;
- (b) after the invocation of the Standby Mortgage Administrator, the aggregate amount of fees paid to the Standby Mortgage Administrator over the course of the calendar year during which such liability has arisen,

save that such limitation shall not apply in the case of the fraud or wilful default of the Standby Mortgage Administrator.

Appointment of a designated reporting entity

Each of the Issuer and the Seller has delegated to the Mortgage Administrator its obligations of complying with any applicable requirements under Article 8b of the CRA Regulation, the corresponding implementing measures from time to time and any replacement legislation in force and applicable to the Issuer and the Seller from time to time in respect of any relevant Notes.

Enforcement Procedures

BGFL has established the Enforcement Procedures, including early contact with Borrowers in order to find a solution to any financial difficulties they may be experiencing. These same procedures as from time to time varied in accordance with the practice of a Prudent Mortgage Lender as dictated by BGFL will continue to be applied in respect of arrears arising on the Mortgages.

Insurance Contracts

Buildings Insurance

At the time of completion, the relevant Property must have been insured by the Borrower under an insurance policy to an amount not less than the full reinstatement value determined at or around the time the related Loan was made.

Arrears and Default Procedures

Set out below is a description of the current arrears and default procedures applied by the Mortgage Administrator). These procedures may be changed by the Mortgage Administrator to reflect changes in the Seller's debt management policy and the standards of a Prudent Mortgage Lender and/or as required by applicable law and regulation.

The Mortgage Administrator collects all payments due under or in connection with the Loans in accordance with its administration procedures in force from time to time, but having regard to the circumstances of the relevant Borrower in each case and with repossession seen as a last resort.

The Mortgage Administrator identifies a Loan as being "in arrears" when, any amount owed is not paid by the due date.

The arrears are monitored daily and reported at each calendar month end. Contact is made with the Borrower from the point a Loan is identified as being in arrears (i.e. the earliest possible opportunity following failure of the contracted repayment on the agreed due date) and the Mortgage Administrator will continue to contact the Borrower asking for payment of the arrears in line with current contact frequency guidelines defined by the regulator.

BGFL offers a range of forbearance options and arrangements aimed at assisting customers facing difficulties in maintaining their mortgage payments. These arrangements are in line with current regulatory legislation and are clearly defined by policy and categorised as either temporary or permanent arrangements.

In some instances, based on the customer's individual circumstances, it may be appropriate to consider a contract variation, such as an arrangement to pay at a later date, temporary reduction in payment amount, conversion to interest only products, capitalisation of arrears, interest rate change, term extensions or a transfer of equity.

When any arrangement is not being conducted as agreed with the customer, either due to insufficient funds paid, delayed payment, or any failure in the terms and conditions of the rescheduled agreement, BGFL will promptly re-engage with the customer to determine why the new plan was broken, and agree an appropriate and affordable payment plan going forward. If no new arrangement can be facilitated this will be considered as a failed forbearance arrangement.

In this event, BGFL will discuss the remaining range of forbearance options available and appropriate to the customer, to determine next steps.

BGFL regards issuing possession proceedings as a last resort and will only consider doing so after having exhausted all other relevant options. In addition, for regulated agreements after proceedings are issued, BGFL will continue to work with customers to keep them in their home, where possible, but recognise that for some customers this may not be possible.

Prior to commencing litigation proceedings, a check will be completed to ensure all requirements of the pre-action protocol have been fulfilled.

The following will apply before an account may be considered for litigation:

- (a) there must be three or more contractual monthly payments in arrears;
- (b) the outstanding mortgage balance must be greater than £5,000;
- (c) the minimum arrears balance must be £1,000 unless the arrears equates to more than five months in arrears or an unsuccessful field agent visit has occurred.

For Buy-to-Let Loans the Mortgage Administrator may appoint an LPA Receiver to act as an agent of the Borrower rather than BGFL. The receiver will have powers to manage the property either to collect rental income for BGFL or, subject to the terms and conditions of the mortgage deed and the requirements of BGFL, to sell the property.

In all cases, the Mortgage Administrator has a duty of care to the Borrower to act reasonably and fairly.

After possession has been obtained, the Mortgage Administrator may take any action it considers appropriate, subject to any fiduciary duties which BGFL may owe to the Borrower.

All offers outside of asking price are referred to the Mortgage Administrator and reviewed on an individual basis, with full justification documented for either acceptance or decline.

Subject as provided above, the Mortgage Administrator (on behalf of the mortgagee) has discretion as to the timing of any of these actions, including whether to postpone the action for any period of time. The period between the Mortgage Administrator (on behalf of the mortgagee) obtaining possession and sale of a mortgaged property is generally between three and six months.

Prospective investors should note that the Mortgage Administrator's ability to exercise its power of sale in respect of a mortgaged property is dependent upon mandatory legal restrictions as to notice requirements. In addition, there may be factors outside the Mortgage Administrator's control, such as whether the Borrower contests the sale and the market conditions at the time of sale, that may affect the length of time between the Mortgage Administrator's decision (on behalf of the mortgagee) to exercise the power of sale and final completion of the sale.

The Mortgage Administrator will apply the net proceeds of sale of the mortgaged property against the sums owed by the Borrower to the extent necessary to discharge the mortgage including any accumulated fees and interest.

These arrears and security enforcement procedures may change over time as a result, amongst other things, of a change in the Mortgage Administrator's business practices, a change in the identity of the Mortgage Administrator or a change in any relevant business codes of practice or any legislative or regulatory changes.

Cash Administration Agreement

For the purpose of the administration of the Mortgage Pool, the Cash Administrator will be authorised to operate the Transaction Account and the Swap Collateral Account for the purpose of the Cash Administration Agreement. The duties of the Cash Administrator include, *inter alia*:

- (a) making the required ledger entries and calculations in respect of such ledger entries;
- (b) maintaining and/or replenishing the General Reserve Fund and the Liquidity Reserve Fund on behalf of the Issuer in accordance with the relevant Pre-Enforcement Priority of Payments;
- (c) distributing the Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments, the Available Principal Funds in accordance with the relevant Pre-Enforcement Principal Priority of Payments and, following (i) the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, distributing available funds in accordance with the Post-Enforcement Priority of Payments and making arrangements for the payment by the Issuer of interest and principal in respect of the Notes subject to the terms thereof and to the availability of funds; and
- (d) establish (to the extent not already established) one or more Swap Collateral Account with the Swap Collateral Account Bank under the Bank Agreement, and credit all swap collateral to the Swap Collateral Account.

If for whatever reason, an incorrect payment is made to any party entitled thereto (including the Noteholders of any Class and/or the Certificateholders) pursuant to the Pre-Enforcement Revenue Priority of Payments and/or the Pre-Enforcement Principal Priority of Payments, the Cash Administrator will use reasonable endeavours to rectify the same by increasing or reducing payments to such party (including the Noteholders of any Class and/or the Certificateholders), as appropriate, on each subsequent Interest Payment Date or Interest Payment Dates (if applicable) to the extent required to correct the same. Where such an adjustment is required to be made, the Cash Administrator will notify Noteholders and/or the Certificateholders of the same in accordance with the terms of Note Condition 13 (*Notice to Noteholders*) and Certificate Condition 11 (*Notice to Certificateholders*). Neither the Issuer nor the Cash Administrator will have any liability to any person for making any such correction.

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

The Issuer shall indemnify the Cash Administrator against all Liability which the Cash Manager may incur or which may be made against it arising out of or in relation to, or in connection with its appointment or the exercise of its functions, except such as may result from its wilful misconduct, gross negligence or fraud.

The appointment of the Cash Administrator may be terminated by the Issuer (with the consent of the Note Trustee) upon the happening of certain events of default or if insolvency or similar events occur in relation to the Cash Administrator or if, following the giving of an Enforcement Notice in relation to the Notes, the Security Trustee is entitled to dispose of the assets comprised in the Security.

Following any such termination, the Issuer shall, within 60 days, use reasonable endeavours to enter into a replacement cash administration agreement on substantially the same terms as the Cash Administration Agreement with a replacement cash administrator with suitable experience and credentials in such form as the Issuer and the Security Trustee shall reasonably require. In addition to the above, the Cash Administrator may resign upon the expiry of not less than 60 days' notice given in writing by the Cash Administrator to the other parties to the Cash Administration Agreement, provided that a replacement Cash Administrator shall be appointed prior to such resignation taking effect. Following notification of such resignation, the Issuer shall, within 60 days, use reasonable endeavours to enter into a replacement cash administration agreement on substantially the same terms as the Cash Administration Agreement with a replacement cash administrator

with suitable experience and credentials in such form as the Issuer and the Security Trustee shall reasonably require.

WEIGHTED AVERAGE LIVES OF THE NOTES

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

The model used in this Prospectus for the Loans represents an assumed constant per annum rate of prepayment (“**CPR**”) each month relative to the then outstanding principal balance of a pool of mortgage loans. CPR does not purport to be either an historical description of the prepayment experience of any pool of mortgage loans or a prediction of the expected rate of prepayment of any mortgage loans, including the Mortgages to be included in the Completion Mortgage Pool.

The following tables were prepared based on the characteristics of the Loans to be included in the Mortgage Pool and the following additional assumptions (the “**Modelling Assumptions**”):

- (a) as of the Cut-Off Date, the aggregate Principal Balance of the Loans comprising the Completion Mortgage Pool is £201,409,350.23;
- (b) that as of the Cut-Off Date, the amortisation schedule for each Loan in the Completion Mortgage Pool mirrors the amortisation schedule calculated for each Loan in the Provisional Completion Mortgage Pool as at the Provisional Pool Reference Date by reference to the period commencing on the Cut-Off Date (and assuming, inter alia, the relevant assumptions documented below, including in particular but not limited to paragraphs (c), (d) and (t) together with the interest rate applicable to such Loan as of the Provisional Pool Reference Date and its remaining term (calculated using the Provisional Pool Reference Date and the maturity of each Loan));
- (c) subject to paragraph (t), the amortisation of any Repayment Loan is calculated as an annuity loan;
- (d) all Loans that are not Repayment Loans are Interest Only Loans;
- (e) the Issue Date is 23 October 2017;
- (f) the portfolio mix of loan characteristics will remain the same throughout the life of the Notes and 100 per cent. of the Provisional Completion Mortgage Pool is purchased on the Issue Date;
- (g) there are no arrears or enforcements;
- (h) no Principal Deficiency arises;
- (i) other than for the table entitled “Weighted Average Life in Years (assuming a call option is exercised on the Call Option Date falling in December 2020)”, no Loan is sold by the Issuer (other than, where applicable, on or immediately prior to the Call Option Date), either as a result of a repurchase by the Seller pursuant to the terms of the Mortgage Sale Agreement or otherwise;
- (j) no Further Advances or Product Switches are made in respect of the Loans comprising the Completion Mortgage Pool;
- (k) for the table entitled “Weighted Average Life in Years (assuming a call option is exercised on the Call Option Date falling in December 2020)”, the Notes are redeemed at their Principal Amounts Outstanding on the Call Option Date;
- (l) for the table entitled “Weighted Average Life in Years (assuming no call option is exercised on any Call Option Date)”, the Notes are not redeemed as a result of the sale of the Mortgage Pool;
- (m) three month LIBOR is equal to 0.30 per cent.;
- (n) the VVR is equal to 2.30 per cent.;
- (o) the fixed rate under the Swap Agreement is 0.95 per cent.;
- (p) no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
- (q) no interest is earned on the Transaction Account;
- (r) subject to paragraph (t), the fees in respect of the Completion Mortgage Pool are equal to the sum of:
 - (i) variable fees equal to 0.105 per cent. per annum of the aggregate Principal Balance of the Loans at the beginning of each collection period; and

- (ii) fixed fees of £190,000 per annum (inclusive of VAT) (distributed equally through time);
- (s) all collections in respect of the Mortgage Pool arising from the Cut-Off Date will be available in the Transaction Account for application on each relevant Interest Payment Date thereafter;
- (t) subject to paragraph (u), all amounts payable, including but not limited to interest on the Notes, are calculated based on the actual number of days in the period and a year of 365 days provided that in the case of (i) and (ii) below such amounts are calculated based on a month of 30 days and a year of 360 days:
 - (i) amortisation of the Loans calculated pursuant to paragraph (b) above; and
 - (ii) accrual of interest on the Loans;
- (u) each Interest Payment Date falls on 20th of March, June, September or December;
- (v) as of the Issue Date, the Principal Amount Outstanding of:
 - (i) the Class A Notes represents exactly 82.00%;
 - (ii) the Class B Notes represents exactly 5.50%;
 - (iii) the Class C Notes represents exactly 4.50%;
 - (iv) the Class D Notes represents exactly 3.50%;
 - (v) the Class E Notes represents exactly 2.00%;
 - (vi) the Class Z1 Notes represents exactly 2.50%;
 - (vii) the Class Z2 Notes represents exactly 2.50%; and
 - (viii) the Class X Notes represents exactly 3.00%;

in each case, of the aggregate estimated Principal Balance of the Mortgage Pool as of the Cut-Off Date, calculated in the manner outlined in paragraph (b) hereto;
- (w) the Swap Agreement is not terminated and the Swap Counterparty fully complies with its obligations under the Swap Agreement;
- (x) the Issuer enters into sufficient additional swap transaction(s) to hedge the Additional Loans and which have the same characteristics as the initial swap transaction;
- (y) the balance of the Pre-Funding Principal Reserve Ledger, if any, is zero;
- (z) the balance of the Pre-Funding Revenue Reserve Ledger, if any, is zero;
- (aa) the Issuer will not, on the Issue Date, receive any excess proceeds from the issue of the Notes (on account of rounding or otherwise, and other than as contemplated herein) which will be applied to the Principal Ledger of the Transaction Account for application as Available Principal Funds on the first Interest Payment Date; and
- (bb) that the Rates of Interest payable on the Notes include certain assumptions regarding the Relevant Margins referable thereto.

The actual characteristics and performance of the Loans are likely to differ from the assumptions used in constructing the tables set forth below, which are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that the Loans will prepay at a constant rate until maturity, that all of the Loans will prepay at the same rate or that there will be no defaults or delinquencies of the aggregate Principal Balance of the Loans under the collections on the Loans. Moreover, the diverse remaining terms to maturity of the 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 of the Loans is assumed.

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

Weighted Average Life in Years

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

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

Weighted Average Life in Years (assuming a call option is exercised on the Call Option Date falling in December 2020)

Weighted Average Life	0.0% CPR	2.5% CPR	5.0% CPR	7.5% CPR	10.0% CPR	12.5% CPR	15.0% CPR	20.0% CPR	Pricing*
A Notes.....	3.15	3.03	2.89	2.76	2.63	2.51	2.39	2.16	2.63
B Notes.....	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16
C Notes.....	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16
D Notes.....	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16
E Notes.....	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16
X Notes.....	1.09	1.11	1.14	1.17	1.20	1.23	1.27	1.36	1.17

Weighted Average Life in Years (assuming that no call option is exercised on any Call Option Date)

Weighted Average Life	0.0% CPR	2.5% CPR	5.0% CPR	7.5% CPR	10.0% CPR	12.5% CPR	15.0% CPR	20.0% CPR	Pricing*
A Notes.....	18.86	13.33	9.54	7.16	5.62	4.58	3.85	2.88	4.76
B Notes.....	24.93	24.93	22.72	19.04	15.43	12.94	10.90	8.28	13.04
C Notes.....	25.63	24.93	24.77	21.10	18.29	15.24	13.07	9.88	15.33
D Notes.....	29.29	25.17	24.93	24.31	20.75	18.21	15.55	11.91	18.31
E Notes.....	31.88	28.56	25.01	24.93	24.03	20.71	18.49	14.22	20.78
X Notes.....	1.09	1.11	1.14	1.17	1.20	1.23	1.27	1.36	1.17

* 7 per cent. CPR for 16 months, followed by 18 per cent. CPR for 12 months, followed by 12.5 per cent. thereafter.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Global Notes contain provisions which apply to the Cleared Notes while they are in global form, some of which modify the effect of the terms and conditions of the Cleared Notes set out in this Prospectus. The following is a summary of certain of those provisions:

1 Form

All Cleared Notes will be issued in fully registered form and will be represented, on issue, by the Global Notes.

The Cleared Notes are not issuable in bearer form.

2 Nominal Amount

The nominal amount of the Global Notes shall be the aggregate amount from time to time entered in the records of Euroclear, Clearstream, Luxembourg or any alternative clearing system approved by the Note Trustee (each a relevant “**Clearing System**”).

The Cleared Notes will be issued in the form of new safekeeping structure and are intended upon issue to be deposited with a common safekeeper on behalf of one of the ICSDs. On 6 September 2012 the Governing Council of the European Central Bank announced that sterling denominated debt instruments issued and held in the euro area will be eligible collateral from 9 November 2012 until further notice. Note that this does not necessarily mean, and no assurance is given by the Issuer or the Joint Lead Managers, that, should the Global Notes and the Certificates be recognised as eligible collateral, they will remain recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem during their entire life. Such recognition may cease upon the European Central Bank modifying the Eurosystem eligibility criteria.

The Global Notes will be issued and held under the new safekeeping structure and are intended upon issue to be deposited with, and registered in the nominee name of, a common safekeeper on behalf of one of the ICSDs.

The records of such relevant Clearing System shall be conclusive evidence of the nominal amount of Cleared Notes represented by the Global Note and a statement issued by such relevant Clearing System at any time shall be conclusive evidence of the records of that relevant Clearing System at that time. The Note Trustee will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

3 Issuance of Definitive Notes

Holders of Book-Entry Interests in the Global Notes will be entitled to receive certificates evidencing definitive notes in registered form (“**Definitive Notes**”) in exchange for their respective holdings of Book-Entry Interests if:

- (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease to do business; or
- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or of any political sub-division therein or thereof having power to tax or in the interpretation or administration of such legislation which becomes effective on or after the Issue Date, the Issuer or the Principal Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Cleared Notes which would not be required were the Cleared Notes in definitive form.

In order to receive a Definitive Note a person having an interest in a Global Note must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Notes.

Any Definitive Notes issued in exchange for Book-Entry Interests in a Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg. It is expected that such instructions will be based upon

directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Definitive Notes issued in exchange for Book-Entry Interests in a Global Note, as the case may be, will not be entitled to exchange such Definitive Note, for Book-Entry Interests in a Global Note. Any Cleared Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set forth under Note Condition 1(b) (*Title and Transfer*) provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Definitive Notes will not be issued in a denomination that is not an integral multiple of the Minimum Denomination or for any amount in excess thereof, in integral multiples of £1,000. As the Cleared Notes have a denomination consisting of the Minimum Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of £100,000 (or its equivalent) that are not integral multiples of £100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the Minimum Denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be issued) and would need to purchase a principal amount of Notes such that its holding amounts to the Minimum Denomination.

4 Payments

Payments of principal and interest in respect of Cleared Notes represented by the Global Note will be made to its holder. The Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant Clearing System and, in the case of payments of principal, the nominal amount of the Cleared Notes will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant Clearing System shall not affect such discharge. 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 Safekeeper or its nominees in respect of those Book-Entry Interests.

For the purpose of any payments made in respect of a Global Note, Note Condition 6(d) (*Payments on Business Days*) shall not apply, and all such payments shall be made on a day which is a business day (as defined in Note Condition 6(d) (*Payments on Business Days*)).

5 Book-Entry Interests

Book-Entry Interests in respect of Global Notes will be recorded in denominations of £100,000 and, for so long as the rules of Euroclear or Clearstream, Luxembourg so permit integral multiples of £1,000 in excess thereof (a "**Minimum Denomination**"). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg or ("**Participants**") or persons that hold interests in the Book-Entry Interests through Participants ("**Indirect Participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants shall also include persons that hold beneficial interests through such Indirect Participants. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg 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 Arranger. 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).

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, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date, Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The record date, in respect of the Cleared Notes shall be one Clearing System Business Day prior to the relevant Interest Payment Date where "**Clearing System Business Day**" means a day on which each clearing system for which the Cleared Notes are being held is open for business. 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 and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, the Arrangers, the Joint Lead Managers, the Cash Administrator, the Agents,

the Note Trustee, the Security Trustee or any of their agents 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.

The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

So long as a nominee of the Common Safekeeper, as applicable, is the registered holder of the respective Global Notes underlying the Book-Entry Interests, the nominee of the Common Safekeeper will be considered the sole Noteholder of the relevant Global Note for all purposes under the Trust Deed and the Agency Agreement. Except as set forth under "*Issuance of Definitive Notes*" above, Participants or Indirect Participants will not be entitled to have Cleared Notes registered in their names, will not receive or be entitled to receive physical delivery of Cleared Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Cleared Notes under the Trust Deed. See "*Action in Respect of the Global Note and the Book-Entry Interests*" below.

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Global Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg, as the case may be, unless and until Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear or 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 in the Global Notes are exchanged for Definitive Notes, the Global Notes registered in the name of a nominee of the Common Safekeeper may not be transferred except as a whole by the Common Safekeeper to a successor of the Common Safekeeper.

Purchasers of Book-Entry Interests in a Global Note will hold Book-Entry Interests in the respective Global Notes relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg, if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in each respective Global Note, as the case may be, 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.

6 Transfer

Transfers of interests in the Cleared Notes are subject to certain restrictions and must be made in accordance with the procedures set forth in the Trust Deed. Each purchaser of Cleared Notes in making its purchase will be required to make, or will be deemed to have made, certain acknowledgements, representations and agreements. The transfer of Cleared Notes in breach of certain of such representations and agreements will result in affected Cleared Notes becoming subject to certain forced transfer provisions. See Note Condition 1(b) (*Title and Transfer*).

7 Action in Respect of the Global Note and the Book-Entry Interests

Not later than 10 days after receipt by the Issuer of any notices in respect of the Global Notes or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global 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 Global Notes and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear and Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Notes in accordance with any instructions set forth in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under “*Book-Entry Interests*” above, with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

8 Trading between Clearing System participants

Secondary market sales of Book-Entry Interests in the Cleared Notes held through Euroclear or Clearstream, Luxembourg to purchasers of Book-Entry Interests in the Cleared Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds and sterling denominated bonds.

9 Notices

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

10 Prescription

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

11 Meetings

Subject to the provisions of the Trust Deed, the holder of the Global Note shall be treated as a Noteholder for the purposes of constituting a quorum for the purposes of meeting the quorum requirements of a meeting of Noteholders.

12 Purchase and Cancellation

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

13 Note Trustee’s Powers

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

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form in which they will be set out in the Trust Deed. If the Cleared Notes were to be represented by Definitive Notes, the Conditions set out on the reverse of each of such Definitive Notes would be as follows. While the Cleared Notes are represented by Global Notes, they will be governed by the same terms and conditions except to the extent that such terms and conditions are appropriate only to securities in definitive form or are expressly varied by the terms of such Global Notes. These terms and conditions are subject to the detailed provisions of the Trust Deed and the other Transaction Documents (as defined below). The issue of £189,200,000 Class A Notes due on the Interest Payment Date falling on 20 March 2056 (the “**A Notes**”), £12,600,000 Class B Notes due on the Interest Payment Date falling on 20 March 2056 (the “**B Notes**”), £10,300,000 Class C Notes due on the Interest Payment Date falling on 20 March 2056 (the “**C Notes**”), £8,000,000 Class D Notes due on the Interest Payment Date falling on 20 March 2056 (the “**D Notes**”), £4,600,000 Class E Notes due on the Interest Payment Date falling on 20 March 2056 (the “**E Notes**”), £6,900,000 Class X Notes due on the Interest Payment Date falling on 20 March 2056 (the “**X Notes**” and together with the A Notes, the B Notes, the C Notes, the D Notes and the E Notes, the “**Floating Rate Notes**”), £6,061,000 Class Z1 Notes due on the Interest Payment Date falling on 20 March 2056 (the “**Z1 Notes**”) and £5,769,024 Class Z2 Notes due on the Interest Payment Date falling on 20 March 2056 (the “**Z2 Notes**” and, together with the Z1 Notes and the Floating Rate Notes, the “**Notes**”), of Tower Bridge Funding No.1 plc (the “**Issuer**”) was authorised by a resolution of the board of directors of the Issuer passed on 16 October 2017. Together, the A Notes, the B Notes, the C Notes, the D Notes and the E Notes are the “**Rated Notes**”.

The Notes are constituted by a trust deed (as amended or modified from time to time, the “**Trust Deed**”) dated on or about 23 October 2017 (the “**Issue Date**”) between the Issuer and U.S. Bank Trustees Limited (the “**Note Trustee**”) as trustee for the holders of the Notes (the “**Noteholders**”). Any reference in these terms and conditions to a “**Class**” of Notes or Noteholders shall be a reference to, as the case may be, the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the X Notes, the Z1 Notes and the Z2 Notes or to the respective holders thereof.

These Conditions include summaries of, and are subject to, the detailed provisions of (1) the Trust Deed, which includes the form of the Notes, (2) the paying agency agreement (the “**Paying Agency Agreement**”) dated the Issue Date relating to the Notes between, among others, the Issuer, the Note Trustee, Elavon Financial Services DAC, UK Branch as agent bank (the “**Agent Bank**”) and as principal paying agent (the “**Principal Paying Agent**”), Elavon Financial Services DAC as registrar (the “**Registrar**”) and the other paying agents named in it (the Principal Paying Agent and any other or further paying agent appointed under the Paying Agency Agreement, the “**Paying Agents**” and together with the Registrar and the Agent Bank, the “**Agents**”), (3) the deed of charge and assignment (the “**Deed of Charge**”) dated the Issue Date between the Issuer and U.S. Bank Trustees Limited (the “**Security Trustee**”) and (4) the cash administration agreement (the “**Cash Administration Agreement**”) dated the Issue Date between, *inter alios*, the Issuer and Elavon Financial Services DAC, UK Branch (the “**Cash Administrator**”).

In these Note Conditions, capitalised words and expressions shall, unless otherwise defined below, have the same meanings as those given in the Master Definitions Schedule dated on or about the Issue Date and signed for the purpose of identification by the Issuer and the Seller.

Copies of the Trust Deed, the Paying Agency Agreement, the Deed of Charge, the Cash Administration Agreement, the Master Definitions Schedule and the other Transaction Documents may be inspected in physical form during usual business hours at the specified offices from time to time of the Principal Paying Agent and will be available in such manner for at least as long as the Notes are admitted to listing on the Irish Stock Exchange and the guidelines of the Irish Stock Exchange so require. The Noteholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, the provisions of the Trust Deed, the Paying Agency Agreement, the Deed of Charge, the Master Definitions Schedule and the other Transaction Documents.

1 Form, Denomination and Title

(a) Form and Denomination

- (i) The Notes are in fully registered form in the denominations of £100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Definitive Notes will be issued with a denomination above £199,000.

- (ii) The Notes of each Class of Cleared Notes will be represented on issue by beneficial interests in one or more Global Notes in fully registered form, without interest or principal receipts.
- (iii) For so long as any Cleared Notes are represented by a Global Note, transfers and exchanges of beneficial interests in Global Notes and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank SA/NV or Clearstream Banking, Luxembourg as appropriate.
- (iv) For so long as the Cleared Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in minimal amounts of £100,000 and integral multiples of £1,000 thereafter.
- (v) Certificates evidencing definitive registered Cleared Notes in an aggregate principal amount equal to the Principal Amount Outstanding of the Global Notes (the “**Definitive Notes**”) will be issued in registered form and in the circumstances referred to below. Definitive Notes, if issued, will be issued in the denomination of £100,000 and integral multiples of £1,000 thereafter.
- (vi) If, while the Cleared Notes are represented by a Global Note:
 - (A) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease to do business; or
 - (B) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or of any political subdivision therein or thereof having power to tax or in the interpretation or administration of such legislation which becomes effective on or after the Issue Date, the Issuer or the Principal Paying Agent is or will be required to make any deduction or withholding for or on account of Tax from any payment in respect of the Cleared Notes which would not be required were the Cleared Notes in definitive form.

the holders of Book-Entry Interests in the Global Notes will be entitled to receive Definitive Notes in exchange for their respective holdings of Book-Entry Interests.

- (vii) The Z1 Notes and the Z2 Notes (together the “**Z Notes**”) will be issued in dematerialised registered form and will not be cleared. Each Class of Z Notes has a minimum denomination of £100,000 and higher integral multiples of £1. No certificates evidencing entitlement to the Z Notes will be issued. The holders of Z Notes recorded in the Register shall be entitled to payments in respect thereof.

(b) ***Title and Transfer***

- (i) The person registered in the register maintained by the Registrar (the “**Register**”) as the holder of any Note will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Note regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons who will be treated as the absolute owner of such Note.
- (ii) The Issuer shall cause to be kept at the specified office of the Registrar, the Register on which shall be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers of the Notes.
- (iii) No transfer of a Note will be valid unless and until entered on the Registrar.
- (iv) Transfers and exchanges of beneficial interests in the Z Notes, the Global Notes and any Definitive Notes and entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Paying Agency Agreement and the Trust Deed. In no event will the transfer of a beneficial interest in a Z Note, a Global Note or the transfer of a Definitive Note be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void ab initio and will not be honoured by the Issuer or the Note Trustee. The regulations referred to above may be changed by the Issuer with the prior written approval of the Registrar and the Note Trustee. A copy of the current regulations will be sent by the Principal Paying Agent in the U.K. or the Registrar to

any holder of a Note who so requests (and who provides evidence of such holding where the Cleared Notes are in global form) and will be available upon request at the specified office of the Registrar or the Principal Paying Agent.

- (v) A Definitive Note may be transferred in whole or in part upon the surrender of the relevant Definitive Note, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or the Principal Paying Agent. In the case of a transfer of part only of a Definitive Note, a new Definitive Note, in respect of the balance remaining will be issued to the transferor by or by order of the Registrar.
- (vi) Each new Definitive Note, to be issued upon transfer of Definitive Notes will, within five Business Days of receipt of such request for transfer, be available for delivery at the specified office of the Registrar or the Principal Paying Agent stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Note, to such address as may be specified in such request.
- (vii) Registration of Definitive Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.
- (viii) No holder of a Definitive Note, may require the transfer of such Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on such Note.
- (ix) All transfers of Notes and entities on the Register are subject to detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Note Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

2 Status, Security and Administration

- (a) The Notes constitute direct, secured and unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Note Condition 10 (*Enforcement of Security, Limited Recourse and Non-Petition*).
 - (i) As regards payments of interest:
 - (A) prior to the earlier to occur of (A) the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable, (B) the Final Maturity Date, (C) the Interest Payment Date on which the relevant Notes are redeemed in accordance with Note Condition 5(d) (*Mandatory Redemption in Full*) or Note Condition 5(e) (*Optional Redemption for Taxation or Other Reasons*) and (D) the date on which the E Notes have been redeemed in full (in the case of (B) to (D) (inclusive) each such date a “**Redemption Event**”), (I) the A Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the B Notes, the C Notes, the D Notes, the E Notes, the X Notes, the Z1 Notes, the Z2 Notes and the Certificates; (II) the B Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the C Notes, the D Notes, the E Notes, the X Notes, the Z1 Notes, the Z2 Notes and the Certificates; (III) the C Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the D Notes, the E Notes, the X Notes, the Z1 Notes, the Z2 Notes and the Certificates; (IV) the D Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the E Notes, the X Notes, the Z1 Notes, the Z2 Notes and the Certificates; (V) the E Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the X Notes, the Z1 Notes, the Z2 Notes and the Certificates; (VI) the X Notes shall rank *pari passu* and without any preference of priority amongst themselves and in priority to the Z2 Notes, the Z2 Notes and the Certificates; (VII) subject as provided below, the Z1 Notes shall rank *pari passu* and without any preference of priority amongst themselves and in priority to the Z2 Notes and the Certificates; (VIII) subject as provided below, the Z2 Notes shall rank *pari passu* and without any preference of priority amongst themselves and in priority to the Certificates;

- and (IX) subject as provided below, the Certificates shall rank *pari passu* and without any preference or priority amongst themselves; and
- (B) following (i) the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, the provisions of Note Condition 2(d) (*Post-Enforcement Priority of Payments*) shall apply.
- (ii) As regards repayments of principal on the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the Z1 Notes and the Z2 Notes:
- (A) prior to (i) the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, (I) the A Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the B Notes, the C Notes, the D Notes, the E Notes, the Z1 Notes and the Z2 Notes; (II) the B Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the C Notes, the D Notes, the E Notes, the Z1 Notes and the Z2 Notes; (III) the C Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the D Notes, the E Notes, the Z1 Notes and the Z2 Notes; (IV) the D Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the E Notes, the Z1 Notes and the Z2 Notes; (V) the E Notes shall rank *pari passu* and without any preference or priority amongst themselves and in priority to the Z1 Notes and the Z2 Notes; and (VI) the Z1 Notes and Z2 Notes shall rank *pari passu* and without any preference or priority amongst themselves; and
- (B) following (i) the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, the provisions of Note Condition 2(d) (*Post-Enforcement Priority of Payments*) shall apply.
- (iii) As regards payments on the X Notes and the Certificates:
- (A) prior to (i) the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, payments of interest and principal in respect of the X Notes and payments in respect of the Certificates shall be payable only out of Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments; and
- (B) following (i) the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, the provisions of Note Condition 2(d) (*Post-Enforcement Priority of Payments*) shall apply.
- (iv) An amount equal to £6,082,658 shall on the Issue Date be credited to a separate ledger within the Transaction Account (the “**Start-Up Costs Ledger**”) for the payment by the Issuer of such Issuer Costs and Expenses.
- (v) The Notes are constituted by the Trust Deed and are secured by the same security, but upon enforcement of the security created pursuant to the Deed of Charge (the “**Security**”), the Notes will rank in the priority as referred to above.
- (vi) The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the Noteholders equally as regards all powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise), but requiring the Note Trustee to have (except where expressly provided otherwise) regard only to the interests of the holders of the Most Senior Class if, in the Note Trustee’s opinion, there is a conflict between the interests of the holders of the Most Senior Class and the interests of any of the other Noteholders or Certificateholders and the other Noteholders or Certificateholders (not being holders of the Most Senior Class) shall have no claim against the Note Trustee for so doing.
- (vii) The Trust Deed contains provisions limiting the powers of the holders of those Classes of Notes other than the Most Senior Class, *inter alia*, to request or direct the Note Trustee to take any

action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Most Senior Class. Except in certain circumstances set out in Note Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*), the Trust Deed contains no such limitation on the powers of the holders of the Most Senior Class, the exercise of which will be binding on the holders of the other Classes of Notes, irrespective of the effect thereof on their interests.

- (viii) The Trust Deed and Note Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*) also contain provisions regarding the resolution of disputes between the holders of more than one Class of Notes where all of such Classes are the Most Senior Class and between the holders of more than one Class of Notes other than the Most Senior Class.
- (ix) The Trust Deed contains provisions to the effect that, so long as any of the Notes are outstanding, the Note Trustee shall have regard to the interests of the Noteholders, or (if all of the Notes have been repaid in full) the Certificateholders, and shall not be required, when exercising its powers, authorities and discretions, to have regard to the interests of any other persons having the benefit of the Security constituted by the Deed of Charge and, in relation to the exercise of such powers, authorities and discretions, the Note Trustee shall have no liability to such persons as a consequence of so acting.
- (x) So long as any of the Notes and Certificates remain outstanding, in the exercise of its rights, authorities and discretions under the Trust Deed, the Note Trustee is not required to have regard to the interests of the other Secured Creditors (except for the Noteholders and Certificateholders).
- (xi) In determining whether the exercise of any right, power, trust, authority, duty or discretion by it under or in relation to the Conditions and/or any of the Transaction Documents is materially prejudicial to the interests of the Noteholders or Certificateholders (or any class thereof), the Note Trustee may take into account, if available, amongst any other things it may consider necessary and/or appropriate in its absolute discretion, whether the then rating of the Rated Notes will be adversely affected.

(b) **Security**

As security for the payment of all monies payable in respect of the Notes and otherwise under the Trust Deed (including the remuneration, expenses and any other claims of the Security Trustee and any Appointee thereof and any Receiver appointed under the Deed of Charge) and in respect of certain amounts payable to the Mortgage Administrator and the Back-up Mortgage Administrator Facilitator under the Mortgage Administration Agreement, the Standby Mortgage Administrator under the Standby Mortgage Administration Agreement, the Cash Administrator under the Cash Administration Agreement, the Agents under the Paying Agency Agreement, the Account Bank, the Swap Collateral Account Bank and the Custodian under the Bank Agreement, the Collection Account Provider under the Collection Account Agreement, the Swap Counterparty under the Swap Agreement, the Corporate Services Provider under the Corporate Services Agreement, the Joint Lead Managers under the Subscription Agreement and any other party which is, or accedes to the Deed of Charge as a Secured Creditor, the Issuer will enter into the Deed of Charge, creating the following security in favour of the Security Trustee for itself and on trust for the other persons expressed to be secured parties thereunder:

- (i) first fixed equitable charges and security in favour of the Security Trustee over the Issuer's present and future right, title, benefit and interest in, to and under the Loans, the Mortgages and their related Mortgage Rights;
- (ii) an equitable assignment in favour of the Security Trustee of the Issuer's interests in the Insurance Contracts to the extent that they relate to the Loans;
- (iii) an assignment in favour of the Security Trustee of the Issuer's right, title, interest and benefit in, to and under the Bank Agreement, the Cash Administration Agreement, the Collection Account Declaration of Trust, the Corporate Services Agreement, the Deed Poll, the Deed of Charge, the Mortgage Administration Agreement, the Mortgage Sale Agreement, the Paying Agency Agreement, the Trust Deed, the Issuer/ICSD Agreement, the Swap Agreement and any other agreement entered into between the Issuer and a Secured Creditor (the "**Charged Obligation Documents**");

- (iv) a first fixed charge in favour of the Security Trustee over (x) the Issuer's interest in the Bank Accounts and any Authorised Investments, (y) the Issuer's beneficial interest in the Collection Account and (z) any other accounts with any bank or financial institution in which the Issuer now or in the future has an interest (to the extent of its interest); and
- (v) a first floating charge in favour of the Security Trustee (ranking after the security referred to in paragraphs (i) to (iv) (inclusive) above) over the whole of the undertaking, property, assets and rights of the Issuer.

(c) ***Pre-Enforcement Revenue Priority of Payments***

Prior to (i) the service of an Enforcement Notice or (ii) the occurrence of a Redemption Event, the Cash Administrator shall, on each Interest Payment Date, apply an amount equal to the Available Revenue Funds as at the immediately preceding Determination Date in making the following payments in the following order of priority, but in each case only to the extent that all payments of a higher priority have been made in full (the "**Pre-Enforcement Revenue Priority of Payments**"):

- (i) *first*, to pay *pro rata* (I) when due the remuneration payable to the Note Trustee and the Security Trustee (plus VAT, if any) and any fees (including legal fees), costs, charges, liabilities and expenses (including by way of indemnity) incurred by and/or payable to it under the provisions of or in connection with the Trust Deed or the Deed of Charge or either or both of them together or any other documents entered into by the Note Trustee and Security Trustee in its capacity as note trustee and security trustee respectively under the Trust Deed or the Deed of Charge or either or both of them with interest as provided in the Trust Deed or the Deed of Charge or either or both of them and (II) any amounts due and payable to any Appointee of the Note Trustee and Security Trustee in relation to the Transaction Documents;
- (ii) *second*, to pay *pro rata* and *pari passu*:
 - (A) the servicing fee payable under the Mortgage Administration Agreement to the Mortgage Administrator in respect of its performance of the Services (plus VAT, if any) under the Mortgage Administration Agreement together with costs, expenses and various sundry fees properly incurred by the Mortgage Administrator in accordance with the Mortgage Administration Agreement;
 - (B) the cash administration fee, payable under the Cash Administration Agreement to the Cash Administrator together with costs (including legal fees), charges, liabilities and expenses (including by way of indemnity) incurred by and/or payable to the Cash Administrator in accordance with the Cash Administration Agreement (plus VAT, if any);
 - (C) amounts due and any fees (including legal fees), costs, charges, liabilities, and expenses (including by way of indemnity) incurred by and/or payable to the Agents under the Paying Agency Agreement, the Account Bank, the Swap Collateral Account Bank and the Custodian under the Bank Agreement (plus VAT, if any) and the Collection Account Provider under the Collection Account Agreement; and
 - (D) amounts due and payable (plus VAT, if any) to the Corporate Services Provider under and in accordance with the Corporate Services Agreement, the Back-up Mortgage Administrator Facilitator under the Mortgage Administration Agreement and the Standby Mortgage Administrator under the Standby Mortgage Administration Agreement;
- (iii) *third*, to pay *pro rata* when due (a) amounts, including audit fees and company secretarial expenses (plus VAT, if any), which are payable by the Issuer to third parties and incurred without breach by the Issuer pursuant to the Trust Deed or the Deed of Charge and not provided for payment elsewhere and to provide for any such amounts expected to become due and payable by the Issuer after that Interest Payment Date and prior to the next Interest Payment Date and to provide for the Issuer's liability or possible liability for tax to the extent not payable from the Issuer Profit Amount;
- (iv) *fourth*, to retain an amount equal to the Issuer Profit Amount, which shall be credited to the Issuer Profit Ledger;
- (v) *fifth*, in, or towards payment of any amounts to the Swap Counterparty in respect of a Swap Agreement (other than any Swap Subordinated Amounts which are due and payable under item

- (xxiii) below or any Swap Excluded Payable Amounts which shall be discharged in accordance with the applicable Swap Agreement and the Transaction Documents);
- (vi) *sixth*, to pay *pro rata* and *pari passu* amounts (other than in respect of principal) payable in respect of the A Notes (such amount to be paid *pro rata* according to the respective interest entitlement of the A Noteholders);
 - (vii) *seventh*, amounts to be credited to the A Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the A Principal Deficiency Sub-Ledger has reached zero;
 - (viii) *eighth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the B Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the B Noteholders);
 - (ix) *ninth*
 - (A) after the Liquidity Reserve Initial Funding Date, to fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount; and
 - (B) prior to, on and after the Liquidity Reserve Initial Funding Date, to credit amounts to the Liquidity Reserve Deficiency Ledger until the balance of the Liquidity Reserve Deficiency Ledger has reached zero (such corresponding amounts to be applied to the Liquidity Reserve Fund Ledger);
 - (x) *tenth*, amounts to be credited to the B Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the B Principal Deficiency Sub-Ledger has reached zero;
 - (xi) *eleventh*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the C Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the C Noteholders);
 - (xii) *twelfth*, amounts to be credited to the C Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the C Principal Deficiency Sub-Ledger has reached zero;
 - (xiii) *thirteenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the D Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the D Noteholders);
 - (xiv) *fourteenth*, amounts to be credited to the D Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the D Principal Deficiency Sub-Ledger has reached zero;
 - (xv) *fifteenth*, to pay *pari passu* and *pro rata* amounts (other than in respect of principal) payable in respect of the E Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the E Noteholders);
 - (xvi) *sixteenth*, amounts to be credited to the E Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the E Principal Deficiency Sub-Ledger has reached zero;
 - (xvii) *seventeenth*, amounts to be credited to the General Reserve Fund Ledger, up to the General Reserve Fund Required Amount;
 - (xviii) *eighteenth*, amounts to be credited to the Z1 Principal Deficiency Sub-Ledger (such amounts to be applied in redemption of the Notes in accordance with Note Condition 5 (*Redemption*)) until the balance of the Z1 Principal Deficiency Sub-Ledger has reached zero;
 - (xix) *nineteenth*, to pay amounts (other than in respect of principal) payable in respect of the Z1 Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Z1 Noteholders);
 - (xx) *twentieth*, to pay amounts (other than in respect of principal) payable in respect of the X Notes (such amounts to be paid *pari passu* and *pro rata* according to the respective interest entitlements of the X Noteholders);

- (xxi) *twenty-first*, to pay principal *pari passu* and *pro rata* to the holders of the X Notes until the Interest Payment Date on which the X Notes have been redeemed in full;
- (xxii) *twenty-second*, to pay amounts (other than in respect of principal) payable in respect of the Z2 Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Z2 Noteholders);
- (xxiii) *twenty-third*, in or towards payment according to the amount thereof and in accordance with the terms of the Swap Agreement to the Swap Counterparty of any Swap Subordinated Amounts (other than Swap Excluded Payable Amounts);
- (xxiv) *twenty-fourth*, on an Interest Payment Date immediately following an Estimation Period, all remaining amounts to be credited to the Transaction Account to be applied on the next Interest Payment Date as Available Revenue Funds; and
- (xxv) *twenty-fifth*, any Residual Payments paid *pro rata* and *pari passu* to the Certificateholders.

(d) **Post-Enforcement Priority of Payments**

Following (i) the service of an Enforcement Notice, the Security Trustee shall, to the extent that such funds are available, use funds standing to the credit of the Bank Accounts, excluding Swap Excluded Receivable Amounts, any amounts credited to the Swap Collateral Account and any excess Swap Collateral (and any interest thereto) in the Swap Collateral Account to the extent, in each case, utilised to discharge Swap Excluded Payable Amounts in accordance with the applicable Swap Agreement and excluding amounts standing to the credit of the Issuer Profit Ledger, or (ii) after the occurrence of a Redemption Event, the Issuer (or the Cash Administrator) shall, to the extent that such funds are available, use funds standing to the credit of the Transaction Account (the “**Post-Enforcement Priority of Payments**”):

- (i) *first*, to pay, *pro rata*, any remuneration then due and/or payable to the Note Trustee, the Security Trustee, any Receiver or Appointee and all amounts due in respect of legal fees and other costs, charges, liabilities, losses, damages, proceedings, claims and demands (including by way of indemnity) (plus VAT, if any) then incurred by such Receiver and Appointee together with interest thereon and to pay all amounts due and/or payable to the Note Trustee and Security Trustee in respect of its remuneration, fees (including legal fees), costs, charges, losses, damages, proceedings, claims, demands, expenses and liabilities (including by way of indemnity) due to it (plus VAT, if any);
- (ii) *second*, to pay, *pro rata* and *pari passu*:
 - (A) the servicing fee payable under the Mortgage Administration Agreement to the Mortgage Administrator in respect of its performance of the Services (exclusive of VAT, if any) under the Mortgage Administration Agreement together with costs, expenses and various sundry fees properly incurred by the Mortgage Administrator in accordance with the Mortgage Administration Agreement;
 - (B) the cash administration fee, payable under the Cash Administration Agreement to the Cash Administrator together with costs (including legal fees), charges, liabilities and expenses (including by way of indemnity) incurred by and/or payable to the Cash Administrator in accordance with the Cash Administration Agreement (plus VAT, if any);
 - (C) amounts due and any fees (including legal fees), costs, charges, liabilities, and expenses (including by way of indemnity) incurred by and/or payable to the Agents under the Paying Agency Agreement, the Account Bank, the Custodian and the Swap Collateral Account Bank under the Bank Agreement (plus VAT, if any) and the Collection Account Provider under the Collection Account Agreement; and
 - (D) amounts due and payable (plus VAT, if any) to the Corporate Services Provider under and in accordance with the Corporate Services Agreement, the Back-up Mortgage Administrator Facilitator under the Mortgage Administration Agreement and the Standby Mortgage Administration under the Standby Mortgage Administration Agreement;
- (iii) *third*, to pay amounts payable to the Swap Counterparty (other than any Swap Subordinated Amount which is due and payable under item (xiv) below or any Swap Excluded Payable

Amounts which shall be discharged in accordance with the applicable Swap Agreement and the Transaction Documents);

- (iv) *fourth*, to pay *pro rata* and *pari passu*:
 - (A) amounts (other than in respect of principal) payable in respect of the A Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the A Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (B) amounts payable to the A Noteholders in respect of principal on the A Notes until the A Notes are redeemed in full.
- (v) *fifth*, to pay, *pro rata* and *pari passu*:
 - (A) amounts (other than in respect of principal) payable in respect of the B Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the B Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (B) amounts payable to the B Noteholders in respect of principal on the B Notes until the B Notes are redeemed in full;
- (vi) *sixth*, to pay *pro rata* and *pari passu*:
 - (A) amounts (other than in respect of principal) payable in respect of the C Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the C Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (B) amounts payable to the C Noteholders in respect of principal on the C Notes until the C Notes are redeemed in full;
- (vii) *seventh*, to pay *pro rata* and *pari passu*:
 - (A) amounts (other than in respect of principal) payable in respect of the D Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the D Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (B) amounts payable to the D Noteholders in respect of principal on the D Notes until the D Notes are redeemed in full;
- (viii) *eighth*, to pay *pro rata* and *pari passu*:
 - (A) amounts (other than in respect of principal) payable in respect of the E Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the E Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (B) amounts payable to the E Noteholders in respect of principal on the E Notes until the E Notes are redeemed in full;
- (ix) *ninth*, to retain an amount equal to the Issuer Profit Amount, which shall be credited to the Issuer Profit Ledger;
- (x) *tenth*, to pay *pro rata* and *pari passu*:
 - (A) amounts (other than in respect of principal) payable in respect of the X Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the X Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (B) amounts payable to the X Noteholders in respect of principal on the X Notes until the X Notes are redeemed in full;
- (xi) *eleventh*, to pay amounts owing to any third parties (if any) including any tax payable by the Issuer (other than amounts payable out of the Issuer Profit Amount);
- (xii) *twelfth*, to pay *pro rata* and *pari passu*:
 - (A) amounts (other than in respect of principal) payable in respect of the Z1 Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Z1 Noteholders) in accordance with Note Condition 4 (*Interest*); and

- (B) amounts payable to the Z1 Noteholders in respect of principal on the Z1 Notes until the Z1 Notes are redeemed in full;
- (xiii) *thirteenth*, to pay *pro rata* and *pari passu*:
 - (A) amounts (other than in respect of principal) payable in respect of the Z2 Notes (such amounts to be paid *pro rata* according to the respective interest entitlements of the Z2 Noteholders) in accordance with Note Condition 4 (*Interest*); and
 - (B) amounts payable to the Z2 Noteholders in respect of principal on the Z2 Notes until the Z2 Notes are redeemed in full;
- (xiv) *fourteenth*, to pay to the Swap Counterparty any Swap Subordinated Amounts (other than Swap Excluded Payable Amounts); and
- (xv) *fifteenth*, any Residual Payments paid *pro rata* and *pari passu* to the Certificateholders.

The Security will become enforceable upon the service of an Enforcement Notice (in the circumstances described in Note Condition 9 (*Events of Default*)) **provided that** if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Security Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless either a sufficient amount would be realised to allow discharge in full of all amounts owing in respect of the Notes and all prior and *pari passu* liabilities of the Issuer or the Security Trustee is of the opinion, reached after considering at any time and from time to time the advice of an investment bank or other financial adviser selected by the Security Trustee, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing in respect of the Notes and all prior and *pari passu* liabilities of the Issuer.

(e) ***The Certificates***

Holders of the Certificates shall be entitled to receive their *pro rata* entitlement to the balance of amounts remaining following payments of all other items senior to the Certificates in the relevant Priority of Payments.

3 Covenants of the Issuer

Save with the prior written consent of the Note Trustee or as expressly provided in or expressly envisaged by these Conditions, the Bank Agreement, the Cash Administration Agreement, the Collection Account Agreement, Collection Account Declaration of Trust, the Swap Agreement, the Corporate Services Agreement, the Deed Poll, the Deed of Charge, the Master Definitions Schedule, the Mortgage Administration Agreement, the Subscription Agreement, the Mortgage Sale Agreement, the Paying Agency Agreement, the Trust Deed, the Issuer/ICSD Agreement and any other document agreed between the Issuer, the Note Trustee and the Security Trustee as being a Transaction Document (together, the “**Transaction Documents**”), the Issuer shall not, so long as any Note remains outstanding (as defined in the Trust Deed), *inter alia*:

(a) ***Negative Pledge***

create or permit to subsist any mortgage, security, pledge, lien (unless arising by operation of law) or charge upon the whole or any part of its assets, present or future (including any uncalled capital) or its undertaking;

(b) ***Restrictions on Activities***

- (i) engage in any activity which is not reasonably incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;
- (ii) open nor have any interest in any account whatsoever with any bank or financial institution other than the Collection Account held with the Collection Account Provider, the Transaction Account held with the Account Bank and the Swap Collateral Account held with the Swap Collateral Account Bank, save where such account is immediately charged in favour of the Security Trustee so as to form part of the Security described in Note Condition 2 (*Status, Security and Administration*) and where the Security Trustee receives an acknowledgement

from such bank or financial institution of the security rights and interests of the Security Trustee and an agreement that it will not exercise any right of set-off it might otherwise have against the account in question;

(iii) have any subsidiaries or employees or premises; or

(iv) act as a director of any company;

(c) ***Dividends or Distributions***

pay any dividend or make any other distribution to its shareholders except from the amount standing to the credit of the Issuer Profit Ledger;

(d) ***Borrowings***

incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of any obligation of any person;

(e) ***Merger***

consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any other person;

(f) ***Disposal of Assets***

transfer, sell, lend, part with or otherwise dispose of or deal with, or grant any option or trust over or present or future right to acquire, any of its assets or undertaking or any interest, estate, right, title or benefit therein **provided that** the Issuer may (and may agree to) transfer, sell, lend, pledge, part with or otherwise dispose of or deal with, or grant any option or trust over any present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein where the proceeds of the same are applied, *inter alia*, in or towards redemption of the Notes in accordance with the terms and conditions of the Notes and the terms of the Transaction Documents;

(g) ***Tax Grouping***

be (and never has been) a member of a VAT group;

(h) ***Independent Director***

at any time have fewer than one independent director;

(i) ***Other***

permit any of the Transaction Documents, the Insurance Contracts relating to the Mortgages owned by the Issuer or the priority of the security interests created thereby to be amended, invalidated, rendered ineffective, terminated or discharged, or consent to any variation thereof, or exercise of any powers of consent or waiver in relation thereto pursuant to the terms of the Trust Deed and these Conditions, or permit any party to any of the Transaction Documents or Insurance Contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any Mortgage save as envisaged in the Transaction Documents.

4 Interest

(a) ***Period of Accrual***

Each Note of each class bears interest from (and including) the Issue Date. Each Note shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal is improperly withheld or refused. In such event, interest will continue to accrue thereon in accordance with this Note Condition (as well after as before any judgment) up to (but excluding) the date on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, or (if earlier) the seventh day after notice is duly given by the Principal Paying Agent to the holder thereof (in accordance with Note Condition 13 (*Notice to Noteholders*)) that it has received all sums due in respect of each such Note (except to the extent that there is any subsequent default in payment).

(b) ***Interest Payment Dates and Interest Periods***

Subject to Note Condition 6 (*Payments*), interest on the Notes (and amounts (if any) the Certificates) is payable on the Interest Payment Date falling in March 2018, and thereafter quarterly in arrear on the 20th day in March, June, September and December in each year unless such day is not a Business Day, in which case interest shall be payable on the following Business Day unless it would thereby fall into the next calendar month in which case it shall be brought forward to the immediately preceding Business Day (each such date an “**Interest Payment Date**”). The period from (and including) an Interest Payment Date (or the Issue Date) to (but excluding) the next (or first) Interest Payment Date is called an “**Interest Period**” in these Note Conditions.

(c) ***Floating Rate of Interest***

Subject to Note Condition 7 (*Prescription*), the Floating Rate of Interest (as defined below) payable from time to time and the Interest Amount (as defined below) in respect of the Floating Rate Notes will be determined on the basis of the provisions set out below:

- (i) on each Interest Determination Date, the Agent Bank will determine the offered quotation to leading banks in the London interbank market for three month sterling deposits, or, in the case of the first Interest Period, a linear interpolation of the offered quotations for three and six month sterling deposits in the London interbank market by reference to the Reuters Screen LIBOR01 Page (or (a) such other page as may replace the Reuters Screen LIBOR01 Page on that service for the purpose of displaying such information or (b) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Note Trustee) as may replace the Reuters Screen LIBOR01 Page) as at or about 11.00 a.m. (London time) on that date (the “**Screen Rate**”). If on the relevant Interest Determination Date the Screen Rate is unavailable, the Agent Bank will request the principal London office of each of the Reference Banks (as defined in Note Condition 4(i) (*Reference Banks and Agent Bank*) below) to provide the Agent Bank with its offered quotation as at or about 11.00 a.m. (London time) on that date to leading banks for three month sterling deposits, or, in the case of the first Interest Period, such rates for three and six month sterling deposits shall be interpolated. The Floating Rate of Interest for such Interest Period shall, subject as provided below, be the aggregate of the Relevant Margin (as defined below) and the Screen Rate or, as the case may be, the arithmetic mean (rounded if necessary to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards) of the quotations of the Reference Banks;
- (ii) if, on the relevant Interest Determination Date, the Screen Rate is unavailable and only two of the Reference Banks (as defined in Note Condition 4(i) (*Reference Banks and Agent Bank*) below) provide such quotations, the Floating Rate of Interest for the relevant Interest Period shall be determined on the basis of the quotations of the two quoting Reference Banks. If, on the relevant Interest Determination Date, the Screen Rate is unavailable and only one or none of the Reference Banks provides such a quotation, then the Floating Rate of Interest for the relevant Interest Period in respect of the Notes shall be the Reserve Interest Rate. The “**Reserve Interest Rate**” shall be the rate per annum which the Agent Bank determines to be either (a) the aggregate of the Relevant Margin and the arithmetic mean (rounded if necessary to the nearest 0.0001 per cent., 0.00005 per cent., being rounded upwards) of the lending rates which leading banks in London (selected by the Agent Bank in its absolute discretion) are quoting, as at or about 11.00 a.m. (London time) on the relevant Interest Determination Date in respect of sterling, for the relevant Interest Period to the Reference Banks or those of them (being at least two in number) to which such quotations are in the sole opinion of the Agent Bank being so made or (b) if the Agent Bank notifies that it cannot determine such arithmetic mean, the aggregate of the Relevant Margin and the average of the lending rates in sterling which leading banks in London (selected in each case by the Agent Bank in its absolute discretion) are quoting on the relevant Interest Determination Date to leading banks which have their head offices in London for the relevant Interest Period **provided that** if the Agent Bank notifies as aforesaid and further notifies that none of the banks selected as provided in Note Condition 4(i) (*Reference Banks and Agent Bank*) below is quoting to leading banks as aforesaid, then the Reserve Interest Rate shall be the Floating Rate of Interest in effect for the Interest Period ending on the relevant Interest Determination Date.

For the purposes of these Note Conditions:

“**Floating Rate of Interest**” means in relation to the Floating Rate Notes, the floating rate of interest as determined by the Agent Bank in accordance with this Note Condition 4 (*Interest*), **provided that**, where the Floating Rate of Interest applicable to any Class of Floating Rate Notes for any Interest Period is determined to be less than zero, the Floating Rate of Interest for such Interest Period shall be zero.

“**Relevant Margin**” shall be:

on any Interest Determination Date occurring prior to the Step-Up Date:

- (a) 1.00 per cent. per annum for the A Notes;
- (b) 1.60 per cent. per annum for the B Notes;
- (c) 1.80 per cent. per annum for the C Notes;
- (d) 2.20 per cent. per annum for the D Notes;
- (e) 3.70 per cent. per annum for the E Notes; and
- (f) 3.83 per cent. per annum for the X Notes.

On any Interest Determination Date occurring on or after the Step-Up Date:

- (a) 2.00 per cent. per annum for the A Notes;
- (b) 2.40 per cent. per annum for the B Notes;
- (c) 2.70 per cent. per annum for the C Notes;
- (d) 3.20 per cent. per annum for the D Notes;
- (e) 5.20 per cent. per annum for the E Notes; and
- (f) 3.83 per cent. per annum for the X Notes.

(d) ***Fixed Rate Notes***

The rate of interest payable from time to time in respect of the Z1 Notes will be 0 per cent. per annum.

The rate of interest payable from time to time in respect of the Z2 Notes will be 0 per cent. per annum.

(e) ***Determination of Floating Rates of Interest and Calculation of Interest Amount***

- (i) The Agent Bank shall, on each Interest Determination Date, determine and notify the Issuer, the Mortgage Administrator, the Cash Administrator, the Note Trustee, the Irish Stock Exchange/Listing Agent and the Paying Agent (which may be done by making available at www.usbank.com/abs), (a) the Floating Rate of Interest applicable to the relevant Interest Period in respect of each Floating Rate Note and (b) the amount of interest (the “**Interest Amount**”) payable in respect of each such Note for such Interest Period.
- (ii) The Interest Amount for all Floating Rate Notes will be calculated by applying the relevant Floating Rate of Interest for such Interest Period to the Principal Amount Outstanding of such Note on the first day of such Interest Period (after taking into account any redemptions occurring in respect of such Notes on such Interest Payment Date), multiplying the product by the actual number of days in such Interest Period divided by 365 and rounding the resulting figure down to the nearest penny.
- (iii) The Interest Amounts shall, in the case of the Fixed Rate Notes, be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding of such Notes on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

(f) ***Publication of Floating Rate of Interest, Interest Amount and other Notices***

The Agent Bank shall, as soon as reasonably practicable after its determination, cause the Floating Rate of Interest and the Interest Amount in respect of each Floating Rate Note for each Interest Period and the immediately succeeding Interest Payment Date to be made available at www.usbank.com/abs

and, so long as the Cleared Notes are in global form, each of Euroclear and Clearstream, Luxembourg and will cause notice thereof to be given to the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*). The Floating Rate of Interest, Interest Amount and Interest Payment Date in respect of each Note so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period. If the Notes become due and payable under Note Condition 9 (*Events of Default*), the accrued interest per Interest Amount and the Floating Rate of Interest payable in respect of each Floating Rate Note shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Note Condition 4 (*Interest*) but no publication of the rates of interest or the amounts of interest payable per Interest Amount so calculated need be made unless the Note Trustee otherwise requires.

(g) ***Determination or Calculation by Note Trustee***

If the Agent Bank does not at any time for any reason determine the Floating Rate of Interest and/or calculate the Interest Amount in accordance with the foregoing paragraphs, the Note Trustee shall (or appoint an agent on its behalf to do so) (i) determine the Floating Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and/or (as the case may be) (ii) calculate the Interest Amount in the manner specified in Note Condition 4(a) (*Period of Accrual*) above, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank, and the Note Trustee shall have no Liability in respect thereof.

For the avoidance of doubt, the Floating Rate of Interest applicable to any Class of Floating Rate Notes for any Interest Period as determined by the Note Trustee shall not be less than zero.

(h) ***Notifications to be Final and Binding***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Note Condition 4 (*Interest*), whether by the Reference Banks (or any of them) or the Agent Bank or the Cash Administrator or the Note Trustee shall (in the absence of manifest error) be final and binding on the Issuer, the Cash Administrator, the Reference Banks, the Agent Bank, the Note Trustee and all Noteholders and (in the absence of gross negligence, fraud or wilful default in the case of the determining party) no liability to the Note Trustee or the Noteholders shall attach to the Issuer, to the Reference Banks, the Agent Bank or the Note Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Note Condition 4 (*Interest*).

(i) ***Reference Banks and Agent Bank***

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be an Agent Bank and, for so long as the Floating Rate Notes remain outstanding, three Reference Banks. The initial Reference Banks shall be the principal London office of each of the three major banks engaged in the London interbank market as selected by the Agent Bank with the approval of the Issuer (the "**Reference Banks**"). The initial Agent Bank shall be Elavon Financial Services DAC, UK Branch. In the event of the principal London office of any such bank being unable or unwilling to continue to act as a Reference Bank or in the event of Elavon Financial Services DAC, UK Branch being unwilling to act as the Agent Bank, the Issuer shall appoint such other bank as may be approved by the Note Trustee to act as such in its place. The Agent Bank may not resign until a successor approved by the Note Trustee has been appointed.

(j) ***Deferral of Interest***

Interest on the Notes shall be payable in accordance with this Note Condition 4 (*Interest*) and Note Condition 6 (*Payments*) subject to the following terms of this Note Condition 4(j):

- (i) in the event that, whilst there are A Notes outstanding, the Available Revenue Funds (if any) calculated in accordance with the Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Note Condition 4(j), due on the B Notes on such Interest Payment Date (such aggregate available funds being referred to in this Note Condition 4(j) as the "**B Residual Amount**") are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Note Condition 4(j), due on the B Notes on such Interest Payment Date, the amount payable to the B

Noteholders on such Interest Payment Date, by way of interest on each B Note, shall be a *pro rata* share of the B Residual Amount;

- (ii) in the event that, whilst there are A Notes and/or B Notes outstanding, the Available Revenue Funds (if any) calculated in accordance with the Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Note Condition 4(j), due on the C Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Note Condition 4(j) as the “**C Residual Amount**”) are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Note Condition 4(j), due on the C Notes on such Interest Payment Date, the amount payable to the C Noteholders on such Interest Payment Date, by way of interest on each C Note, shall be a *pro rata* share of the C Residual Amount;
- (iii) in the event that, whilst there are A Notes, B Notes and/or C Notes outstanding, the Available Revenue Funds (if any) calculated in accordance with the Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Note Condition 4(j), due on the D Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Note Condition 4(j) as the “**D Residual Amount**”) are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Note Condition 4(j), due on the D Notes on such Interest Payment Date, the amount payable to the D Noteholders on such Interest Payment Date, by way of interest on each D Note, shall be a *pro rata* share of the D Residual Amount;
- (iv) in the event that, whilst there are A Notes, B Notes, C Notes and/or D Notes outstanding, the Available Revenue Funds (if any) calculated in accordance with the Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Note Condition 4(j), due on the E Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Note Condition 4(j) as the “**E Residual Amount**”) are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Note Condition 4(j), due on the E Notes on such Interest Payment Date, the amount payable to the E Noteholders on such Interest Payment Date, by way of interest on each E Note, shall be a *pro rata* share of the E Residual Amount;
- (v) in the event that, whilst there are A Notes, B Notes, C Notes, D Notes and/or E Notes outstanding, the Available Revenue Funds (if any) calculated in accordance with the Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Note Condition 4(j), due on the X Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Note Condition 4(j) as the “**X Residual Amount**”) are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Note Condition 4(j), due on the X Notes on such Interest Payment Date, the amount payable to the X Noteholders on such Interest Payment Date, by way of interest on each X Note, shall be a *pro rata* share of the X Residual Amount;
- (vi) in the event that, whilst there are A Notes, B Notes, C Notes, D Notes, E Notes and/or X Notes outstanding, the Available Revenue Funds (if any) calculated in accordance with the Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Note Condition 4(j), due on the Z1 Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Note Condition 4(j) as the “**Z1 Residual Amount**”) are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Note Condition 4(j), due on the Z1 Notes on such Interest Payment Date, the amount payable to the Z1 Noteholders on such Interest Payment Date, by way of interest on each Z1 Note, shall be a *pro rata* share of the Z1 Residual Amount; and
- (vii) in the event that, whilst there are A Notes, B Notes, C Notes, D Notes, E Notes, X Notes and/or Z1 Notes outstanding, the Available Revenue Funds (if any) calculated in accordance with the Priority of Payments as being available to the Issuer on any Interest Payment Date for application in or towards the payment of interest which is, subject to this Note Condition 4(j), due on the Z2 Notes on any such Interest Payment Date (such aggregate available funds being referred to in this Note Condition 4(j) as the “**Z2 Residual Amount**”) are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Note Condition 4(j), due on the Z2 Notes on such Interest Payment Date, the amount payable to the Z2 Noteholders on

such Interest Payment Date, by way of interest on each Z2 Note, shall be a *pro rata* share of the Z2 Residual Amount.

In the event that, by virtue of the provisions of paragraphs (i) to (vii) of this Note Condition 4(j), a *pro rata* share of the B Residual Amount, the C Residual Amount, the D Residual Amount, the E Residual Amount, the X Residual Amount, the Z1 Residual Amount, or the Z2 Residual Amount is paid in accordance with this Note Condition 4(j), the Issuer shall create provisions in its accounts for the shortfall equal to the amount by which the amount of interest paid on the B Notes, the C Notes, the D Notes, the E Notes, the X Notes, the Z1 Notes or the Z2 Notes, as the case may be, on any Interest Payment Date in accordance with this Note Condition 4(j) falls short of the aggregate amount of interest payable on the relevant class of Notes but for this Note Condition 4(j). Such shortfall (the “**Interest Shortfall**”) shall accrue interest at a rate for each Interest Period during which it is outstanding equal to the relevant Rate of Interest for the relevant class of Notes for such Interest Period. A *pro rata* share of such shortfall thereon shall be aggregated with the amount of, and treated for the purpose of this Note Condition 4(j) as if it were interest due, subject to this Note Condition 4(j), on each B Note, C Note, D Note, E Note, X Note, Z1 Note or Z2 Note, as the case may be, on the next succeeding Interest Payment Date. This provision shall cease to apply on the Interest Payment Date referred to in 5(a) (*Final Redemption of the Notes*) at which time all accrued interest shall become due and payable.

The non-payment of any deferred interest on any Class of Notes will not be an Event of Default unless and until such Notes are the Most Senior Class (other than the X Notes, the Z1 Notes and the Z2 Notes) at the time of such non-payment.

(k) **Determinations and Reconciliation**

- (i) In the event that the relevant Monthly Reports is/are not prepared with respect to a Determination Period (any such Determination Period being an “**Estimation Period**” for the purposes of this Note Condition 4(k)) immediately prior to an Interest Payment Date, then the Cash Administrator shall use the Monthly Reports in respect of the three most recent months (or, where there are not at least three previous Monthly Reports, all previous Monthly Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in this Note Condition 4(k). If the relevant Monthly Reports relating to the Determination Period is/are subsequently received, the Cash Administrator will make the reconciliation calculations and reconciliation payments as set out in Note Condition 4(k)(iii). Any: (A) calculations properly done on the basis of such previous Monthly Reports; (B) payments made under any of the Notes and Transaction Documents in accordance with such calculations; (C) reconciliation calculations; and (D) reconciliation payments made as a result of such reconciliation calculations, each in accordance with Note Condition 4(k)(ii), 4(k)(iii) and/or 4(k)(iv) shall be deemed to be done in accordance with the provisions of the Transaction Documents and will not in themselves lead to an Event of Default and no liability will attach to the Cash Administrator in connection with the exercise by it of its powers, duties and discretion for such purposes.
- (ii) In respect of any Estimation Period, the Cash Administrator shall:
 - (A) determine the Interest Determination Ratio by reference to the three most recently received Monthly Reports (or, where there are not at least three previous Monthly Reports, all previous Monthly Reports);
 - (B) calculate the Revenue Receipts for such Estimation Period as the product of:
 - (I) the Interest Determination Ratio; and
 - (II) all payments received by the Issuer during such Estimation Period; and
 - (C) calculate the Principal Receipts for such Estimation Period as the product of:
 - (I) 1 minus the Interest Determination Ratio; and
 - (II) all payments received by the Issuer during such Estimation Period.
- (iii) Following any Estimation Period, upon delivery of the Monthly Reports in respect of such Estimation Period, the Cash Administrator shall reconcile the calculations made in accordance

with Note Condition 4(k)(ii) above to the actual collections set out in the Monthly Reports as follows:

- (A) if the Reconciliation Amount is a positive number, the Cash Administrator shall on the immediately following Interest Payment Date pay or provide for such amount by allocating amounts standing to the credit of the Revenue Ledger as Available Principal Funds; and
 - (B) if the Reconciliation Amount is a negative number, the Cash Administrator shall on the immediately following Interest Payment Date pay or provide for such amount by allocating amounts standing to the credit of the Principal Ledger as Available Revenue Funds.
- (iv) If amounts standing to credit of the Revenue Ledger or Principal Ledger, as the case may be, are insufficient to pay or provide for the applicable Reconciliation Amount in full on the relevant Interest Payment Date the Cash Administrator shall reallocate amounts standing to the credit of the Revenue Ledger or Principal Ledger (as applicable) in accordance with Note Condition 4(k)(iii)(A) or 4(k)(iii)(B) respectively in respect of each subsequent Determination Period (such Reconciliation Amounts to be applied accordingly on the immediately following Interest Payment Date) until such Reconciliation Amount is paid or provided for in full.
 - (v) If the Cash Administrator is required to provide for a Reconciliation Amount in determining Available Revenue Funds and Available Principal Funds in respect of any Interest Payment Date, the Cash Administrator shall pay or provide for such Reconciliation Amount in accordance with the terms of the Cash Administration Agreement and the Cash Administrator shall promptly notify the Issuer and the Note Trustee of such Reconciliation Amount.

In this Note Condition 4(k):

“**Interest Determination Ratio**” means: (i) the aggregate Revenue Receipts calculated in the three preceding Monthly Reports (or such smaller number of preceding Monthly Reports as may be available on the date the Interest Determination Ratio is calculated); divided by (ii) the aggregate of the Revenue Receipts and the Principal Receipts calculated in such Monthly Reports;

“**Monthly Report**” means the monthly report provided by the Mortgage Administrator to the Cash Administrator, substantially in the form scheduled to the Cash Administration Agreement or from time to time agreed between the Issuer and the Mortgage Administrator;

“**Reconciliation Amount**” means in respect of an Estimation Period: (i) the actual Principal Receipts as determined in accordance with the available Monthly Reports; less (ii) the Principal Receipts in respect of such Estimation Period, determined in accordance with Note Condition 4(k)(ii)(C);

“**Revenue Receipts**” means, in relation to an Estimation Period, the amount credited (or in relation to an Estimation Period, the actual amount that should have been credited) to the Revenue Ledger for such Estimation Period; and

“**Principal Receipts**” means, in relation to an Estimation Period, the amount credited (or in relation to an Estimation Period, the actual amount that should have been credited) to the Principal Ledger for such Estimation Period.

5 Redemption

(a) *Final Redemption of the Notes*

Unless previously redeemed or purchased and cancelled as provided in this Note Condition 5 (*Redemption*), the Issuer shall, subject always to the Pre-Enforcement Priority of Payments and Note Conditions 5(c) (*Note Principal Payments, Principal Amount Outstanding and Pool Factor*) and 10(b) (*Limited Recourse*), redeem (i) the A Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in March 2056, (ii) the B Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in March 2056, (iii) the C Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in March 2056, (iv) the D Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in March 2056, (v) the E Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in March 2056, (vi) the X Notes at

their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in March 2056, (vii) the Z1 Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in March 2056, (viii) the Z2 Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in March 2056, and (ix) towards making payments in respect of the Certificates on the Interest Payment Date falling in March 2056, **provided that**, after (i) the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, the provisions of Note Condition 2(d) (*Post-Enforcement Priority of Payments*) shall apply.

The Issuer may not redeem Notes in whole or in part prior to such relevant date except as provided in paragraphs (b), (d) or (e) of this Note Condition 5 (*Redemption*) but without prejudice to Note Condition 9 (*Events of Default*).

(b) ***Mandatory Redemption of the Notes***

Prior to (i) the service of an Enforcement Notice or (ii) the occurrence of a Redemption Event, on each Interest Payment Date, other than the Interest Payment Date on which the Notes are to be redeemed under paragraph (a) above or (d) or (e) below, the Issuer or the Cash Administrator on the Issuer's behalf shall apply an amount equal to the Available Principal Funds (as defined below) as at the date which falls three Business Days prior to such Interest Payment Date (each such date a "**Determination Date**") in making the following redemptions in the following priority (the "**Pre-Enforcement Principal Priority of Payments**"):

- (i) *first*, on an Interest Payment Date prior to the Liquidity Reserve Initial Funding Date, to fund the Liquidity Reserve Fund until the cumulative amount of Available Principal Funds transferred to the Liquidity Reserve Funds on all prior Interest Payment Dates is equal to the Liquidity Reserve Fund Required Amount;
- (ii) *second*, following application of amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund, as Principal Addition Amounts to the extent there will be a Further Revenue Shortfall;
- (iii) *third*, in redeeming the A Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the A Notes have been redeemed in full;
- (iv) *fourth*, after the A Notes have been redeemed in full, in redeeming the B Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the B Notes have been redeemed in full;
- (v) *fifth*, after the A Notes and the B Notes have been redeemed in full, in redeeming the C Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the C Notes have been redeemed in full;
- (vi) *sixth*, after the A Notes, the B Notes and the C Notes have been redeemed in full, in redeeming the D Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the D Notes have been redeemed in full;
- (vii) *seventh*, after the A Notes, the B Notes, the C Notes and the D Notes have been redeemed in full, in redeeming the E Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the E Notes have been redeemed in full;
- (viii) *eighth*, after the A Notes, the B Notes, the C Notes, the D notes and the E Notes have been redeemed in full, in redeeming the Z1 Notes and the Z2 Notes on a *pari passu* and *pro rata* basis until the Interest Payment Date on which the Z1 Notes and the Z2 Notes have been redeemed in full; and
- (ix) *ninth*, any remaining amounts to be applied as Available Revenue Funds.

The Cash Administrator is responsible, pursuant to the Cash Administration Agreement, for determining the amount of the Available Principal Funds as at any Determination Date and each determination so made shall (in the absence of manifest error) be final and binding on the Issuer, the Mortgage Administrator, the Note Trustee and all Noteholders, and no liability to the Noteholders, shall attach to the Issuer, the Note Trustee or (in such absence of gross negligence, fraud and wilful misconduct) to the Cash Administrator in connection therewith.

The “**Principal Collections**” as at any Determination Date is an amount determined by the Mortgage Administrator on such Determination Date or is the aggregate of:

- (i) all repayments or prepayments of principal received by the Issuer in relation to the Loans in respect of the Determination Period ending on or immediately prior to such Determination Date;
- (ii) recoveries received by the Issuer and allocable to principal upon an enforcement of the Mortgage Rights, and recoveries received by the Issuer and allocable to principal upon a purchase or a repurchase of the Loans by the Seller (or an affiliate thereof), in accordance with the terms of the Mortgage Sale Agreement in each case received by the Issuer in the Determination Period preceding such Determination Date.

(c) ***Note Principal Payments, Principal Amount Outstanding and Pool Factor***

With respect to each Note on (or as soon as practicable after) each Determination Date, the Issuer shall determine (or cause the Cash Administrator to determine) (i) the amount of any principal amount due on the Interest Payment Date next following such Determination Date (a “**Note Principal Payment**”), (ii) the Principal Amount Outstanding of each such Note of such Class on the Interest Payment Date next following such Determination Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date) (the “**Principal Amount Outstanding**”) and (iii) the fraction expressed as a decimal to the sixth point (the “**Pool Factor**”), of which the numerator is the Principal Amount Outstanding of a Note of that Class (as referred to in (ii) above) and the denominator is the Principal Amount Outstanding of that Note on the Issue Date. Each determination by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of fraud, wilful default, bad faith or manifest error) be final and binding on all persons.

With respect to each of the Classes of Notes, the Issuer will cause each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be notified forthwith to the Note Trustee, the Paying Agents, the Agent Bank and (for so long as the Notes are listed on one or more stock exchanges) the relevant stock exchanges, and will immediately cause notice of each such determination to be given in accordance with Note Condition 13 (*Notice to Noteholders*) by not later than two Business Days prior to the relevant Interest Payment Date. If no Note Principal Payment is due to be made on the Notes of any Class on any Interest Payment Date a notice to this effect will be given to the Noteholders. If the Issuer does not at any time for any reason determine (or cause the Cash Administrator to determine) with respect to each of the Classes of Notes, a Note Principal Payment, the Principal Amount Outstanding or the Pool Factor in accordance with the preceding provisions of this paragraph, such determination may be made by the Note Trustee (without liability accruing to the Note Trustee as a result) in accordance with this Note Condition based on information supplied to it by the Issuer or the Cash Administrator and each such determination or calculation shall be deemed to have been made by the Issuer and in the absence of fraud, wilful default, or gross negligence shall be final, and no liability to the Noteholders shall attach to the Note Trustee in connection with the exercise or non-exercise by the Note Trustee of its powers, duties, determinations and discretions under this Note Condition 5 (*Redemption*).

(d) ***Mandatory Redemption in Full***

- (i) The Issuer shall redeem the Notes in whole, but not in part, on the Call Option Date specified by the Mortgage Pool Option Holder in connection with the exercise of the Mortgage Pool Option, *provided that*:
 - (A) the Mortgage Pool Option is exercised by the Mortgage Pool Option Holder;
 - (B) not less than 15 nor more than 30 calendar days’ notice is given to the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*) (which notice shall be irrevocable) (the “**notice of optional redemption**”);
 - (C) the Issuer delivers to the Note Trustee a certificate signed by two directors of the Issuer stating that it will on the date for redemption have the necessary funds from a sale of the Charged Property pursuant to the Deed Poll, together with any amounts standing to the credit of the Transaction Account (including the General Reserve Fund and the Liquidity Reserve Fund) and/or any other cash held by or on behalf of the Issuer (other than any Swap Excluded Receivable Amounts and any Issuer Profit Amount) as would be

required to (I) redeem all of the Notes then outstanding in full together with accrued and unpaid interest on such Notes, (II) pay amounts required under the Pre-Enforcement Priority of Payments to be paid in priority to or *pari passu* with the Notes on such Call Option Date; and (III) pay any other costs associated with the exercise of the Mortgage Pool Option; and

- (D) on or prior to the specified Call Option Date, no Enforcement Notice has been served following an Event of Default.
- (ii) The Issuer shall redeem the Notes in whole, but not in part, on any Interest Payment Date, *provided that*:
 - (A) the aggregate Principal Amount Outstanding of the Rated Notes is less than or equal to 10 per cent. of the aggregate Principal Amount Outstanding of the Principal Backed Notes upon issue;
 - (B) not less than 15 nor more than 30 days' notice is given to the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*) (which notice shall be irrevocable);
 - (C) the Issuer has delivered to the Note Trustee a certificate signed by two directors of the Issuer stating that it will on the date for redemption have the necessary funds from a sale of the Charged Property to the holders of the Certificates (together with any amounts then standing to the credit of the Transaction Account, amounts standing to the credit of the Collection Account which are at that time held for the benefit of the Issuer and any other funds available to the Issuer) required to (I) redeem all of the Notes then outstanding in full together with accrued and unpaid interest on such Notes, (II) pay amounts required under the Post-Enforcement Priority of Payments to be paid in priority to or *pari passu* with the Notes on such Interest Payment Date; and (III) pay any other costs associated with the exercise of the optional call; and
 - (D) on or prior to the Interest Payment Date on which such notice expires, no Enforcement Notice has been served following an Event of Default.
- (iii) Any Note redeemed pursuant to this Note Condition 5(d) (*Mandatory Redemption in Full*) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to but excluding the date of redemption.
- (e) ***Optional Redemption for Taxation or Other Reasons***

If by reason of a change in or amendment to tax law (or regulation or the application or official interpretation thereof), which change becomes effective on or after the Issue Date, on the next Interest Payment Date, the Issuer or any Paying Agent has or will become obliged to deduct or withhold from any payment of principal or interest on any Class of Notes (other than because the relevant holder has some connection with the United Kingdom other than the holding of Notes of such Class) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political sub-division thereof or any authority thereof or therein, then the Issuer shall, if the same would avoid the effect of such relevant event described in this paragraph (e), appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction as principal debtor under the Notes, **provided that** the Note Trustee is satisfied that (or, in respect of items (ii), (iii) and (iv), the Issuer has certified to the Note Trustee that) such substitution:

- (i) will not be materially prejudicial to the holders of the Most Senior Class (and in making such determination, the Note Trustee may rely on a Rating Agency Confirmation without further investigation and without liability to any person for doing so);
- (ii) would not have an adverse impact on the Issuer's ability to make payments under the Notes;
- (iii) would not affect the legality, validity and enforceability of any of Transaction Documents or any Security; and
- (iv) would not require registration of any new securities under U.S. securities law or materially increase the disclosure requirements under U.S. law,

and **provided further that** if any of the taxes referred to in this Note Condition 5(e) arise in connection with FATCA, the requirement to avoid the effect of any event described above shall not apply.

If the Issuer delivers to the Note Trustee a certificate signed by two directors of the Issuer (immediately before giving the notice referred to below) stating that one or more of the events described in this paragraph (e) above is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution, then the Issuer may, on any Interest Payment Date and having given not more than 45 nor less than 30 days' notice to the Note Trustee and Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*) redeem all (but not some only) of the Notes on the next following Interest Payment Date at their respective Principal Amount Outstanding together with any interest accrued (and unpaid) thereon up to (but excluding) the date of redemption **provided that** (in either case), prior to giving any such notice, the Issuer shall have provided to the Note Trustee (i) a certificate signed by two directors of the Issuer stating that one or more of the circumstances referred to in this paragraph (e) above prevail(s) and setting out details of such circumstances and (ii) an opinion in form and substance satisfactory to the Note Trustee of independent legal advisers of recognised standing to the effect that the Issuer and any Paying Agent (as the case may be) has or will become obliged to deduct or withhold amounts as a result of such change or amendment. The Note Trustee shall be entitled to accept such certificate and opinion without any further enquiry or liability as sufficient evidence of the satisfaction of the circumstance set out in the paragraph immediately above, in which event they shall be conclusive and binding on the Noteholders.

The Issuer may only redeem the Notes as described above if the Issuer has certified to the Note Trustee that it will have the necessary funds, not subject to the interest of any other person, required to redeem the Notes as aforesaid and any amounts required under the Pre-Enforcement Revenue Priority of Payments to be paid in priority to or *pari passu* with the Notes outstanding in accordance with the terms and conditions thereof.

(f) ***Notice of Redemption***

Any such notice as is referred to in paragraph (d) or (e) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes at the Principal Amount Outstanding, plus accrued and unpaid interest, of the relevant Note.

The Issuer shall notify the Swap Counterparty upon the occurrence of a Redemption Event.

(g) ***Purchase***

The Issuer shall not purchase any Notes.

(h) ***Cancellation***

All Notes redeemed will be cancelled upon redemption, and may not be resold or re-issued.

6 Payments

(a) ***Principal and interest***

Payments of principal and interest shall be made by transfer to an account in Sterling, maintained by the payee with a bank in London and (in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Notes at the specified office of any Paying Agent in accordance with the terms of the Agency Agreement.

(b) ***Record Date***

Each payment in respect of a Note will be made to the person shown as the Noteholder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (the "**Record Date**"). The person shown in the Register at the opening of business on the relevant Record Date in respect of a Global Note shall be the only person entitled to receive payments in respect of any Note represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.

(c) ***Payments Subject to Laws***

All payments are subject in all cases to any applicable laws and regulations in the place of payment or other laws to which the Issuer or the Agents agree to be subject and the Issuer and the Agents will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements, but without prejudice to the provisions of Note Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(d) ***Payments on Business Days***

If the due date for payment of any amount in respect of any Note is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place, and shall not be entitled to any further interest or other payment in respect of such delay. In this paragraph, “**business day**” means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a sterling-denominated account as referred to above, on which dealings in foreign currencies may be carried on both in London and in such place of presentation.

(e) ***Paying Agents***

The initial Paying Agent and its initial specified office is listed below. The Issuer reserves the right at any time with the approval of the Note Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, **provided that** it will maintain a Principal Paying Agent.

The initial specified office of the Paying Agent is at:

Principal Paying Agent

Elavon Financial Services DAC, UK Branch
125 Old Broad Street
Fifth Floor
London EC2N 1AR
United Kingdom

Notice of any change in the Paying Agents or their specified offices will promptly be given to the Note Trustee and the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*).

(f) ***Incorrect Payments***

The Cash Administrator will, from time to time, notify Noteholders in accordance with the terms of Note Condition 13 (*Notice to Noteholders*) of any over-payment or under-payment of which it has actual notice made on any Interest Payment Date to any party entitled to the same pursuant to the Pre-Enforcement Priority of Payments. Following the giving of such a notice, the Cash Administrator shall use reasonable endeavours to rectify such over-payment or under-payment by increasing or, as the case may be decreasing payments to the relevant parties on any subsequent Interest Payment Date or Interest Payment Dates (if applicable) to the extent required to correct the same. Any notice of over-payment or under-payment pursuant to this Note Condition shall contain reasonable details of the amount of the same, the relevant parties and the adjustments to be made to future payments to rectify the same. Neither the Issuer nor the Cash Administrator shall have any liability to any person for making any such correction.

7 Prescription

Claims in respect of principal and interest shall become void unless made within a period of 10 years, in the case of principal, and five years, in the case of interest, from the appropriate relevant date on which such sums became due and payable. After the date on which a Note becomes void in its entirety, no claim may be made in respect thereof. In this Note Condition 7 (*Prescription*), the “**relevant date**”, in respect of a Note is the date on which a payment in respect thereof first becomes due or (if the full amount of the monies payable in respect of all the Notes due on or before that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which the full amount of such monies having been so received, notice to that effect having been duly given to the Noteholders in accordance with Note Condition 13 (*Notice to Noteholders*).

8 Taxation

All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature unless the Issuer or any Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes subject to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature or in connection with FATCA. In that event, the Issuer or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. None of the Issuer, the Principal Paying Agent, any other Paying Agent, nor any other person will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction or in connection with FATCA.

9 Events of Default

After any of the following events (each an “**Event of Default**”) occurs and is continuing, the Note Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate in Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the Most Senior Class, shall (subject, in each case, to it being indemnified and/or secured and/or pre-funded to its satisfaction as more particularly described in the Trust Deed) give notice to the Issuer (an “**Enforcement Notice**”) (with a copy of such Enforcement Notice being sent simultaneously to the Security Trustee) that the Notes are, and they shall immediately become, due and payable at their Principal Amount Outstanding together with accrued interest:

- (i) default being made in the payment of any interest or principal due in respect of the Most Senior Class (other than the X Notes, the Z1 Notes and the Z2 Notes) and such default continues for a period of 3 Business Days; or
- (ii) the Issuer failing duly to perform or observe any other obligation binding upon it under the Notes, the Notes Conditions, the Trust Deed or any other Transaction Documents, as applicable, and, in any such case (except where the Note Trustee certifies that, such failure is (I) in the opinion of the Note Trustee, incapable of remedy or (II) in the opinion of the Note Trustee, capable of remedy but remains unremedied for a period of 30 days (or such longer period as the Note Trustee may permit) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in sub-paragraph (iv) below, ceasing or, through an official action of the board of directors of the Issuer, threatening to cease to carry on business or being unable to pay its debts as and when they fall due; or
- (iv) an order being made or an effective resolution being passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Note Trustee in writing or by an Extraordinary Resolution of the holders of the Most Senior Class; or
- (v) proceedings being otherwise initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition or filing documents with the court or making an application for the appointment of an administrator or liquidator or serving a notice of intent to appoint an administrator) or an administrator being appointed, or a receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 30 days, or the Issuer initiating or consenting to proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally; or
- (vi) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, the Notes Conditions, or the Transaction Documents,

provided that, in the case of each of the events described in sub-paragraph (ii) of this Condition 9, the Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Most Senior Class.

10 Enforcement of Security, Limited Recourse and Non-Petition

(a) *Enforcement of Security*

The Note Trustee may, at any time, at its discretion and without notice, take (or instruct the Security Trustee to take) such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes, the Certificates or the Trust Deed (including these Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and, at any time after the service of an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security, but neither of them shall be bound to take any such proceedings, action or steps unless:

- (i) it shall have been directed by a notice in writing by holders of Notes outstanding constituting at least 25 per cent. of the aggregate in Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class then outstanding; and
- (ii) in all cases it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Note Trustee (or as the case may be, the Security Trustee), having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

(b) *Limited Recourse*

(i) *Enforcement of Security*

Only the Security Trustee may enforce the Security over the Charged Property in accordance with, and subject to the terms of, the Deed of Charge (and the Transaction Documents entered into pursuant thereto).

(ii) *Insufficient Recoveries*

If at any time following:

(A) the occurrence of either:

- (1) the Interest Payment Date falling in March 2056 or any earlier date upon which all of the Notes of each Class are due and payable; or
- (2) the service of an Enforcement Notice; and

(B) Realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Post-Enforcement Priority of Payments,

the proceeds of such Realisation are insufficient, after the same have been allocated in accordance with the applicable Priority of Payments, to pay in full all claims ranking in priority to the Notes and 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 (b) above) under such Class of Notes (and any Class of Notes junior to that Class of Notes) shall, on the day following such application in full of the amounts referred to in paragraph (b) above, cease to be due and payable by the Issuer.

For the purposes of this Note Condition 10:

“**Realisation**” means, in relation to any Charged Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Charged Property including (without limitation) through sale, realisation or through performance by an obligor.

“**Charged Property**” means the property of the Issuer which is subject to the Security.

(iii) *Noteholder Acknowledgments*

Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that:

- (A) in the event of realisation or enforcement of the Charged Property, its right to obtain payment of interest and repayment of principal on the Notes in full is limited to recourse against the undertaking, property and assets of the Issuer comprised in the Charged Property;
- (B) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Noteholder its proportion of the proceeds of realisation or enforcement of the Charged Property in accordance with the Post-Enforcement Priority of Payments and all claims in respect of any shortfall will be extinguished and discharged; and
- (C) in the event that a shortfall in the amount available to pay principal of the Notes of a Class exists on the Final Maturity Date or on any earlier date for redemption in full of the Notes or any Class of Notes, after payment on the Final Maturity Date or such date of earlier redemption of all other claims ranking higher in priority to or *pari passu* with the Notes or the related Class of Notes, and the Charged Property has not become enforceable as at the Final Maturity Date or such date of earlier redemption, the liability of the Issuer to make any payment in respect of such shortfall will cease and all claims in respect of such shortfall will be extinguished.

(c) *Non-Petition*

No Noteholder may take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer unless the Note Trustee (or as the case may be the Security Trustee), having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing or for the appointment of a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer in respect of the Issuer or over any or all of its assets or undertaking.

11 Meetings of Noteholders; Modifications; Consents; Waiver

- (a) The Trust Deed contains provisions for convening separate or combined meetings of the Noteholders of any Class to consider matters relating to the Notes, including subject to Note Condition 11(e) (*Modification and Waiver*) the sanctioning by Extraordinary Resolution of a modification of any of these Note Conditions or any provisions of the other Transaction Documents.

The Trust Deed provides that a resolution in writing signed by all of the holders of a particular Class or Classes of Notes by a majority consisting of not less than 50.1 per cent. by Principal Amount Outstanding of such Class or Classes of Notes shall for all purposes be as valid and effective as an Ordinary Resolution passed at a meeting of the Noteholders of such Class duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more of the Noteholders of such Class or Classes.

The Trust Deed provides that a resolution in writing signed by all of the holders of at least 75 per cent. by Principal Amount Outstanding of the relevant Class or Classes of Notes shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders of such Class or Classes duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more of the Noteholders of such Class or Classes.

- (b) Any Extraordinary Resolution or an Ordinary Resolution duly passed by a meeting of the Noteholders of a particular Class or Classes shall be binding on all Noteholders of such Class or Classes (whether or not they were present at the meeting at which such resolution was passed and whether or not voting).

An Extraordinary Resolution passed at a meeting of the holders of the Most Senior Class shall be binding on the holders of all other Classes of Notes and the Certificates irrespective of the effect on them, except an Extraordinary Resolution of the holders of the Most Senior Class to sanction a Notes Basic Terms Modification, which shall not take effect unless it has also been sanctioned by an

Extraordinary Resolution of the holders of each other Class of Notes affected and/or a Certificate Extraordinary Resolution of the Certificateholders (if affected).

No Extraordinary Resolution of any Class to approve any matter other than a Notes Basic Terms Modification shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes then outstanding ranking senior to such Class in the Post-Enforcement Priority of Payments (to the extent that there are Notes ranking senior to such Class of Notes) unless, the Note Trustee is of the opinion that it will not be materially prejudicial to the interests of the holders of any more senior Class or it is sanctioned by an Extraordinary Resolution of the holders of each such more senior Class. Except in certain circumstances the Trust Deed imposes no such limitations on the powers of the holders of any Class of Notes the exercise of which will be binding on themselves and any junior Class of Notes, irrespective of the effect on their interests.

The Trust Deed provides that:

- (i) meetings of Noteholders of separate Classes may be held at the same time;
- (ii) meetings of Noteholders of separate Classes will normally be held separately, but the Note Trustee may from time to time determine that meetings of Noteholders of separate Classes shall be held together;
- (iii) an Ordinary Resolution or an Extraordinary Resolution that in the opinion of the Note Trustee affects one Class alone shall be deemed to have been duly passed if passed at a separate meeting of the Noteholders of the Class concerned;
- (iv) an Extraordinary Resolution that in the opinion of the Note Trustee affects the Noteholders of more than one Class but does not give rise to a conflict of interest between the Noteholders of the different Classes concerned shall be deemed to have been duly passed if passed at a single meeting of the Noteholders of the relevant Classes; and
- (v) an Extraordinary Resolution that in the opinion of the Note Trustee affects the Noteholders of more than one Class and gives or may give rise to a conflict of interest between the Noteholders of the different Classes concerned shall be deemed to have been duly passed only if it shall be duly passed at separate meetings of the Noteholders of each of the relevant Classes;

If a poll is called at a meeting of a Class of Noteholders, the number of votes which can be cast by each person present shall be proportionate to the Principal Amount Outstanding of the Notes of such Class that such person holds or represents at that meeting.

(c) ***Additional Right of Modification***

Notwithstanding the provisions of Note Condition 11(e) (*Modification and Waiver*) and subject to the provisions of Note Condition 11(f) (*Swap Counterparty Consent for Modification*), the Note Trustee shall be obliged, without the consent or sanction of the Noteholders or any of the other Secured Creditors (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or who would need to be a party to a new, supplemental or additional agreement, or which, as a result of the relevant amendment, would be further contractually subordinated to any Secured Creditor other than would otherwise have been the case prior to such amendment), to concur with the Issuer (and to direct the Security Trustee to concur) and any other relevant parties in making any modification (other than in respect of a Notes Basic Terms Modification) to these Note Conditions or any other Transaction Documents to which it is a party or the Issuer entering into new, supplemental or additional documents that the Issuer considers necessary:

- (i) 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 in relation to any amendment under this paragraph:
 - (A) the Issuer certifies in writing to the Note Trustee and the Security 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 of a Transaction Document proposed by any of the Swap Counterparty, the Account Bank, the Swap Collateral Account Bank or the Cash Administrator (for the purposes of this Note Condition 11(c) only, each a “**Relevant Party**”) in order (x) to remain eligible to perform its role in such capacity in conformity

with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):

- (1) the Relevant Party certifies in writing to the Issuer and the Note Trustee and the Security Trustee that such modification is necessary for the purposes described in paragraph (B)(x) and/or (y) (and in the case of a certification provided to the Issuer, the Issuer shall certify to the Note Trustee and the Security Trustee that it has received the same from the Swap Counterparty, Account Bank, Swap Collateral Account Bank or the Cash Administrator as the case may be);
 - (2) the Relevant Party obtains a Rating Agency Confirmation from each of the Rating Agencies and, if relevant, delivers a copy of each such confirmation to the Issuer and the Note Trustee and the Security Trustee; and
 - (3) the Relevant Party pays all costs and expenses (including legal fees) incurred by the Issuer, the Security Trustee, the Note Trustee and each other party to the relevant Transaction Documents proposed to be amended, in connection with such modification;
- (ii) in order to facilitate the appointment of a replacement Cash Administrator in accordance with the terms of the Cash Administration Agreement, subject to receipt by the Note Trustee and the Security Trustee of a certificate issued by the Issuer certifying to the Note Trustee and the Security Trustee the requested amendments are to be made solely for the purpose of facilitating the appointment of a replacement Cash Administrator in accordance with the terms of the Cash Administration Agreement and have been drafted solely to that effect;
- (iii) in order to enable the Issuer and/or the Swap Counterparty to comply with:
- (A) Any obligation which applies to it under Articles 9, 10 and 11 of EMIR; or
 - (B) any other obligation which applies to it under EMIR,
- provided that the Issuer or the Swap Counterparty, as appropriate, certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for the purpose of enabling it to satisfy such obligation and has been drafted solely to such effect;
- (iv) for the purpose of complying with any changes in the requirements of Article 405 of the CRR, Article 17 of Directive 2011/61/EU (as amended), Article 51 of the AIFMR or Article 254 of the Solvency II Regulation, after the Issue Date, including as a result of the adoption of regulatory technical standards in relation to the CRR, the AIFMR, 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 Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (v) for the purpose of enabling the Rated Notes to be (or to remain) listed on the Stock Exchange, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (vi) 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 Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (vii) for the purpose of complying with any changes in the requirements of the CRA Regulation after the Issue Date, including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; or
- (viii) for the purpose of a change to the reference rate (in respect of the Floating Rate Notes) from Sterling LIBOR to an alternative reference rate (any such rate, an “**Alternative Reference Rate**”) and make such other amendments as are necessary or advisable in the reasonable

judgment of the Issuer to facilitate such change (a “**Reference Rate Modification**”), provided that:

(A) the Mortgage Administrator, on behalf of the Issuer, certifies to the Note Trustee and the Security Trustee in writing (such certificate, a “**Reference Rate Modification Certificate**”) that:

- (1) such Reference Rate Modification is being undertaken due to:
 - (I) LIBOR ceasing to exist or be published;
 - (II) the insolvency or cessation of business of the LIBOR administrator (in circumstances where no successor LIBOR administrator has been appointed);
 - (III) a public statement by the LIBOR administrator that it will cease publishing LIBOR permanently or indefinitely (in circumstances where no successor LIBOR administrator has been appointed that will continue publication of LIBOR);
 - (IV) a public statement by the supervisor of the LIBOR administrator that LIBOR has been or will be permanently or indefinitely discontinued;
 - (V) a public statement by the supervisor for the LIBOR administrator that means LIBOR may no longer be used; or
 - (VI) the reasonable expectation of the Mortgage Administrator that any of the events specified in sub-paragraphs above will occur or exist within six months of the proposed effective date of such Reference Rate Modification; and
- (2) such Alternative Reference Rate is:
 - (I) a reference rate published, recognised, endorsed or approved by the FCA, the PRA or the Central Bank; or
 - (II) the Sterling Over Night Index Average or the Broad Treasuries Repo Financing Rate (or any rate which is derived from, based upon or otherwise similar to either of the foregoing); or
 - (III) a reference rate utilised in a material number of public listed new issues of Sterling denominated asset backed floating rate notes prior to the effective date of such Reference Rate Modification; or
 - (IV) a reference rate utilised in a material number of public listed new issues of Sterling denominated asset backed floating rate notes where the originator of the relevant assets is BGFL; or
 - (V) such other reference rate as the Mortgage Administrator reasonably determines; and

(B) the Mortgage Administrator pays (or arranges for the payment of) all properly incurred and documented fees, costs and expenses (including legal fees) incurred by the Issuer, the Note Trustee and the Security Trustee and each other party to the relevant Transaction Documents proposed to be amended by the Reference Rate Modification, in connection with such Reference Rate Modification.

(the certificate to be provided by the Issuer, the Mortgage Administrator (on behalf of the Issuer), the relevant Transaction Party as the case may be, pursuant to paragraphs (i) to (vii) above being a “**Modification Certificate**”), provided that:

- I at least 30 calendar days’ prior written notice of any such proposed modification has been given to the Note Trustee;
- II the Modification Certificate or Reference Rate Modification Certificate (as the case may be) in relation to such modification shall be provided to the Note Trustee and the Security Trustee

- (and, if applicable, to the Issuer) both at the time the Note Trustee and the Security Trustee is notified of the proposed modification and on the date that such modification takes effect;
- III the consent of each Secured Creditor which is party to the relevant Transaction Document or whose contractual subordination in any Priority of Payment is affected has been obtained;
- IV and provided further that, other than in the case of a modification pursuant to paragraph (iii)(A) above:
- (A) a Rating Agency Confirmation is or has been obtained (by the Issuer or any Relevant Party) from each of the Rating Agencies;
- (B) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each class of Notes of the proposed modification in accordance with Note Condition 13 (*Notice to Noteholder*) and by publication on Bloomberg on the "Company News" screen relating to the Notes, and Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have not contacted the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Note Trustee that such Noteholders do not consent to the modification; and
- V if Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class then outstanding have notified the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes 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.

Objections made in writing other than through the applicable clearing systems must be accompanied by evidence to the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

Other than where specifically provided in this Note Condition 11(c) (*Additional Right of Modification*) or any Transaction Document:

- (i) when implementing any modification pursuant to this Note Condition 11(c) (*Additional Right of Modification*) (save to the extent the Note Trustee considers that the proposed modification would constitute a Notes Basic Terms Modification), the Note 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 enquiry or Liability, on any certificate (including any Modification Certificate or Reference Rate Modification Certificate (as the case may be)) or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Note Condition 11(c) (*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
- (ii) the Note Trustee or the Security Trustee shall not be obliged to agree to any modification which, in its sole opinion would have the effect of (i) exposing it 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 Note Trustee or the Security Trustee (as relevant) in the Transaction Documents and/or these Note Conditions.

For the avoidance of doubt, nothing in this Note Condition 11(c) (*Additional Right of Modification*) shall have the effect of waiving an Event of Default.

Any such modifications permitted by this Note Condition 11(c) (*Additional Right of Modification*) shall be binding on the Noteholders, Certificateholders and other Secured Creditors and, unless the Note Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders and Certificateholders as soon as practicable thereafter in accordance with Note Condition 13 (*Notice to Noteholders*) and Certificate Condition 11 (*Notice to Certificateholders*). So long as the Rated Notes, or any of them, are rated by the Rating Agencies the Issuer shall notify each of the Rating

Agencies of any modification made by it in accordance with this Note Condition 11(c) (*Additional Right of Modification*) as soon as reasonably practicable thereafter.

(d) **Quorum**

The quorum at any meeting of Noteholders of a particular Class for passing:

- (i) an Extraordinary Resolution to approve a Notes Basic Terms Modification, shall be one or more persons holding Notes or representing Noteholders holding Notes in aggregate of not less than (x) 75 per cent. of the Principal Amount Outstanding of the relevant Class of Notes for the initial meeting or (y) more than 50 per cent. of the Principal Amount Outstanding of the relevant Class of Notes for the adjourned meeting;
- (ii) an Extraordinary Resolution to approve any matter other than a Notes Basic Terms Modification, shall be one or more persons holding Notes or representing Noteholders holding Notes in aggregate of not less than (x) more than 50 per cent. of the Principal Amount Outstanding of the Notes of such Class(es) or (y) 25 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the adjourned meeting; and
- (iii) an Ordinary Resolution, shall be one or more persons holding Notes or representing Noteholders holding Notes in aggregate of not less than (x) 25 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the initial meeting and (y) 10 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the adjourned meeting.

Subject to the provisions of the Trust Deed, the holder of the Global Note shall be treated as a Noteholder for the purposes of constituting a quorum for the purposes of meeting the quorum requirements of a meeting of Noteholders.

(e) **Modification and Waiver**

Subject to Note Condition 11(c) (*Additional Right of Modification*) and Note Condition 11(f) (*Swap Counterparty Consent for Modification*), the Note Trustee may agree, without the consent or sanction of any of, or any liability to, the Noteholders, to:

- (i) (A) any modification of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law or regulation, and (B) any other modification (excluding a Notes Basic Terms Modification), and any waiver or authorisation of any breach or proposed breach of the Notes of such Class, of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is in the opinion of the Note Trustee not materially prejudicial to the interests of the holders of the Most Senior Class (other than any Noteholders of the Most Senior Class who have confirmed their consent in writing to the relevant modification, waiver or authorisation); or
- (ii) determine that an Event of Default or Potential Event of Default will not be treated as such where in the opinion of the Note Trustee such waiver, authorisation or determination is not materially prejudicial to the interests of the holders of the Most Senior Class (other than any holders of the Most Senior Class who have confirmed their consent in writing to the relevant waiver, authorisation or determination),

provided that the Note Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution of holders of the Most Senior Class made pursuant to Note Condition 9 (*Events of Default*). Any such modification, authorisation, determination or waiver shall be binding on the Noteholders and, if the Note Trustee so requires, the Issuer will arrange for it to be notified to the Noteholders and the Certificateholders as soon as practicable.

Any such modifications permitted by this Note Condition 11(e) (*Modification and Waiver*) shall be binding on the Noteholders, Certificateholders and other Secured Creditors and, unless the Note Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders and Certificateholders as soon as practicable thereafter in accordance with Note Condition 13 (*Notice to Noteholders*) and Certificate Condition 11 (*Notice to Certificateholders*). So long as the Rated Notes, or any of them, are rated by the Rating Agencies the Issuer shall notify each of the Rating Agencies of any modification made by it in accordance with this Note Condition 11(e) (*Modification and Waiver*) as soon as reasonably practicable thereafter.

Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification of the Trust Deed, the Conditions or any other Transaction Document which (in the sole opinion of the Note Trustee or the Security Trustee (as applicable)) would have the effect of: (x) exposing it to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (y) increasing the obligations or duties, or decreasing the rights or protections of the Note Trustee or Security Trustee (as applicable) in the Transaction Documents, the Trust Deed and/or the Conditions.

(f) ***Swap Counterparty Consent for Modification***

The prior written consent of the Swap Counterparty (such consent not to be unreasonably withheld) is required to modify or supplement any provision of the Transaction Documents, the Note Conditions or the Certificate Conditions if the Swap Counterparty determines that such modification or supplement would affect any of the following:

- (i) cause, in the reasonable opinion of the Swap Counterparty, (A) the Swap Counterparty to pay more or receive less under the Swap Agreement or (B) a decrease (from the Swap Counterparty's perspective) in the value of the Interest Rate Swap;
- (ii) result in any of the Issuer's obligations to the Swap Counterparty under the Swap Agreement to be further contractually subordinated, relative to the level of subordination of such obligations as of the Closing Date, to the Issuer's obligations to any other Secured Creditor;
- (iii) if, the Swap Counterparty were to replace itself as swap counterparty under the Swap Agreement, require the Swap Counterparty to pay more or receive less in the reasonable opinion of the Swap Counterparty, in connection with such replacement, as compared to what the Swap Counterparty would have been required to pay or would have received had such modification or amendment not been made;
- (iv) result in an amendment of this Condition or Clause 18.3.1 (*Swap Counterparty Consent for Modification*) of the Trust Deed; or
- (v) result in an amendment to, or waiver of the undertakings of the Issuer as set out in, Clause 14.2.6 (*Disposal of Assets*) of the Trust Deed related to a refinancing, sale, transfer or disposal of assets of the Issuer with a view to prematurely redeeming the Notes in circumstances not expressly permitted or provided for in the Transaction Documents as at the Closing Date.

The Issuer shall notify in writing the Swap Counterparty, the Note Trustee and the Security Trustee of any proposed modification or supplement to any provisions of the Transaction Documents, the Note Conditions or the Certificate Conditions that may affect any of the items listed in the previous paragraph as soon as reasonably practicable but not less than 15 Business Days (inclusive) prior to such modification or supplement being effected, notwithstanding any other provision of the Transaction Documents or the Conditions. The Swap Counterparty may notify the Note Trustee and the Security Trustee and the Issuer in writing if it determines that such modifications or supplement would affect any of the items listed in the previous paragraph. If the Issuer, Note Trustee and the Security Trustee receive notification (the "**Notification**") from the Swap Counterparty that the Swap Counterparty has determined that the modification and/or supplement would not affect any of the items listed in the previous paragraph or that the Swap Counterparty otherwise consents to such modification and/or supplement, such modification and/or supplement may take effect at any time from and including the date of receipt of the Notification. If the Issuer, Note Trustee and the Security Trustee do not receive any such determination or a Notification within 15 Business Days (inclusive) of the Swap Counterparty having been notified of such proposed modification or supplement, the Swap Counterparty shall be deemed to have consented to such modification or supplement. If the Swap Counterparty has not received notice in accordance with this paragraph, the proposed modification or supplement shall not be effective.

(g) ***Substitution***

The Trust Deed contains provisions permitting the Note Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as are set out in the Trust Deed or as the Note Trustee may otherwise require, but without the consent of, or any liability to, the Noteholders or the other Secured Creditors to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed, the Notes and the other Transaction Documents. In the case of such a substitution the Note Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed **provided that** such

change would not in the opinion of the Note Trustee be materially prejudicial to the interests of the holders of the Most Senior Class.

(h) ***Evidence of Notes***

Where for the purposes of these Note Conditions the Note Trustee or any other party to the Transaction Documents requires a Noteholder holding Cleared Notes through Euroclear or Clearstream, Luxembourg to establish its holding of the Cleared Notes to the satisfaction of such party, such holding shall be considered to be established (and the Noteholder in respect of which such holding is established shall be a “**Verified Noteholder**”) if such Noteholder provides to the requesting party with regard to the relevant date:

- (i) an Euclid Statement (in the case of Euroclear) or a Creation Online Statement (in the case of Clearstream, Luxembourg) in each case providing confirmation at the time of issue of the same of such person’s holding in the Cleared Notes; and
- (ii) if the relevant Cleared Notes are held through one or more custodians, a signed letter dated as of the date of the Euclid Statement or the Creation Online Statement from each such custodian confirming on whose behalf it is holding such Cleared Notes such that the Note Trustee or any other party to the Transaction Documents is able to verify to its satisfaction the chain of ownership to the beneficial owner.

If, in connection with verifying its holding, the Note Trustee or any other party to the Transaction Documents requires a Noteholder to temporarily block its Cleared Notes in Euroclear or Clearstream, Luxembourg, such Noteholder will be required to instruct Euroclear or Clearstream, Luxembourg (via its custodian) to do so.

(i) ***Entitlement of the Note Trustee***

In connection with the exercise of its functions (including but not limited to those referred to in this Note Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*)) the Note Trustee:

- (i) shall have regard to the interests of the Noteholders (or, as applicable, the Noteholders of a particular Class) as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Note Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders;
- (ii) shall have regard only to the interests of the holders of the outstanding Notes of the Most Senior Class where, in the opinion of the Note Trustee, there is a conflict between the interests of the holders of the Most Senior Class and the interests of any other Noteholders;
- (iii) so long as any Class of Notes remain outstanding, shall have regard only to the interests of the Noteholders where, in the opinion of the Note Trustee, there is a conflict between the interest of any Noteholders and the Certificateholders; and
- (iv) may, in determining whether or not a proposed action will be materially prejudicial to the Noteholders (or, as applicable, the Noteholders of a particular Class), have regard to, among other things, a Rating Agency Confirmation.

12 Indemnification and Exoneration of the Note Trustee and the Security Trustee

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or pre-funded and/or secured to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such other securities or, as the case may be, any such trusteeship without regard to the interests of, or

consequences for, individual Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Note Trustee and/or the Security Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of, *inter alia*, any assets comprised in the Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Mortgage Administrator, the Cash Administrator or any agent or related company of the Mortgage Administrator, the Cash Administrator or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Note Trustee and/or the Security Trustee. The Trust Deed and the Deed of Charge provides that neither the Note Trustee nor the Security Trustee shall be under any obligation to monitor or supervise compliance by the Issuer, the Mortgage Administrator or the Cash Administrator or any other party with their respective obligations or to make any searches, enquiries, or independent investigations of title in relation to any of the properties secured by the Mortgages.

13 Notice to Noteholders

(a) *Forms of Notice for Cleared Notes*

All notices, other than notices given in accordance with any one or more of the following paragraphs of this Note Condition 13 (*Notice to Noteholders*), to holders of the Cleared Notes shall be deemed to have been validly given if:

- (i) for so long as the Cleared Notes are listed on a stock exchange, and the rules of such stock exchange and the Market Abuse Regulation so require, or at the option of the Issuer, if delivered through the announcements section of the relevant stock exchange and a regulated information service maintained or recognised by such stock exchange; and
- (ii) for so long as the Cleared Notes are represented by Global Notes, and if, for so long as the Cleared Notes are listed on a stock exchange, the rules of such stock exchange so allow if delivered to Euroclear and/or Clearstream, Luxembourg for communication by them to their participants and for communication by such participants to entitled account holders; and
- (iii) for so long as the Cleared Notes are represented by Global Notes and if, for so long as the Cleared Notes are listed on a stock exchange, rules of such stock exchange so allow if delivered to the electronic communications systems maintained by Bloomberg L.P. for publication on the relevant page for the Cleared Notes or such other medium for the electronic display of data as may be previously approved in writing by the Note Trustee; or
- (iv) if the Cleared Notes are in definitive form, if published in a leading daily newspaper printed in the English language and with general circulation in Ireland (which is expected to be *The Irish Times*) or, if that is not practicable, in such English language newspaper or newspapers as the Note Trustee shall approve having a general circulation in Ireland and the rest of Europe.

Any such notice shall be deemed to have been given on:

- (i) in the case of a notice delivered to the regulated information service of a stock exchange, the day on which it is delivered to such stock exchange;
- (ii) in the case of a notice delivered to Euroclear and/or Clearstream, Luxembourg, the day on which it is delivered to Euroclear and/or Clearstream, Luxembourg;
- (iii) in the case of a notice delivered to Bloomberg L.P., the day on which it is delivered to Bloomberg L.P.; and
- (iv) in the case of a notice published in a newspaper, the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required.

If it is impossible or impractical to give notice in accordance with paragraphs (i), (ii) or (iii) of Note Condition 13(a) (*Forms of Notice for Cleared Notes*) then notice of the relevant matters shall be given in accordance with paragraph (iv) of Note Condition 13(a) (*Forms of Notice for Cleared Notes*).

Any notices given to the Noteholders by the Issuer or the Note Trustee shall also be sent concurrently to the Swap Counterparty.

(b) ***Forms of Notice for Z Notes***

The Note Trustee shall be at liberty to sanction any method of giving notice to the holders of the Z Notes, in its opinion, such method is reasonable having regard to market practice then prevailing and provided that notice of such other method is given to the holders of the Z Notes in such manner as the Note Trustee shall deem appropriate.

(c) ***Other Methods***

The Note Trustee may approve some other method of giving notice to the Noteholders if, in its opinion, that other method is reasonable having regard to market practice then prevailing and to the requirements of any stock exchange on which Notes are then listed and provided that notice of that other method is given to the Noteholders in the manner required by the Note Trustee.

(d) ***Notices to Irish Stock Exchange and Rating Agencies***

A copy of each notice given in accordance with this Note Condition 13 (*Notice to Noteholders*) shall be provided to the Rating Agencies and, for so long as the Notes are listed on the Irish Stock Exchange and the guidelines of the Irish Stock Exchange so require, the Irish Stock Exchange.

(e) ***Noteholder Notices***

Any Verified Noteholder shall be entitled from time to time to request the Cash Administrator to post a notice on its investor reporting website requesting other Verified Noteholders of any class or classes to contact it subject to and in accordance with the following provisions.

Following receipt of a request for the publication of a notice from a Verified Noteholder (the “**Initiating Noteholder**”), the Cash Administrator shall publish such notice on its investor reporting website as an addendum to any Investor Report or other report to Noteholders due for publication within five Business Days of receipt of the same (or, if there is no such report, through a special notice for such purpose as soon as is reasonably practical after receipt of the same) **provided that** such notice contains no more than:

- (i) an invitation to other Verified Noteholders (or any specified class or classes of the same) to contact the Initiating Noteholder;
- (ii) the name of the Initiating Noteholder and the address, phone number, website or email address at which the Initiating Noteholder can be contacted; and
- (iii) the date(s) from, on or between which the Initiating Noteholder may be so contacted.

The Cash Administrator shall not request any further or different information through this mechanism.

The Cash Administrator shall have no responsibility or liability for the contents, completeness or accuracy of any such published information and shall have no responsibility (beyond publication of the same in the manner described above) for ensuring Noteholders receive the same.

14 Governing Law

The Transaction Documents and the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

15 Non-Responsive Rating Agency

- (a) In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Rated Notes and any of the Transaction Documents, the Note Trustee and the Security Trustee shall be entitled but not obliged to take into account any Rating Agency Confirmation.
- (b) If a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Note Trustee and the Security Trustee, as applicable) and:
 - (i) (A) one Rating Agency (such Rating Agency, a “**Non-Responsive Rating Agency**”) indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response; or (B) within 30 days of delivery of such request, no Rating Agency

Confirmation or response is received and such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and

- (ii) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts,

then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from a Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by a director certifying and confirming that each of the events in paragraphs (i) and (ii) above has occurred and the Note Trustee and the Security Trustee shall be entitled to rely on such certificate without further enquiry or liability.

16 Privity of Contract

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of the Notes but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17 Interpretation

In these Note Conditions:

“**Appointee**” means any delegate, agent, nominee, custodian, attorney or manager appointed by the Note Trustee and/or the Security Trustee pursuant to the provisions of the Trust Deed or the Deed of Charge (as the case may be);

“**Business Day**” means, a day on which commercial banks and foreign exchange markets settle payments in London;

“**EMU**” means the European Economic and Monetary Union;

“**Enforcement Notice**” means a notice given by the Note Trustee to the Issuer under Note Condition 9 (*Events of Default*) of the Notes;

“**Euro**” means the single currency introduced at the start of the third stage of EMU pursuant to the Treaty;

“**Eurozone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam;

“**Extraordinary Resolution**” means:

- (a) a resolution passed at a duly convened meeting of the Noteholders or the Noteholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders;

“**Investor Report**” means the monthly investor report published by the Cash Administrator, on each Interest Payment Date, or in any month in which an Interest Payment Date does not occur, the last calendar day of that month, substantially in the form scheduled to the Cash Administration Agreement or from time to time agreed between the Issuer and the Cash Administrator;

“**Most Senior Class**” means the A Notes for so long as there are any A Notes outstanding; thereafter the B Notes for so long as there are any B Notes outstanding; thereafter the C Notes for so long as there are any C Notes outstanding; thereafter the D Notes for so long as there are any D Notes outstanding; thereafter the E Notes for so long as there are any E Notes outstanding; thereafter the X Notes for so long as there are any X Notes outstanding thereafter the Z1 Notes for so long as there are any Z1 Notes outstanding; thereafter the Z2 Notes for so long as there are any Z2 Notes outstanding; and thereafter the Certificates for so long as there are any Certificates outstanding;

“Notes Basic Terms Modification” means any modification to (a) the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (b) the amount due in respect of or cancellation of the principal amount of, or interest on or variation of the method of calculating the rate of interest on, the Notes (other than any Reference Rate Modification made in accordance with Note Condition 11(c)(viii)), (c) the priority of payment of interest or principal on the Notes, (d) the currency of payment of the Notes, (e) the definition of Notes Basic Terms Modification or (f) the provisions concerning the quorum required at any meeting of Noteholders or the majority required to effect a Notes Basic Terms Modification or to pass an Extraordinary Resolution;

“Ordinary Resolution” means:

- (a) a resolution passed at a duly convened meeting of the Noteholders or the Noteholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders;

“Participating Member State” means a Member State of the European Communities which adopts the Euro as its lawful currency in accordance with the Treaty;

“Rating Agencies” DBRS and Moody’s and **“Rating Agency”** means either of them;

“Rating Agency Confirmation” means written confirmation from each Rating Agency (or certification from the Issuer to the Note Trustee and the Security Trustee that the Issuer 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 the then current ratings of each Class of Notes rated thereby being qualified, downgraded, suspended or withdrawn, or such Rating Agency placing any Notes on rating watch negative (or equivalent) and, if relevant, the Issuer delivers a copy of each such confirmation to the Note Trustee and the Security Trustee; and

“Treaty” means the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below).

The Certificates are constituted by a trust deed (as amended or modified from time to time, the “**Trust Deed**”) dated on or about 23 October 2017 (the “**Issue Date**”) between the Issuer and U.S. Bank Trustees Limited (the “**Note Trustee**”) as trustee for the holders of the Certificates (the “**Certificateholders**”). Any reference in these terms and conditions (the “**Certificate Conditions**”) shall be a reference to the Certificates and the holders thereof.

These Certificate Conditions include summaries of, and are subject to, the detailed provisions of (1) the Trust Deed, which includes the form of the Certificates, (2) the paying agency agreement (the “**Paying Agency Agreement**”) dated the Issue Date relating to the Certificates between the Issuer, the Note Trustee, Elavon Financial Services DAC, UK Branch as agent bank (the “**Agent Bank**”), and as principal paying agent (the “**Principal Paying Agent**”), Elavon Financial Services DAC as registrar (the “**Registrar**”) and the other paying agents named in it (together with the Principal Paying Agent and any other or further paying agent appointed under the Paying Agency Agreement, the “**Paying Agents**”) and together with the Registrar and the Agent Bank, the “**Agents**”), (3) the deed of charge and assignment (the “**Deed of Charge**”) dated the Issue Date between the Issuer and U.S. Bank Trustees Limited (the “**Security Trustee**”) and (4) the cash administration agreement (the “**Cash Administration Agreement**”) dated the Issue Date between, *inter alios*, the Issuer and Elavon Financial Services DAC, UK Branch (the “**Cash Administrator**”).

In these Certificate Conditions, capitalised words and expressions shall, unless otherwise defined below, have the same meanings as those given in the Master Definitions Schedule dated on or about the Issue Date and signed for the purpose of identification by the Issuer and the Seller.

Copies of the Trust Deed, the Paying Agency Agreement, the Deed of Charge, the Cash Administration Agreement, the Master Definitions Schedule and the other Transaction Documents may be inspected in physical form during usual business hours at the specified offices from time to time of the Principal Paying Agent. The Certificateholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, the provisions of the Trust Deed, the Paying Agency Agreement, the Deed of Charge, the Master Definitions Schedule and the other Transaction Documents.

1 Form, Denomination and Title

(a) *Form and Denomination*

The Certificates will be issued in dematerialised registered form and will not be cleared. No certificates evidencing entitlement to the Certificates will be issued. The Certificateholders recorded in the Register shall be entitled to payments in respect thereof.

(b) *Title*

- (i) The person registered in the register maintained by the Registrar (the “**Register**”) as the holder of any Certificate will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Certificate regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons who will be treated as the absolute owner of such Certificate.
- (ii) The Issuer shall cause to be kept at the specified office of the Registrar, the Register on which shall be entered the names and addresses of the holders of the Certificates and the particulars of the Certificates held by them and of all transfers and redemptions of the Certificates.
- (iii) No transfer of a Certificate will be valid unless and until entered on the Register.
- (iv) Transfers and exchanges of beneficial interests in the Certificates and entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Certificates and the detailed regulations concerning transfers of such Certificates contained in the Paying Agency Agreement and the Trust Deed. In no event will the transfer of a beneficial interest in a Certificate be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void ab initio and will not be honoured by the Issuer or the Note Trustee. The regulations referred to above may be changed

by the Issuer with the prior written approval of the Registrar and the Note Trustee. A copy of the current regulations will be sent by the Principal Paying Agent in the U.K. or the Registrar to any holder of a Certificate who so requests (and who provides evidence of such holding) and will be available upon request at the specified office of the Registrar or the Principal Paying Agent.

2 Status, Security and Administration

- (a) The Certificates constitute direct, secured and unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Certificate Condition 7 (*Enforcement of Security, Limited Recourse and Non-Petition*).

The Certificates will at all times rank without preference or priority *pari passu* amongst themselves.

- (i) As regards payments on the Certificates:
- (A) prior to (i) the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, payments in respect of the Certificates shall be payable only out of Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments; and
- (B) following (i) the date on which the Note Trustee serves an Enforcement Notice on the Issuer pursuant to Note Condition 9 (*Events of Default*) declaring the Notes to be due and repayable or (ii) the occurrence of a Redemption Event, the provisions of Note Condition 2(d) (Post-Enforcement Priority of Payments) shall apply.
- (ii) The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the Certificateholders equally as regards all powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise), but requiring the Note Trustee to have (except where expressly provided otherwise) regard only to the interests of the holders of the Most Senior Class if, in the Note Trustee's opinion, there is a conflict between the interests of the holders of the Most Senior Class and the interests of any of the other Noteholders or Certificateholders and the other Noteholders or Certificateholders (not being holders of the Most Senior Class) shall have no claim against the Note Trustee for so doing.
- (iii) The Trust Deed contains provisions limiting the powers of the holders of those Classes of Notes other than the Most Senior Class, *inter alia*, to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Most Senior Class. Except in certain circumstances set out in Note Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*), the Trust Deed contains no such limitation on the powers of the holders of the Most Senior Class, the exercise of which will be binding on the holders of the other Classes of Notes, irrespective of the effect thereof on their interests.
- (iv) The Trust Deed contains provisions to the effect that, so long as any of the Notes are outstanding, the Note Trustee shall have regard to the interests of the Noteholders or (if all of the Notes have been repaid in full) the Certificateholders and shall not be required, when exercising its powers, authorities and discretions, to have regard to the interests of any other persons having the benefit of the Security constituted by the Deed of Charge and, in relation to the exercise of such powers, authorities and discretions, the Note Trustee shall have no liability to such persons as a consequence of so acting.
- (v) So long as any of the Notes and Certificates remain outstanding, in the exercise of its rights, authorities and discretions under the Trust Deed, the Note Trustee is not required to have regard to the interests of the other Secured Creditors (except for the Noteholders and Certificateholders).
- (vi) In determining whether the exercise of any right, power, trust, authority, duty or discretion by it under or in relation to the Conditions and/or any of the Transaction Documents is materially prejudicial to the interests of the Noteholders or Certificateholders (or any class thereof), the Note Trustee may take into account, if available, amongst any other things it may consider necessary and/or appropriate in its absolute discretion, whether the then rating of the Rated Notes will be adversely affected.

(b) **Security**

As security for the payment of all monies payable in respect of the Certificates and otherwise under the Trust Deed (including the remuneration, expenses and any other claims of the Security Trustee, any Appointee thereof and any Receiver appointed under the Deed of Charge) and in respect of certain amounts payable to the Mortgage Administrator and the Back-up Mortgage Administrator Facilitator under the Mortgage Administration Agreement, the Standby Mortgage Administrator under the Standby Mortgage Administration Agreement, the Cash Administrator under the Cash Administration Agreement, the Agents under the Paying Agency Agreement, the Account Bank, the Swap Collateral Account Bank and the Custodian under the Bank Agreement, the Collection Account Provider under the Collection Account Agreement, the Swap Counterparty under the Swap Agreement, the Corporate Services Provider under the Corporate Services Agreement, the Joint Lead Managers under the Subscription Agreement and any other party which is, or accedes to the Deed of Charge as a Secured Creditor, the Issuer will enter into the Deed of Charge, creating the following security in favour of the Security Trustee for itself and on trust for the other persons expressed to be secured parties thereunder:

- (i) first fixed equitable charges and security in favour of the Security Trustee over the Issuer's present and future right, title, benefit and interest in, to and under the Loans, the Mortgages and their related Mortgage Rights;
- (ii) an equitable assignment in favour of the Security Trustee of the Issuer's interests in the Insurance Contracts to the extent that they relate to the Loans;
- (iii) an assignment in favour of the Security Trustee of the Issuer's right, title, interest and benefit in, to and under the Bank Agreement, the Cash Administration Agreement, the Collection Account Declaration of Trust, the Corporate Services Agreement, the Deed Poll, the Deed of Charge, the Mortgage Administration Agreement, the Mortgage Sale Agreement, the Paying Agency Agreement, the Trust Deed, the Issuer/ICSD Agreement, the Swap Agreement and any other agreement entered into between the Issuer and a Secured Creditor (the "**Charged Obligation Documents**");
- (iv) a first fixed charge in favour of the Security Trustee over (x) the Issuer's interest in the Bank Accounts and any Authorised Investments, (y) the Issuer's beneficial interest in the Collection Account and (z) any other accounts with any bank or financial institution in which the Issuer now or in the future has an interest (to the extent of its interest); and
- (v) a first floating charge in favour of the Security Trustee (ranking after the security referred to in paragraphs (i) to (iv) (inclusive) above) over the whole of the undertaking, property, assets and rights of the Issuer.

(c) **Pre-Enforcement Revenue Priority of Payments**

(i) Prior to the service of an Enforcement Notice or (ii) on or prior to the occurrence of a Redemption Event, on each Interest Payment Date, the Cash Administrator shall apply an amount equal to the Available Revenue Funds as at the immediately preceding Determination Date, in making payments in accordance with the Pre-Enforcement Revenue Priority of Payments.

(d) **Post-Enforcement Priority of Payments**

Following (i) the service of an Enforcement Notice, the Security Trustee shall, to the extent that such funds are available, use funds standing to the credit of the Bank Accounts, excluding Swap Excluded Receivable Amounts, any amounts credited to the Swap Collateral Account and any excess Swap Collateral (and any interest thereto) in the Swap Collateral Account to the extent, in each case, utilised to discharge Swap Excluded Payable Amounts in accordance with the applicable Swap Agreement and excluding amounts standing to the credit of the Issuer Profit Ledger, or (ii) after the occurrence of a Redemption Event, the Issuer (or the Cash Administrator) shall, to the extent that such funds are available, use funds standing to the credit of the Transaction Account, to make payments in accordance with the Post-Enforcement Priority of Payments.

The Security will become enforceable upon the service of an Enforcement Notice (in the circumstances described in Note Condition 9 (*Events of Default*)) **provided that** if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Security Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless either a sufficient amount would be realised to allow discharge in full of all amounts owing in respect of the Notes and all prior and *pari passu* liabilities of the Issuer or the Security

Trustee is of the opinion, reached after considering at any time and from time to time the advice of an investment bank or other financial adviser selected by the Security Trustee, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing in respect of the Notes and all prior and *pari passu* liabilities of the Issuer.

(e) ***The Certificates***

Holders of the Certificates shall be entitled to receive their *pro rata* entitlement to the balance of amounts remaining following payments of all other items senior to the Certificates in the relevant Priority of Payments.

3 Covenants of the Issuer

Save with the prior written consent of the Note Trustee or as expressly provided in or expressly envisaged by these Conditions, any of the Bank Agreement, the Cash Administration Agreement, the Collection Account Declaration of Trust, the Swap Agreement, the Corporate Services Agreement, the Deed Poll, the Deed of Charge, the Master Definitions Schedule, the Mortgage Administration Agreement, the Subscription Agreement, Mortgage Sale Agreement, the Paying Agency Agreement, the Trust Deed, the Issuer/ICSD Agreement and any other document agreed between the Issuer, the Note Trustee and the Security Trustee as being a Transaction Document (together, the “**Transaction Documents**”), the Issuer shall not, so long as any Certificates remain outstanding (as defined in the Trust Deed), *inter alia*:

(a) ***Negative Pledge***

create or permit to subsist any mortgage, security, pledge, lien (unless arising by operation of law) or charge upon the whole or any part of its assets, present or future (including any uncalled capital) or its undertaking;

(b) ***Restrictions on Activities***

(i) engage in any activity which is not reasonably incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;

(ii) open nor have any interest in any account whatsoever with any bank or financial institution other than the Collection Account held with the Collection Account Provider, the Transaction Account held with the Account Bank and the Swap Collateral Account held with the Swap Collateral Account Bank, save where such account is immediately charged in favour of the Security Trustee so as to form part of the Security described in Certificate Condition 2 (*Status, Security and Administration*) and where the Security Trustee receives an acknowledgement from such bank or financial institution of the security rights and interests of the Security Trustee and an agreement that it will not exercise any right of set-off it might otherwise have against the account in question;

(iii) have any subsidiaries or employees or premises; or

(iv) act as a director of any company;

(c) ***Dividends or Distributions***

pay any dividend or make any other distribution to its shareholders except from amounts standing to the credit of the Issuer Profit Ledger;

(d) ***Borrowings***

incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of any obligation of any person;

(e) ***Merger***

consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any other person;

(f) ***Disposal of Assets***

transfer, sell, lend, part with or otherwise dispose of or deal with, or grant any option or trust over or present or future right to acquire, any of its assets or undertaking or any interest, estate, right, title or benefit therein **provided that** the Issuer may (and may agree to) transfer, sell, lend, pledge, part with or otherwise dispose of or deal with, or grant any option or trust over any present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein where the proceeds of the same are applied, *inter alia*, in or towards redemption of the Notes in accordance with the terms and conditions of the Notes and the terms of the Transaction Documents;

(g) ***Tax Grouping***

be (and never has been) a member of a VAT (value added tax) group;

(h) ***Independent Director***

at any time have fewer than one independent director;

(i) ***Other***

permit any of the Transaction Documents, the Insurance Contracts relating to the Mortgages owned by the Issuer or the priority of the security interests created thereby to be amended, invalidated, rendered ineffective, terminated or discharged, or consent to any variation thereof, or exercise of any powers of consent or waiver in relation thereto pursuant to the terms of the Trust Deed and these Conditions, or permit any party to any of the Transaction Documents or Insurance Contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any Mortgage save as envisaged in the Transaction Documents.

4 **Residual Payments**

(a) ***Right to Residual Payments***

Each Certificate bears an entitlement to receive a Residual Payment.

(b) ***Payment***

Residual Payments are payable in Sterling on each Interest Payment Date commencing on the first Interest Payment Date.

(c) ***Record Date***

Each payment in respect of a Certificate will be made to the person shown as the Certificateholder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (the "**Record Date**"). The person shown in the Register at the opening of business on the relevant Record Date in respect of a Certificate shall be the only person entitled to receive payments in respect of any Certificate and the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.

(d) ***Calculation of Residual Payment***

Upon or as soon as practicable prior to any Interest Payment Date, the Issuer shall calculate (or shall cause the Cash Administrator to calculate) the Residual Payment payable on each Certificate for the related Interest Payment Date.

(e) ***Calculations Final and Binding***

Each calculation by or on behalf of the Issuer of any Residual Payment shall, in the absence of any manifest error be final and binding on all persons and no liability shall attach to the Cash Administrator (in the absence of gross negligence, wilful default or fraud by the Cash Administrator) in connection with any such calculation.

(f) ***Notification of Residual Payment and Interest Payment Date***

As soon as practicable, prior to each Interest Payment Date, the Issuer or, if acting in accordance with Certificate Condition 4(e) (*Calculations Final and Binding*), the Cash Administrator will cause each:

(i) Residual Payment for the related Interest Payment Date; and

- (ii) after each Interest Determination Date, the Agent Bank will cause the Interest Payment Date next following the related Interest Period, to be notified to the Issuer, the Cash Administrator (as applicable), the Note Trustee, the Registrar and the Principal Paying Agent.

(g) ***Payments on Business Days***

If the due date for payment of any amount in respect of any Certificate is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place, and shall not be entitled to any further interest or other payment in respect of such delay. In this paragraph, “**business day**” means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a sterling-denominated account as referred to above, on which dealings in foreign currencies may be carried on both in London and in such place of presentation.

(h) ***Paying Agents***

The initial Paying Agent and its initial specified office is listed below. The Issuer reserves the right at any time with the approval of the Note Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, **provided that** it will maintain a Principal Paying Agent.

The initial specified office of the Paying Agent is at:

Principal Paying Agent
Elavon Financial Services DAC, UK Branch
125 Old Broad Street
Fifth Floor
London EC2N 1AR
United Kingdom

Notice of any change in the Paying Agents or their specified offices will promptly be given to the Note Trustee and the Certificateholders in accordance with Certificate Condition 11 (*Notice to Certificateholders*).

(i) ***Incorrect Payments***

The Cash Administrator will, from time to time, notify Certificateholders in accordance with the terms of Certificate Condition 11 (*Notice to Certificateholders*) of any over-payment or under-payment of which it has actual notice made on any Interest Payment Date to any party entitled to the same pursuant to the Pre-Enforcement Priority of Payments. Following the giving of such a notice, the Cash Administrator shall use reasonable endeavours to rectify such over-payment or under-payment by increasing or, as the case may be decreasing payments to the relevant parties on any subsequent Interest Payment Date or Interest Payment Dates (if applicable) to the extent required to correct the same. Any notice of over-payment or under-payment pursuant to this Note Condition shall contain reasonable details of the amount of the same, the relevant parties and the adjustments to be made to future payments to rectify the same. Neither the Issuer nor the Cash Administrator shall have any liability to any person for making any such correction.

5 Taxation

- (a) All payments in respect of the Certificates will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature unless the Issuer or any Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Certificates subject to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature or in connection with FATCA. In that event, the Issuer or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. None of the Issuer, the Principal Paying Agent, any other Paying Agent, nor any other person will be obliged to make any additional payments to Certificateholders in respect of such withholding or deduction or in connection with FATCA.

- (b) For the purposes of paragraph (a) above, the Issuer will treat all payments made in respect of the Certificates as being subject to a requirement, in accordance with Chapter 6 Part 15 of the Income Tax Act 2007, to deduct a sum representing United Kingdom income tax at the basic rate, unless:
- (i) the Issuer reasonably believes that the person who is beneficially entitled to the payments in respect of the Certificates is a person to whom such payments may be made gross under the provisions of Chapter 11 Part 15 of the Income Tax Act 2007 and HM Revenue & Customs (or any successor thereto) (“HMRC”) has not issued a direction to the Issuer under section 931 of the Income Tax Act 2007 in relation to such payments; or
 - (ii) HMRC has confirmed to the Issuer (in a form which it can rely (acting reasonably)) that payments to be made to the holder of the relevant Certificates will not be treated as annual payments for the purposes of Chapter 6 Part 15 of the Income Tax Act 2007; or
 - (iii) each of the Issuer and the Note Trustee have received a legal opinion in a form and substance satisfactory to it stating that the payments made in respect of the Certificates should not be treated as annual payments for the purposes of Chapter 6 Part 15 of the Income Tax Act 2007 or otherwise should not be subject to any requirement to deduct or withhold United Kingdom income tax therefrom; or
 - (iv) the Issuer has received a direction from HMRC to make the payments in respect of the Certificates without deduction for or on account of United Kingdom income tax pursuant to the terms of a double tax treaty between the United Kingdom and the territory in which the Certificateholder is resident for tax purposes; or
 - (v) the Issuer is otherwise satisfied that payments in respect of the Certificates do not fall to be treated as annual payments for the purposes of Chapter 6 Part 15 of the Income Tax Act 2007 and/or no deduction for or on account of United Kingdom income tax is required by law to be made from payments in respect of Certificates for a reason other than those specified in (i) to (iv) above.

6 Events of Default

After any of the following events (each an “**Event of Default**”) occurs and is continuing, the Note Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of Certificateholders or if so directed by an Extraordinary Resolution of the Certificateholders, shall (subject, in each case, to it being indemnified and/or secured and/or pre-funded to its satisfaction as more particularly described in the Trust Deed) give notice to the Issuer (an “**Enforcement Notice**”) (with a copy of such Enforcement Notice being sent simultaneously to the Security Trustee) that the amounts due under the Certificates are, and they shall immediately become, due and payable:

- (i) the Issuer fails to pay a Residual Payment within 3 Business Days following the due date for payment provided that all of the Notes have been redeemed in full; or
- (ii) the Issuer failing duly to perform or observe any other obligation binding upon it under the Certificates, the Certificates Conditions, the Trust Deed or any other Transaction Documents, as applicable, and, in any such case (except where the Note Trustee certifies that, such failure is (I) in the opinion of the Note Trustee, incapable of remedy or (II) in the opinion of the Note Trustee, capable of remedy but remains unremedied for a period of 30 days (or such longer period as the Note Trustee may permit) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in sub-paragraph (v) below, ceasing or, through an official action of the board of directors of the Issuer, threatening to cease to carry on business or being unable to pay its debts as and when they fall due; or
- (iv) an order being made or an effective resolution being passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Note Trustee in writing or by a Certificates Extraordinary Resolution of the Certificateholders; or
- (v) proceedings being otherwise initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to,

presentation of a petition or filing documents with the court or making an application for the appointment of an administrator or liquidator or serving a notice of intent to appoint an administrator), or an administrator being appointed, or a receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 30 days, or the Issuer initiating or consenting to proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally; or

- (vi) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Certificates, the Certificate Conditions or the Transaction Documents.

provided that, in the case of each of the events described in sub-paragraph (ii) of this paragraph, the Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Most Senior Class.

7 Enforcement of Security, Limited Recourse and Non-Petition

(a) *Enforcement of Security*

The Note Trustee may, at any time, at its discretion and without notice, take (or instruct the Security Trustee to take) such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes, the Certificates or the Trust Deed (including these Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and, at any time after the service of an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security, but neither of them shall be bound to take any such proceedings, action or steps unless:

- (i) it shall have been directed by a notice in writing by holders of at least 25 per cent. in number of the Certificateholders: and
- (ii) in all cases, it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Certificateholder shall be entitled to proceed directly against the Issuer unless the Note Trustee (or as the case may be, the Security Trustee), having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

(b) *Limited Recourse*

(i) *Enforcement of Security*

Only the Security Trustee may enforce the Security over the Charged Property in accordance with, and subject to the terms of, the Deed of Charge (and the Transaction Documents entered into pursuant thereto).

(ii) *Insufficient Recoveries*

If at any time following:

(A) the occurrence of either:

- (1) the Interest Payment Date falling in March 2056 or any earlier date upon which all of the Notes of each Class and the Certificates are due and payable; or
- (2) the service of an Enforcement Notice; and

(B) Realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Post-Enforcement Priority of Payments,

the proceeds of such Realisation are insufficient, after the same have been allocated in accordance with the applicable priority of payments, to pay in full all claims ranking in priority

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

For the purposes of this Certificate Condition 7:

“**Realisation**” means, in relation to any Charged Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Charged Property including (without limitation) through sale, realisation or through performance by an obligor.

“**Charged Property**” means the property of the Issuer which is subject to the Security.

(iii) *Certificateholder Acknowledgments*

Each Certificateholder, is deemed to accept and acknowledge that:

- (A) in the event of realisation or enforcement of the Charged Property, its right to obtain payment on the Certificates in full is limited to recourse against the undertaking, property and assets of the Issuer comprised in the Charged Property; and
- (B) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Certificateholder its proportion of the proceeds of realisation or enforcement of the Charged Property in accordance with the Post-Enforcement Priority of Payments and all claims in respect of any shortfall will be extinguished and discharged.

(c) *Non-Petition*

No Certificateholder may take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer unless the Note Trustee (or the Security Trustee as the case may be), having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing or for the appointment of a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer in respect of the Issuer or over any or all of its assets or undertaking.

8 Meetings of Certificateholders; Modifications; Consents; Waiver

- (a) The Trust Deed contains provisions for convening separate or combined meetings of the Certificateholders to consider matters relating to the Certificates, including subject to Certificate Condition 8(g) (*Substitution*) the sanctioning by Certificates Extraordinary Resolution of a modification of any of these Certificate Conditions or any provisions of the other Transaction Documents.

The Trust Deed provides that a resolution in writing signed by all of the holders of at least 50.1 per cent. of the outstanding Certificates who for the time being are entitled to receive notice of a meeting in accordance with the Trust Deed shall for all purposes be as valid and effective as an Ordinary Resolution passed at a meeting of the Certificateholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more of the Certificateholders.

The Trust Deed provides that a resolution in writing signed by all of the holders of at least 75 per cent. of the outstanding Certificates who for the time being are entitled to receive notice of a meeting in accordance with the Trust Deed shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Certificateholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more of the Certificateholders.

- (b) Any Certificates Extraordinary Resolution or any Certificates Ordinary Resolution duly passed by a meeting of the Certificateholders shall be binding on all Certificateholders (whether or not they were present at the meeting at which such resolution was passed and whether or not voting).

No Certificates Extraordinary Resolution to approve any matter other than a Certificates Basic Terms Modification shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the Classes of Notes then outstanding ranking senior to the Certificates in the Post-Enforcement Priority of Payments (to the extent that there are Notes ranking senior to the Certificates) unless, the Note Trustee is of the opinion that it will not be materially prejudicial to the interests of the holders of any Notes or it is sanctioned by an Extraordinary Resolution of the holders of such Notes. Except in certain circumstances the Trust Deed imposes no such limitations on the powers of the holders of any Class of Notes or Certificates the exercise of which will be binding on themselves and any junior Class of Notes or Certificates, irrespective of the effect on their interests.

(c) ***Additional Right of Modification***

Notwithstanding the provisions of Certificate Condition 8(e) (*Modification and Waiver*) and subject to the provisions of Certificate Condition 8(f) (*Swap Counterparty Consent for Modification*), the Note Trustee shall be obliged, without the consent or sanction of the Noteholders or any of the other Secured Creditors (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or who would need to be a party to a new, supplemental or additional agreement, or which, as a result of the relevant amendment, would be further contractually subordinated to any Secured Creditor other than would otherwise have been the case prior to such amendment), to concur with the Issuer (and direct the Security Trustee to concur) and any other relevant parties in making any modification (other than in respect of a Certificates Basic Terms Modification or any provisions of the Trust Documents referred to in the definition of Notes Basic Terms Modification) to these Certificate Conditions or any other Transaction Documents to which it is a party or the Issuer entering into new, supplemental or additional documents that the Issuer considers necessary:

- (i) 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 in relation to any amendment under this paragraph:
 - (A) the Issuer certifies in writing to the Note Trustee and the Security 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 of a Transaction Document proposed by any of the Swap Counterparty, the Account Bank, the Swap Collateral Account Bank or the Cash Administrator (for the purposes of this Certificate Condition 8(c) only, each a “**Relevant Party**”) in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
 - (1) the Relevant Party certifies in writing to the Issuer and the Note Trustee and the Security Trustee that such modification is necessary for the purposes described in paragraph (B)(x) and/or (y) (and in the case of a certification provided to the Issuer, the Issuer shall certify to the Note Trustee and the Security Trustee that it has received the same from the Swap Counterparty, Account Bank, Swap Collateral Account Bank or the Cash Administrator as the case may be);
 - (2) the Relevant Party obtains a Rating Agency Confirmation from each of the Rating Agencies and, if relevant, delivers a copy of each such confirmation to the Issuer and the Note Trustee and the Security Trustee; and
 - (3) the Relevant Party pays all costs and expenses (including legal fees) incurred by the Issuer, the Security Trustee, the Note Trustee and each other party to the relevant Transaction Documents proposed to be amended, in connection with such modification;
- (ii) in order to facilitate the appointment of a replacement Cash Administrator in accordance with the terms of the Cash Administration Agreement, subject to receipt by the Note Trustee and the Security Trustee of a certificate issued by the Issuer certifying to the Note Trustee and the Security Trustee the requested amendments are to be made solely for the purpose of facilitating the appointment of a replacement Cash Administrator in accordance with the terms of the Cash Administration Agreement and have been drafted solely to that effect;

- (iii) in order to enable the Issuer and/or the Swap Counterparty to comply with:
 - (A) Any obligation which applies to it under Articles 9, 10 and 11 of EMIR; or
 - (B) any other obligation which applies to it under EMIR,

provided that the Issuer or the Swap Counterparty, as appropriate, certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for the purpose of enabling it to satisfy such obligation and has been drafted solely to such effect;
- (iv) for the purpose of complying with any changes in the requirements of Article 405 of the CRR, Article 17 of Directive 2011/61/EU (as amended), Article 51 of the AIFMR or Article 254 of the Solvency II Regulation, after the Issue Date, including as a result of the adoption of regulatory technical standards in relation to the CRR, the AIFMR, 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 Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (v) for the purpose of enabling the Rated Notes to be (or to remain) listed on the Stock Exchange, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (vi) 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 Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (vii) for the purpose of complying with any changes in the requirements of the CRA Regulation after the Issue Date, including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Note Trustee and the Security Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; or
- (viii) for the purpose of a change to the reference rate (in respect of the Floating Rate Notes) from Sterling LIBOR to an alternative reference rate (any such rate, an “**Alternative Reference Rate**”) and make such other amendments as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change (a “**Reference Rate Modification**”), provided that:
 - (A) the Mortgage Administrator, on behalf of the Issuer, certifies to the Note Trustee and the Security Trustee in writing (such certificate, a “**Reference Rate Modification Certificate**”) that:
 - (1) such Reference Rate Modification is being undertaken due to:
 - (I) LIBOR ceasing to exist or be published;
 - (II) the insolvency or cessation of business of the LIBOR administrator (in circumstances where no successor LIBOR administrator has been appointed);
 - (III) a public statement by the LIBOR administrator that it will cease publishing LIBOR permanently or indefinitely (in circumstances where no successor LIBOR administrator has been appointed that will continue publication of LIBOR);
 - (IV) a public statement by the supervisor of the LIBOR administrator that LIBOR has been or will be permanently or indefinitely discontinued;
 - (V) a public statement by the supervisor for the LIBOR administrator that means LIBOR may no longer be used; or
 - (VI) the reasonable expectation of the Mortgage Administrator that any of the events specified in sub-paragraphs above will occur or exist within six months of the proposed effective date of such Reference Rate Modification; and

- (2) such Alternative Reference Rate is:
 - (I) a reference rate published, recognised, endorsed or approved by the FCA, the PRA or the Central Bank; or
 - (II) the Sterling Over Night Index Average or the Broad Treasuries Repo Financing Rate (or any rate which is derived from, based upon or otherwise similar to either of the foregoing); or
 - (III) a reference rate utilised in a material number of public listed new issues of Sterling denominated asset backed floating rate notes prior to the effective date of such Reference Rate Modification; or
 - (IV) a reference rate utilised in a material number of public listed new issues of Sterling denominated asset backed floating rate notes where the originator of the relevant assets is BGFL; or
 - (V) such other reference rate as the Mortgage Administrator reasonably determines; and
- (B) the Mortgage Administrator pays (or arranges for the payment of) all properly incurred and documented fees, costs and expenses (including legal fees) incurred by the Issuer, the Note Trustee and the Security Trustee and each other party to the relevant Transaction Documents proposed to be amended by the Reference Rate Modification, in connection with such Reference Rate Modification.

(the certificate to be provided by the Issuer, the Mortgage Administrator (on behalf of the Issuer), the relevant Transaction Party as the case may be, pursuant to paragraphs (i) to (vii) above being a “**Modification Certificate**”), provided that:

- I at least 30 calendar days’ prior written notice of any such proposed modification has been given to the Note Trustee;
- II the Modification Certificate or Reference Rate Modification Certificate (as the case may be) in relation to such modification shall be provided to the Note Trustee and the Security Trustee (and, if applicable, to the Issuer) both at the time the Note Trustee and the Security Trustee is notified of the proposed modification and on the date that such modification takes effect;
- III the consent of each Secured Creditor which is party to the relevant Transaction Document or whose contractual subordination in any Priority of Payment is affected has been obtained;
- IV and provided further that, other than in the case of a modification pursuant to paragraph (iii)(A) above:
 - (A) a Rating Agency Confirmation is or has been obtained (by the Issuer or any Relevant Party) from each of the Rating Agencies;
 - (B) the Issuer has provided at least 30 calendar days’ notice to the Certificateholders of the proposed modification in accordance with Certificate Condition 11 (*Notice to Certificateholders*) and by publication on Bloomberg on the “Company News” screen relating to the Notes, and Certificateholders representing at least 10 per cent. of the Certificates have not contacted the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Note Trustee that such Noteholders do not consent to the modification; and
- V if Certificateholders representing at least 10 per cent. of the Certificates have notified the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes 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.

Objections made in writing must be accompanied by evidence to the Note Trustee’s satisfaction (having regard to prevailing market practices) of the relevant Certificateholder’s holding of the Certificates.

Other than where specifically provided in this Certificate Condition 8(c) (*Additional Right of Modification*) or any Transaction Document:

- (i) when implementing any modification pursuant to this Certificate Condition 8(c) (*Additional Right of Modification*) (save to the extent the Note Trustee considers that the proposed modification would constitute a Certificate Basic Terms Modification), the Note Trustee shall not consider the interests of the Noteholders, the Certificateholders, any other Secured Creditor or any other person and shall act and rely solely, and without further enquiry or Liability, on any certificate (including any Modification Certificate or Reference Rate Modification Certificate (as the case may be)) or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Certificate Condition 8(c) (*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
- (ii) the Note Trustee or the Security Trustee shall not be obliged to agree to any modification which, in its sole opinion would have the effect of (i) exposing it 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 Note Trustee or the Security Trustee (as relevant) in the Transaction Documents and/or these Certificate Conditions.

For the avoidance of doubt, nothing in this Certificate Condition 8(c) (*Additional Right of Modification*) shall have the effect of waiving an Event of Default.

Any such modifications permitted by this Certificate Condition 8(c) (*Additional Right of Modification*) shall be binding on the Noteholders, Certificateholders and other Secured Creditors and, unless the Note Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders and Certificateholders as soon as practicable thereafter in accordance with Note Condition 13 (*Notice to Noteholders*) and Certificate Condition 11 (*Notice to Certificateholders*). So long as the Rated Notes, or any of them, are rated by the Rating Agencies the Issuer shall notify each of the Rating Agencies of any modification made by it in accordance with this Certificate Condition 8(c) (*Additional Right of Modification*) as soon as reasonably practicable thereafter.

(d) ***Quorum***

The quorum at any meeting of Certificateholders of a particular Class for passing:

- (i) a Certificates Extraordinary Resolution to approve a Certificates Basic Terms Modification, shall be one or more persons holding or representing, in aggregate, (x) not less than 75 per cent. of the outstanding Certificates for the initial meeting or (y) in relation to any adjourned meeting, not less than 25 per cent. of the outstanding Certificates;
- (ii) a Certificates Extraordinary Resolution to approve any matter other than a Certificates Basic Terms Modification, shall be one or more persons holding or representing, in aggregate, (x) more than 50 per cent. of the outstanding Certificates or (y) in relation to any adjourned meeting, any proportion of the Certificates which the persons constituting the quorum is holding or representing; and
- (iii) a Certificates Ordinary Resolution, shall be one or more persons holding or representing, in aggregate, not less than (x) 25 per cent. of the outstanding Certificates for the initial meeting and (y) in relation to any adjourned meeting, any proportion of the Certificates which the person constituting the quorum is holding or representing.

Subject to the provisions of the Trust Deed, the holder of the Certificate as shown on the Register shall be treated as a Certificateholder for the purposes of constituting a quorum for the purposes of meeting the quorum requirements of a meeting of Certificateholders.

(e) ***Modification and Waiver***

Subject to Certificate Condition 8(c) (*Additional Right of Modification*) and Certificate Condition 8(f) (*Swap Counterparty Consent for Modification*), the Note Trustee may agree, without the consent or sanction of any of, or any liability to, the Certificateholders, to:

- (i) (A) any modification of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is, in its opinion, of a formal, minor or technical nature or

is made to correct a manifest error or to comply with mandatory provisions of law or regulation, and (B) any other modification (excluding a Certificates Basic Terms Modification), and any waiver or authorisation of any breach or proposed breach of the Notes of such Class, of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is in the opinion of the Note Trustee not materially prejudicial to the interests of the holders of the Most Senior Class (other than any Noteholders of the Most Senior Class who have confirmed their consent in writing to the relevant modification, waiver or authorisation); or

- (ii) determine that an Event of Default or Potential Event of Default will not be treated as such where in the opinion of the Note Trustee such waiver, authorisation or determination is not materially prejudicial to the interests of the holders of the Most Senior Class (other than any holders of the Most Senior Class who have confirmed their consent in writing to the relevant waiver, authorisation or determination),

provided that the Note Trustee will not do so in contravention of an express direction given by a Certificates Extraordinary Resolution of holders of the Most Senior Class or a request made pursuant to Certificate Condition 6 (*Events of Default*). Any such modification, authorisation, determination or waiver shall be binding on the Certificateholders and, if the Note Trustee so requires, the Issuer will arrange for it to be notified to the Certificateholders as soon as practicable.

Any such modifications permitted by this Certificate Condition 8(e) (*Modification and Waiver*) shall be binding on the Noteholders, Certificateholders and other Secured Creditors and, unless the Note Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders and Certificateholders as soon as practicable thereafter in accordance with Note Condition 13 (*Notice to Noteholders*) and Certificate Condition 11 (*Notice to Certificateholders*). So long as the Rated Notes, or any of them, are rated by the Rating Agencies the Issuer shall notify each of the Rating Agencies of any modification made by it in accordance with this Certificate Condition 8(e) (*Modification and Waiver*) as soon as reasonably practicable thereafter.

Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification of the Trust Deed, the Conditions or any other Transaction Document which (in the sole opinion of the Note Trustee or the Security Trustee (as applicable)) would have the effect of: (x) exposing it to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (y) increasing the obligations or duties, or decreasing the protections of the Note Trustee or Security Trustee (as applicable) in the Transaction Documents, the Trust Deed and/or the Conditions.

(f) ***Swap Counterparty Consent for Modification***

The prior written consent of the Swap Counterparty (such consent not to be unreasonably withheld) is required to modify or supplement any provision of the Transaction Documents, the Note Conditions or the Certificate Conditions if the Swap Counterparty determines that such modification or supplement would:

- (i) cause, in the reasonable opinion of the Swap Counterparty, (A) the Swap Counterparty to pay more or receive less under the Swap Agreement or (B) a decrease (from the Swap Counterparty's perspective) in the value of the Interest Rate Swap;
- (ii) result in any of the Issuer's obligations to the Swap Counterparty under the Swap Agreement to be further contractually subordinated, relative to the level of subordination of such obligations as of the Closing Date, to the Issuer's obligations to any other Secured Creditor;
- (iii) if, the Swap Counterparty were to replace itself as swap counterparty under the Swap Agreement, require the Swap Counterparty to pay more or receive less in the reasonable opinion of the Swap Counterparty, in connection with such replacement, as compared to what the Swap Counterparty would have been required to pay or would have received had such modification or amendment not been made;
- (iv) result in an amendment of this Condition; or
- (v) result in an amendment to, or waiver of the undertakings of the Issuer as set out in, Clause 14.2.6 (*Disposal of Assets*) of the Trust Deed related to a refinancing, sale, transfer or disposal of assets of the Issuer with a view to prematurely redeeming the Notes in circumstances not expressly permitted or provided for in the Transaction Documents as at the Closing Date.

The Issuer shall notify in writing the Swap Counterparty, the Note Trustee and the Security Trustee of any proposed modification or supplement to any provisions of the Transaction Documents, the Note Conditions or the Certificate Conditions that may affect any of the items listed in the previous paragraph as soon as reasonably practicable but not less than 15 Business Days (inclusive) prior to such modification or supplement being effected, notwithstanding any other provision of the Transaction Documents or the Conditions. The Swap Counterparty may notify the Note Trustee and the Security Trustee and the Issuer in writing if it determines that such modifications or supplement would affect any of the items listed in the previous paragraph. If the Issuer, Note Trustee and the Security Trustee receive notification (the “**Notification**”) from the Swap Counterparty that the Swap Counterparty has determined that the modification and/or supplement would not affect any of the items listed in the previous paragraph or that the Swap Counterparty otherwise consents to such modification and/or supplement, such modification and/or supplement may take effect at any time from and including the date of receipt of the Notification. If the Issuer, Note Trustee and the Security Trustee do not receive any such determination or a Notification within 15 Business Days (inclusive) of the Swap Counterparty having been notified of such proposed modification or supplement, the Swap Counterparty shall be deemed to have consented to such modification or supplement. If the Swap Counterparty has not received notice in accordance with this paragraph, the proposed modification or supplement shall not be effective.

(g) ***Substitution***

The Trust Deed contains provisions permitting the Note Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as are set out in the Trust Deed or as the Note Trustee may otherwise require, but without the consent of, or any liability to, the Certificateholders or the other Secured Creditors, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed, the other Transaction Documents and the Certificates. In the case of such a substitution the Note Trustee may agree, without the consent of the Certificateholders to a change of the law governing Certificates and/or the Trust Deed **provided that** such change would not in the opinion of the Note Trustee be materially prejudicial to the interests of the holders of the Most Senior Class.

(h) ***Evidence of Certificates***

Where for the purposes of these Certificate Conditions the Note Trustee or any other party to the Transaction Documents requires a Certificateholder holding Certificates through Euroclear or Clearstream, Luxembourg to establish its holding of the Certificates to the satisfaction of such party, such holding shall be considered to be established (and the Certificateholder in respect of which such holding is established shall be a “**Verified Certificateholder**”) if such Certificateholder provides to the requesting party with regard to the relevant date:

- (i) a Euclid Statement (in the case of Euroclear) or a Creation Online Statement (in the case of Clearstream, Luxembourg) in each case providing confirmation at the time of issue of the same of such person’s holding in the Certificates; and
- (ii) if the relevant Certificates are held through one or more custodians, a signed letter dated as of the date of the Euclid Statement or the Creation Online Statement from each such custodian confirming on whose behalf it is holding such Certificates such that the Note Trustee or any other party to the Transaction Documents is able to verify to its satisfaction the chain of ownership to the beneficial owner.

If in connection with verifying its holding the Note Trustee or any other party to the Transaction Documents requires a Certificateholder to temporarily block its Certificates in Euroclear or Clearstream, Luxembourg, such Certificateholder will be required to instruct Euroclear or Clearstream, Luxembourg (via its custodian) to do so.

(i) ***Entitlement of the Note Trustee***

In connection with the exercise of its functions (including but not limited to those referred to in this Certificate Condition 8 (*Meetings of Certificateholders; Modifications; Consents; Waiver*)) the Note Trustee:

- (i) shall have regard to the interests of the Certificateholders as a class and shall not have regard to the consequences of such exercise for individual Certificateholders and the Note Trustee shall not be entitled to require, nor shall any Certificateholder be entitled to claim, from the Issuer

any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders; and

- (ii) may, in determining whether or not a proposed action will be materially prejudicial to the Certificateholders, have regard to, among other things, a Rating Agency Confirmation.

9 Indemnification and Exoneration of the Note Trustee and the Security Trustee

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or pre-funded and/or secured to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such other securities or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, Certificateholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Note Trustee and/or the Security Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of, *inter alia*, any assets comprised in the Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Mortgage Administrator, the Cash Administrator or any agent or related company of the Mortgage Administrator, the Cash Administrator or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Note Trustee and/or the Security Trustee. The Trust Deed and the Deed of Charge provides that neither the Note Trustee nor the Security Trustee shall be under any obligation to monitor or supervise compliance by the Issuer, the Mortgage Administrator or the Cash Administrator or any other party with their respective obligations or to make any searches, enquiries, or independent investigations of title in relation to any of the properties secured by the Mortgages.

10 Non-Responsive Rating Agency

- (a) In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Rated Notes and any of the Transaction Documents, the Note Trustee and the Security Trustee shall be entitled but not obliged to take into account any Rating Agency Confirmation.
- (b) If a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Note Trustee and the Security Trustee, as applicable) and:
 - (i) (A) one Rating Agency (such Rating Agency, a “**Non-Responsive Rating Agency**”) indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and
 - (ii) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts,

then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from a Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by a director certifying and confirming that each of the events in paragraphs (i) and (ii) above has occurred and the Note Trustee and the Security Trustee shall be entitled to rely on such certificate without further enquiry or liability.

11 Notice to Certificateholders

The Note Trustee shall be at liberty to sanction any method of giving notice to the Certificateholders if, in its opinion, such method is reasonable having regard to market practice then prevailing and to the requirements of the quotation systems on or by which the Certificates are then quoted and/or traded and provided that notice of such other method is given to the Certificateholders in such manner as the Note Trustee shall deem appropriate.

12 Governing Law

The Transaction Documents and the Certificates and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

13 Privity of Contract

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of the Certificates but this does not affect any right or remedy of any person which exists or is available apart from that Act.

14 Interpretation

In these Certificate Conditions:

“**Appointee**” means any delegate, agent, nominee, custodian, attorney or manager appointed by the Note Trustee and/or the Security Trustee pursuant to the provisions of the Trust Deed or the Deed of Charge (as the case may be);

“**Business Day**” means, a day on which commercial banks and foreign exchange markets settle payments in London;

“**Certificates Basic Terms Modification**” means any modification to (a) the priority of residual payments payable on the Certificates, (b) the currency of payment of the Certificates, (c) the definition of Certificates Basic Terms Modification, (d) the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to effect a Certificates Basic Terms Modification or to pass a Certificates Extraordinary Resolution or (e) the definition of Notes Basic Terms Modification;

“**Certificates Extraordinary Resolution**” means:

- (a) a resolution passed at a duly convened meeting of the Certificateholders and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders;

“**Certificates Ordinary Resolution**” means:

- (a) a resolution passed at a duly convened meeting of the Certificateholders and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders;

“**EMU**” means the European Economic and Monetary Union;

“**Enforcement Notice**” means a notice given by the Note Trustee to the Issuer under Certificate Condition 6 (*Events of Default*) of the Certificates;

“**Euro**” means the single currency introduced at the start of the third stage of EMU pursuant to the Treaty;

“**Most Senior Class**” means the A Notes for so long as there are any A Notes outstanding; thereafter the B Notes for so long as there are any B Notes outstanding; thereafter the C Notes for so long as there are any C Notes outstanding; thereafter the D Notes for so long as there are any D Notes outstanding; thereafter the E Notes for so long as there are any E Notes outstanding; thereafter the X Notes for so long as there are any X Notes outstanding; thereafter the Z1 Notes for so long as there any Z1 Notes outstanding; thereafter the Z2 Notes for so long as there are any Z2 Notes outstanding; and thereafter the Certificates for so long as there are any Certificates outstanding;

“**Participating Member State**” means a Member State of the European Communities which adopts the Euro as its lawful currency in accordance with the Treaty;

“**Rating Agencies**” DBRS and Moody’s and “**Rating Agency**” means either of them; and

“**Rating Agency Confirmation**” means written confirmation from each Rating Agency (or certification from the Issuer to the Note Trustee and the Security Trustee that the Issuer 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 the then current ratings of each Class of Notes rated thereby being qualified, downgraded, suspended or withdrawn, or such Rating Agency placing any Notes on rating watch negative (or equivalent) and, if relevant, the Issuer delivers a copy of each such confirmation to the Note Trustee and the Security Trustee.

UNITED KINGDOM TAXATION

The following is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue & Customs practice relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 ("ITA 2007"). The Irish Stock Exchange is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on Irish Stock Exchange. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without deduction of or withholding on account of United Kingdom income tax.

If the Notes cease to be listed interest will generally be paid by the Issuer under deduction of income tax at the basic rate (currently 20 per cent.) unless: (i) another relief applies under domestic law; or (ii) the Issuer has received a direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

FATCA WITHHOLDING

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related 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. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

PURCHASE AND SALE

This Prospectus has been approved by the Central Bank of Ireland as the Irish competent authority under the Prospectus Directive. The Central Bank of Ireland has only approved this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list and trading on its regulated market.

The Arrangers, the Joint Lead Managers, the Issuer and the Seller have entered into a Subscription Agreement (the “**Subscription Agreement**”) pursuant to which the Joint Lead Managers have agreed to purchase or procure purchasers for the Notes (other than the Z1 Notes and Z2 Notes) (the “**Subscribed Notes**”).

On the Issue Date, the Issuer will issue:

- (a) the A Notes at an issue price of 100 per cent. of the principal amount of the A Notes;
- (b) the B Notes at an issue price of 100 per cent. of the principal amount of the B Notes;
- (c) the C Notes at an issue price of 100 per cent. of the principal amount of the C Notes;
- (d) the D Notes at an issue price of 100 per cent. of the principal amount of the D Notes;
- (e) the E Notes at an issue price of 100 per cent. of the principal amount of the E Notes;
- (f) the X Notes at an issue price of 100 per cent. of the principal amount of the X Notes;
- (g) the Z1 Notes at an issue price of 100 per cent. of the principal amount of the Z1 Notes; and
- (h) the Z2 Notes at an issue price of 100 per cent. of the principal amount of the Z2 Notes.

On the Issue Date, the Issuer will also issue the Certificates to BGFL pursuant to the terms of the Mortgage Sale Agreement. BGFL has agreed to subscribe for 100 per cent. of the Z1 Notes and the Z2 Notes.

The Issuer and (in respect of certain expenses only) the Seller have agreed in the Subscription Agreement to reimburse and indemnify the Joint Lead Managers for certain of their expenses and liabilities in connection with the issue of Notes.

The Subscription Agreement is subject to a number of conditions and may be terminated by the Joint Lead Managers in certain circumstances prior to payment for the Subscribed Notes to the Issuer.

Except with the express written consent of the Seller in the form of a U.S. Risk Retention Consent and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes and Certificates offered and sold by the Issuer may not be purchased by any person except for persons that are not Risk Retention U.S. Persons.

The Seller, the Issuer and the Joint Lead Managers have agreed that none of the Joint Lead Managers or any person who controls it or any director, officer, employee, agent or affiliate of the Joint Lead Managers shall have any responsibility for determining the proper characterisation of potential investors for such restriction or for determining the availability of the exemption provided by Section 20 of the U.S. Risk Retention Rules, and none of the Joint Lead Managers or any person who controls it or any director, officer, employee, agent or affiliate of the Joint Lead Managers accepts any liability or responsibility whatsoever for any such determination.

United Kingdom

Each of the Joint Lead Managers has represented to and agreed with the Issuer that:

- (a) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

United States

The Notes and Certificates have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

Each of the Joint Lead Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes or Certificates (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes or Certificates and the Issue Date (the “**Distribution Compliance Period**”), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells the Notes or Certificates during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes or Certificates within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes and Certificates, an offer or sale of the Notes or Certificates within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Ireland

Each Joint Lead Manager has represented and agreed with the Issuer that:

- (a) it will not underwrite the issue of, or place the Notes and Certificates, otherwise than in conformity with the provisions of S.I. No. 60 of 2007, European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) (“**MiFID Regulations**”), including, without limitation, Parts 6, 7 and 12 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Notes and Certificates otherwise than in conformity with the provisions of the Irish Companies Acts 1963 to 2013 (as amended), the Irish Central Bank Acts 1942 – 2014 (as amended) and any codes of conduct rules made under Section 117(1) of the Irish Central Bank Act 1989 (as amended);
- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes and Certificates otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under Section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank; and
- (d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes and Certificates otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank.

General

Under the Subscription Agreement, each of the Joint Lead Managers has acknowledged that, save for making such applications and for having procured the delivery of a copy of the Prospectus for registration to the Central Bank, no action has been or will be taken in any jurisdiction by it that would permit a public offering of the Notes and Certificates, or possession or distribution of the Prospectus (in preliminary or final form) or any amendment or supplement thereto or any other offering material relating to the Notes or Certificates in any country or jurisdiction where action for that purpose is required. Under the Subscription Agreement, each of the Joint Lead Managers has agreed to comply with all applicable laws and regulations in each jurisdiction in or from which it may offer or sell the Notes and Certificates or have in its possession or distribute the Prospectus (in preliminary or in final form) or any amendment or supplement thereto or any other offering material.

Attention is drawn to the information set out on the inside front cover of this Prospectus.

GENERAL INFORMATION

- (1) The issue of the Notes and Certificates has been authorised by resolution of the board of directors of the Issuer passed on 16 October 2017.
- (2) Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list and to trading on its regulated market. There can be no assurance that any such approval will be granted or, if granted, that such listing will be maintained. The Main Securities Market of the Irish Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive.
- (3) The Rated Notes and the X Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

	Common Code	ISIN (Clearstream/ Euroclear)
A Notes	168730705	XS1687307055
B Notes	168730861	XS1687308616
C Notes	168730900	XS1687309002
D Notes	168730934	XS1687309341
E Notes.....	168731019	XS1687310190
X Notes	168731043	XS1687310430

- (4) The Z1 Notes, the Z2 Notes and the Certificates have been granted the following ISINs and Common Codes in connection with their listing:

	Common Code	ISIN
Z1 Notes.....	N/A	GB00BYP50P23
Z2 Notes.....	N/A	GB00BYP50Q30
Certificates	N/A	GB00BF4VR793

- (5) The auditors of the Issuer, Deloitte LLP, is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. The financial year end of the Issuer is 31 December. The first statutory financial statements of the Issuer will be prepared for the period ended 31 December 2017.
- (6) The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings which may have or have had since its date of incorporation a significant effect on its financial position and profitability nor is the Issuer aware that any such proceedings are pending or threatened.
- (7) In relation to this transaction, the Issuer, on or about the date of this Prospectus, has entered into the Subscription Agreement referred to under “*Purchase and Sale*” above which is, or may be, material.
- (8) Since 2 June 2017 (being the date of incorporation of the Issuer), there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the trading or the financial position of the Issuer.
- (9) The Issuer will or will procure that the Cash Administrator will:
 - (a) from the Issue Date until the earlier of redemption in full of the last outstanding Note or the Final Maturity Date, provide ongoing performance data on this transaction (including monthly Investor Reports and other statistical information regarding the securities to be admitted to trading and the performance of the Mortgage Pool (including anonymised loan level data)), being available on a secure website at www.usbank.com/abs in electronic form and accessible

to investors. The contents of this website are for information purposes only and do not form part of this Prospectus; and

- (b) in the first Investor Report, disclose the amount of the Notes which are either:
 - (i) privately-placed with investors which are not the Seller or entities affiliated with the Seller (the “**Seller’s Group**”);
 - (ii) retained by a member of the Seller’s Group; and
 - (iii) publicly-placed with investors which are not in the Seller’s Group; andin relation to any amount initially retained by a member of the Seller’s Group, but subsequently placed with investors which are not in the Seller’s Group, it will (to the extent permissible) disclose such placement in the next Investor Report.

- (10) From the Issue Date until the earlier of redemption in full of the last outstanding Note or the Final Maturity Date, for as long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on the Main Securities Market, copies of the following documents may be inspected in physical form during usual business hours at the registered office of the Issuer and will be available in such manner for at least as long as the Notes are admitted to listing on the Irish Stock Exchange and the guidelines of the Irish Stock Exchange so require:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) drafts (subject to modification) or, if available, final versions of the following documents:
 - (i) the Master Definitions Schedule;
 - (ii) the Bank Agreement;
 - (iii) the Cash Administration Agreement;
 - (iv) the Collection Account Declaration of Trust;
 - (v) the Corporate Services Agreement;
 - (vi) the Deed Poll;
 - (vii) the Swap Agreement;
 - (viii) the Deed of Charge;
 - (ix) the Mortgage Administration Agreement;
 - (x) the Standby Mortgage Administration Agreement;
 - (xi) the Mortgage Sale Agreement;
 - (xii) the Paying Agency Agreement;
 - (xiii) the Trust Deed; and
 - (xiv) the Issuer/ICSD Agreement.

- (11) As at the date hereof, save for the issue of the Notes and Certificates, the Issuer, since its incorporation on 2 June 2017, has not commenced operations nor prepared any accounts.

- (12) The Issuer will, or will procure that, from the Issue Date until the earlier of redemption in full of the last Note or the Final Maturity Date, make available a cash flow model to Noteholders, either directly or indirectly through one or more entities that provide cash flow models to investors generally.

- (13) The Issuer (or the Mortgage Administrator on its behalf) will, or will procure that, on or about the Issue Date until the earlier of redemption in full of the last Note or the Final Maturity Date, make available loan level data to investors and update such information on a regular basis.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

GLOSSARY OF DEFINED TERMS

“£”, “sterling”, “GBP” and “pounds”	means the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.
“€”, “EUR” or “Euro”	means the lawful currency of the member states of the European Union participating in Economic and Monetary Union as contemplated by the Treaty.
“US\$” or “USD”	means the lawful currency for the time being of the United States of America.
“¥” or “JPY”	means the lawful currency for the time being of Japan.
“1999 Regulations”	means the Unfair Terms in Consumer Contracts Regulations 1999 as amended.
“2010 PD Amending Directive”	means Directive 2010/73/EU.
“A Noteholder”	means the persons who are for the time being holders of the A Notes.
“A Notes”	means the £189,200,000 Class A mortgage backed floating rate notes due on the Interest Payment Date falling in March 2056 and, unless expressly stated to the contrary, all references to an “A Note” shall be a reference to such A Note whether in global or definitive form.
“A Global Note”	means the Global Note representing the A Notes, which will be substantially in the form set out in Schedule 1 (<i>Form of Global Note</i>) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility.
“A Principal Deficiency”	means a deficiency of principal amounts to make payment on the A Notes.
“A Principal Deficiency Sub-Ledger”	means the sub ledger of such name created for the purpose of recording the A Principal Deficiency and maintained by the Cash Administrator as a sub ledger of the Principal Deficiency Ledger.
“Account Bank”	means Elavon Financial Services DAC, UK Branch (or such other replacement bank or financial institution as may be appointed from time to time in accordance with the Transaction Documents) in its capacity as provider of the Transaction Account.
“Accrued Interest”	means any accrued interest on the Loans accruing prior to the Issue Date.
“Additional Loans Cut-Off Date”	means with respect to the purchase of Additional Loans, the date specified as such in the Additional Loans Sale Notice, which shall be the last calendar day of the month prior to the Additional Loans Purchase Date.
“Additional Loans Cash Consideration”	means, with respect to the Additional Loans being purchased on the Additional Loans Purchase Date, an amount equal to the aggregate of: (a) the Current Balance of the Additional Loans as at the relevant Additional Loans Cut-Off Date; and (b) the Additional Loan Collections Amount relating to such Additional Loans, subject to any adjustment in accordance with the Additional Loans CB Condition.
“Additional Loans CB Condition”	means the requirement that the difference between the aggregate Current Balance and the aggregate Principal Balance of Additional Loans as at the Additional Loans Purchase Date shall not exceed the difference between the aggregate Current

	Balance and the aggregate Principal Balance of Loans comprised in the Completion Mortgage Pool as at the Issue Date.
“Additional Loans Collections Amount”	means, with respect to any Additional Loans being purchased on the Additional Loans Purchase Date, all collections received by the Seller in respect of the Additional Loans from (and excluding) the Additional Loans Cut-Off Date to (and excluding) the Additional Loans Purchase Date.
“Additional Loans Purchase Date”	means the Business Day specified as such in the Additional Loans Sale Notice, and being a single Business Day falling in the period following the Issue Date up to (and including) the Determination Period End Date falling on 28 February 2018.
“Additional Loans”	means any Loans sold by the Seller to the Issuer on the Additional Loans Purchase Date.
“Additional Termination Event”	has the meaning given to it in the Swap Agreement.
“Agent Bank”	means Elavon Financial Services DAC, UK Branch or any successor thereto.
“Agents”	means the Paying Agents, the Registrar and the Agent Bank or any of them.
“AIFMR”	means Regulation (EU) No 231/2013, referred to as the Alternative Investment Fund Manager Regulation.
“Applicable Laws”	means: <ul style="list-style-type: none"> (a) all applicable laws, rules, regulations, ordinances, directives, statutes, authorisations, permits, licences, notices, instructions and decrees of any relevant regulatory authority or any judgment or judicial practice of any court and any other legally binding requirement of any Regulatory Authority or government authority having jurisdiction with respect to the Loans, including, without limitation, MCOB and CONC; and (b) any publications of any relevant regulatory authority (including the FCA’s guidance, policies and publications relating to the Treating Customers Fairly initiative and good practice and guidance published by the Financial Ombudsman Service) and any prevailing guidance of the Council of Mortgage Lenders, in each case only to the extent it is legally binding or is good practice to follow and which does not conflict with any of the matters referred to in paragraph (A) of this definition.
“Arrangers”	means Macquarie Bank International Limited and The Royal Bank of Scotland plc (trading as NatWest Markets).
“Authorised Investments”	means: <ul style="list-style-type: none"> (a) sterling gilt-edged securities; and (b) sterling demand or time deposits and certificates of deposit and short-term debt obligations (including commercial paper), provided that, in all cases such investments will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and such investments: <ul style="list-style-type: none"> (i) have a rate of interest which is likely to exceed the rate of interest paid on the Transaction Account; (ii) have a maturity date of 90 days or less and mature on or before two Business Days prior to the Interest Payment Date immediately succeeding the date on which the investments are made;

- (iii) are rated at least P-1 (long-term) and A2 (short-term) by Moody's and AA (low) or R-1 (middle) by DBRS; and
- (iv) falls within the definition of "financial asset" as defined in the Tax Regulations.

"Authorities"

means the FCA and PRA together with HM Treasury and the Bank of England.

"Available Principal Funds"

means an amount calculated by the Cash Administrator on a Determination Date, being the aggregate of the following amounts:

- (a) the Principal Collections received for the preceding Determination Period other than in respect of an Interest Payment Date following an Estimation Period;
- (b) any Liquidity Reserve Fund Excess Amounts;
- (c) in respect of the Interest Payment Date on which the B Notes are redeemed in full (and, prior to the service of an Enforcement Notice, after the application of Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments), all amounts standing to the credit of the Liquidity Reserve Fund Ledger;
- (d) in respect of the Interest Payment Date on which the E Notes are redeemed in full (and, prior to the service of an Enforcement Notice, after the application of Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments), all amounts standing to the credit of the General Reserve Fund Ledger;
- (e) the amount (if any) calculated on that Determination Date pursuant to the Pre-Enforcement Revenue Priority of Payments to be the amount by which the debit balance on any of the Principal Deficiency Ledgers is expected to be reduced by the application of the Available Revenue Funds on the immediately succeeding Interest Payment Date;
- (f) in respect of the first Interest Payment Date, any amount standing to the credit of the Pre-Funding Principal Reserve Ledger which has not been used prior to the first Interest Payment Date to purchase Additional Loans;
- (g) in respect of an Interest Payment Date immediately following an Estimation Period, any Principal Receipts and if the Reconciliation Amount in respect of the relevant Estimation Period is a positive number, an amount equal to such Reconciliation Amount, as determined in accordance with Note Condition 4(k) (*Determinations and Reconciliation*);
- (h) on the Call Option Date in respect of which the Mortgage Pool Option is exercised, the proportion of the Mortgage Pool Purchase Price allocable to principal; and
- (i) in respect of the first Interest Payment Date only, an amount equal to the excess (if any) of the proceeds of the Principal Backed Notes over the aggregate of (i) the Initial Cash Purchase Price paid by the Issuer for the Completion Mortgage Pool and (ii) an amount equal to the Pre-Funding Principal Reserve,

less any amounts which are to be applied as item (i) of Available Revenue Funds on the relevant Interest Payment Date.

"Available Revenue Funds"

means an amount calculated by the Cash Administrator on a

Determination Date, being the aggregate of the following amounts:

- (a) interest (if any) earned on the amounts in the Bank Accounts (other than the Swap Collateral Account) for the Determination Period immediately preceding the relevant Determination Date;
- (b) in respect of the first Interest Payment Date, amounts standing to the credit of the Pre-Funding Revenue Reserve Ledger up to the Pre-Funding Negative Carry Amount;
- (c) the Revenue Collections received for the Determination Period immediately preceding the relevant Determination Date, other than in respect of an Interest Payment Date immediately following an Estimation Period;
- (d) any amounts received by the Issuer under the Swap Agreement or any replacement Swap Agreement on the relevant Interest Payment Date (excluding Swap Excluded Receivable Amounts, any amounts credited to the Swap Collateral Account and any excess Swap Collateral (and any interest thereto) in the Swap Collateral Account);
- (e) amounts (which would otherwise constitute Available Principal Funds) determined to be applied as Available Revenue Funds in accordance with item (ix) of the Pre-Enforcement Principal Priority of Payment;
- (f) for so long as there are any Rated Notes outstanding (including on the Interest Payment Date on which the Rated Notes are redeemed in full), such amount equal to any Shortfall standing to the credit of the General Reserve Fund Ledger if and to the extent there will be a Shortfall on the immediately following Interest Payment Date;
- (g) for so long as there are any A Notes or B Notes outstanding (including on the Interest Payment Date on which the A Notes and the B Notes are redeemed in full), such amount equal to any Revenue Shortfall standing to the credit of the Liquidity Reserve Fund Ledger if and to the extent there will be a Revenue Shortfall on the immediately following Interest Payment Date to be applied to items (i), (ii), (iii), (iv), (v), (vi) and (viii) of the Pre-Enforcement Revenue Priority of Payments;
- (h) any Principal Addition Amounts if and to the extent there will be a Further Revenue Shortfall on the immediately following Interest Payment Date to be applied to items (i), (ii), (iii), (iv), (v), (vi) and (viii) and (if the B Notes have been redeemed in full) the relevant item corresponding to the payment of amounts (other than in respect of principal) in respect of the Most Senior Class, in each case of the Pre-Enforcement Revenue Priority of Payments;
- (i) in respect of an Interest Payment Date immediately following an Estimation Period, any Revenue Receipts and, if the Reconciliation Amount in respect of the relevant Estimation Period is a negative number, an amount equal to the absolute value of such Reconciliation Amount, each as determined in accordance with Note Condition 4(k) (Determinations and Reconciliation);
- (j) any amounts credited to the Transaction Account on the previous Interest Payment Date in accordance with item (xxiv) of the Pre-Enforcement Revenue Priority of Payments;
- (k) in respect of the Call Option Date in respect of which the

	Mortgage Pool Option is exercised, the proportion of the Mortgage Pool Purchase Price allocable to revenue;
	(l) income from any Authorised Investments in respect of the Determination Period ending immediately prior to the relevant Determination Date;
	(m) in respect of the third Interest Payment Date, any remaining amounts standing to the credit of the Start-Up Costs Ledger on the Determination Date immediately prior thereto; and
	(n) in respect of the first Interest Payment Date, an amount equal to any premium or other payment (if any) made by the Swap Counterparty to the Issuer on the Issue Date in connection with entering into the Swap Agreement,
	less any Third Party Amounts and any amounts which are to be applied as item (g) of Available Principal Funds on the relevant Interest Payment Date.
“B Noteholders”	means the persons who are for the time being holders of the B Notes.
“B Notes”	means the £12,600,000 Class B mortgage backed floating rate notes due on the Interest Payment Date falling in March 2056 and, unless expressly stated to the contrary, all references to a “B Note” shall be a reference to such B Note whether in global or definitive form.
“B Global Note”	means the Global Note representing the B Notes, which will be substantially in the form set out in Schedule 1 (<i>Form of Global Note</i>) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility.
“B Principal Deficiency”	means a deficiency of principal amounts to make payment on the B Notes.
“B Principal Deficiency Sub-Ledger”	means the sub-ledger of such name created for the purpose of recording the Principal Deficiency on the B Notes and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
“B Residual Amount”	has the meaning given to such term in Note Condition 4(j) (<i>Deferral of Interest</i>).
“Back-up Mortgage Administrator Facilitator”	means Intertrust Management Limited.
“Banking Act”	means the UK Banking Act 2009.
“Barclays”	means Barclays Bank PLC.
“Barclays Bank Group”	means Barclays together with its subsidiary undertakings.
“Basic Terms Modification”	means the Notes Basic Terms Modification and the Certificates Basic Terms Modification.
“BBR”	means the Bank of England base rate of interest.
“Bank Accounts”	means the Transaction Account and the Swap Collateral Account (or any replacement accounts for such account).
“Bank Agreement”	means the agreement so named dated on or about the Issue Date between, <i>inter alios</i> , the Issuer and the Account Bank.
“Basel Committee”	means the Basel Committee on Banking Supervision.
“BGFL”	means Belmont Green Finance Limited.
“BGFL Reserve Structuring Fee”	means the fee payable by the Issuer to BGFL on the first Interest Payment Date in connection with the structuring of the Pre-Funding Reserves and the issue of the Notes, in an amount equal to the Pre-Funding Reserve Excess Amount.

“BGFL Structuring Fee”	means the fee payable by the Issuer to BGFL on the Issue Date in connection with the structuring of the issue of the Notes, in an amount equal to the BGFL Structuring Fee Amount (inclusive of any applicable VAT).
“BGFL Structuring Fee Amount”	means an amount equal to the proceeds of the X Notes less the aggregate of: <ul style="list-style-type: none"> (a) the Pre-Funding Revenue Reserve; and (b) £2,300,000 (being the expected amount of the Issuer Costs and Expenses other than the BGFL Structuring Fee and any Swap Premium Amount); and (c) any Swap Premium Amount payable by the Issuer to the Swap Counterparty on the Issue Date in connection with the entering into of the Swap Agreement.
“BO”	means a bankruptcy order.
“Book-Entry Interests”	means the beneficial interests in the Global Notes recorded by Euroclear and Clearstream, Luxembourg.
“Borrower”	means, in relation to each Loan, the borrower or borrowers specified in such Loan.
“Business Day”	means a day on which commercial banks and foreign exchange markets settle payments in London.
“Buy-to-Let Loan”	means a Loan which is intended for a Borrower who wishes to use the Loan as a means to purchase a residential property for the purpose of letting to third parties.
“C Noteholders”	means the persons who are for the time being holders of the C Notes.
“C Notes”	means the £10,300,000 Class C mortgage backed floating rate notes due on the Interest Payment Date falling in March 2056 and, unless expressly stated to the contrary, all references to a “C Note” shall be a reference to such C Note whether in global or definitive form.
“C Global Note”	means the Global Note representing the C Notes, which will be substantially in the form set out in Schedule 1 (<i>Form of Global Note</i>) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility.
“C Principal Deficiency”	means a deficiency of principal amounts to make payment on the C Notes.
“C Principal Deficiency Sub-Ledger”	means the sub-ledger of such name created for the purpose of recording the C Principal Deficiency, and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
“C Residual Amount”	has the meaning given to such term in Note Condition 4(j) (<i>Deferral of Interest</i>).
“Call Option Date”	means any Interest Payment Date falling in or after December 2020 in respect of a mandatory redemption of the Notes exercisable by the Issuer in whole (but not in part) with, <i>inter alia</i> , the proceeds of a sale of the Charged Property pursuant to the Deed Poll.
“Cash Administration Agreement”	means the agreement so named dated on or about the Issue Date between, <i>inter alios</i> , the Issuer and the Cash Administrator.
“Cash Administrator”	means Elavon Financial Services DAC, UK Branch or any successor thereto.
“CCA”	means the Consumer Credit Act 1974, as amended.
“CCJ”	means a county court judgment.

“Central Bank”	means the Central Bank of Ireland.
“Certificate Conditions”	means the terms and conditions applicable to the Certificates as set out in Schedule 4 (<i>Terms and Conditions of the Certificates</i>) to the Trust Deed as may from time to time be modified in accordance with the Trust Deed.
“Certificateholders”	means the persons who for the time being are the holders of the Certificates.
“Certificates”	means the 1,000 residual certificates issued or due to be issued by the Issuer on the Issue Date, or, as the case may be, a specific number thereof.
“Certificates Basic Terms Modification”	means any modification to: <ul style="list-style-type: none"> (a) the priority of residual payments payable on the Certificates; (b) the currency of payment of the Certificates; (c) the definition of Certificates Basic Terms Modification; (d) the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to effect a Certificates Basic Terms Modification or to pass a Certificates Extraordinary Resolution; or (e) the definition of Notes Basic Terms Modification.
“Certificates Extraordinary Resolution”	means: <ul style="list-style-type: none"> (a) a resolution passed at a duly convened meeting of the Certificateholders and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders.
“Certificates Ordinary Resolution”	means: <ul style="list-style-type: none"> (a) a resolution passed at a duly convened meeting of the Certificateholders and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders.
“Charged Obligation Documents”	means the documents set out at Note Condition 2(b)(iii) (<i>Security</i>).
“Charged Property”	means the property, assets, rights and undertakings for the time being comprised in or subject to the security contained in or granted pursuant to the Deed of Charge and references to the Charged Property shall include references to any part of it.
“Class”	shall be a reference to a class of Notes being the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the X Notes, the Z1 Notes and the Z2 Notes and shall be a reference to the

	Certificates and “ Classes ” shall be construed accordingly.
“ Cleared Notes ”	means the A Notes, the B Notes, the C Notes, the D Notes, the E Notes and the X Notes.
“ Clearing Systems ”	means Clearstream, Luxembourg and Euroclear.
“ Clearstream, Luxembourg ”	means Clearstream Banking S.A.
“ CMA ”	means the Competition and Markets Authority.
“ Code ”	means the U.S. Internal Revenue Code of 1986, as amended.
“ Collection Account ”	means the account in the name of the Seller held with the Collection Account Provider, with account number 93089452 and sort code 20-19-90, into which payments from Borrowers under the Loans are made; or (x) such replacement account(s) as may be established from time to time so long as those accounts are subject to a declaration of trust in favour of the Issuer and the Security Trustee, the relevant account holding bank has the Collection Account Required Rating, or (y) such other replacement account(s) as may be established from time to time in accordance with the Transaction Documents.
“ Collection Account Declaration of Trust ”	means each declaration of trust dated on or about the Issue Date created in favour of the Issuer in respect of the Seller’s interest in the Collection Account.
“ Collection Account Provider ”	means Barclays Bank PLC (or such other replacement bank or financial institution as may be appointed from time to time in accordance with the Transaction Documents) in its capacity as provider of the Collection Account.
“ Collection Account Provider Downgrade Event ”	means where the Collection Account Provider fails to maintain the Collection Account Required Ratings.
“ Collection Account Required Ratings ”	means the required ratings of the Collection Account Provider as set out in the section entitled “ <i>Triggers Tables</i> ”.
“ Common Safekeeper ”	means the Clearing Systems or such other entity which the Paying Agent (on behalf of the Issuer) may elect from time to time to perform the safekeeping roles (See “ <i>Summary of Provisions Relating to the Notes While in Global Form</i> ”).
“ Completion Mortgage Pool ”	means the Loans selected in accordance with clause 4 (<i>Period to Completion</i>) of the Mortgage Sale Agreement and to be sold and assigned to the Issuer pursuant to the Mortgage Sale Agreement on the Issue Date, as set out in Annexure A of the Mortgage Sale Agreement.
“ Conditional Product Switch ”	means a Loan subject to a variation in the financial terms and conditions applicable to it: <ul style="list-style-type: none"> (a) which changes the relevant Loan from a Repayment Loan to an Interest Only Loan, where the aggregate Principal Balance of all Loans which have either been changed from a Repayment Loan into an Interest Only Loan since the Issue Date has exceeded 3 per cent. of the aggregate Current Balance of the Loans in the Completion Mortgage Pool as at the Issue Date, or the relevant Loan subject to the variation itself causes such 3 per cent. threshold to be exceeded; or (b) where the maturity date of the Loan is changed to a date falling less than three years before the Final Maturity Date of the Notes.
“ Conditions ”	means both the Note Conditions and the Certificate Conditions.
“ CONC ”	means the Consumer Credit sourcebook.
“ Consumer Credit Directive ”	means the second Directive on consumer credit adopted by the

	European Parliament and the Council.
“Corporate Services Agreement”	means the agreement so named and dated on or around the Issue Date between, <i>inter alios</i> , the Issuer and the Corporate Services Provider.
“Corporate Services Provider”	means Intertrust Management Limited, a company incorporated in England and Wales with registered number 03853947 and having its registered office at 35 Great St. Helen’s, London, EC3A 6AP, United Kingdom.
“Counter Notice”	means a notice signed by the Issuer and sent by the Cash Administrator to the Mortgage Pool Option Holder specifying the Mortgage Pool Purchase Price.
“CPR”	means the constant per annum rate of prepayment.
“CPUTRs”	means the Consumer Protection from Unfair Trading Regulations 2008.
“CRA3”	means the provisions of Regulation (EC) 1060/2009 on Credit Rating Agencies as amended by Regulation 462/2013 (EU).
“CRA Regulation”	means Regulation (EC) 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.
“Credit Support Annex”	means a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) entered into between the Swap Counterparty and the Issuer in connection with the Swap Agreement (or any 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) entered into between the Issuer and any replacement Swap Counterparty).
“CRR”	means Regulation (EU) No 575/2013.
“Current Balance”	means in relation to any Loan, all sums owing by the relevant Borrower under that Loan as at that date including all principal, interest (including accrued interest), fees, expenses, disbursements and any other sums or charges due pursuant to the Loan.
“Current Loan to Value” or “Current LTV”	means the ratio of (a) the Current Balance of a Loan as at the 31 st of August 2017 together with any other indebtedness that is secured over the relevant Property as at the origination of the relevant Loan to (b) the lower of the purchase price or valuation of the relevant property, or in the case of right to buy properties, the valuation of the relevant property at the time of origination.
“Custodian”	means Elavon Financial Services DAC, UK Branch.
“Cut-Off Date”	means 30 September 2017.
“D Noteholders”	means the persons who are for the time being holders of the D Notes.
“D Notes”	means the £8,000,000 Class D mortgage backed floating rate notes due on the Interest Payment Date falling in March 2056 and, unless expressly stated to the contrary, all references to a “D Note” shall be a reference to such D Note whether in global or definitive form.
“D Global Note”	means the Global Note representing the D Notes, which will be substantially in the form set out in Schedule 1 (<i>Form of Global Note</i>) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility.
“D Principal Deficiency”	means a deficiency of principal amounts to make payment on the D Notes.
“D Principal Deficiency Sub-Ledger”	means the sub-ledger of such name created for the purpose of recording the D Principal Deficiency and maintained by the

Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.

“D Residual Amount” has the meaning given to such term in Note Condition 4(j) (*Deferral of Interest*).

“DBRS” means DBRS Ratings Limited.

“DBRS Equivalent Rating” means with respect to the long-term senior debt ratings, (i) if a Fitch public rating, a Moody’s public rating and an S&P public rating are all available, (a) the remaining rating (upon conversion on the basis of the DBRS Equivalent Chart) once the highest and the lowest rating have been excluded, or (b) in the case of two or more same ratings, any of such ratings (upon conversion on the basis of the DBRS Equivalent Chart); (ii) if the DBRS Equivalent Rating cannot be determined under paragraph (i) above, but public ratings by any two of Fitch, Moody’s and S&P are available, the lower rating available (upon conversion on the basis of the DBRS Equivalent Chart); and (iii) if the DBRS Equivalent Rating cannot be determined under paragraph (i) or paragraph (ii) above, and therefore only a public rating by one of Fitch, Moody’s and S&P is available, such rating will be the DBRS Equivalent Rating (upon conversion on the basis of the DBRS Equivalent Chart).

“DBRS Equivalent Chart” means:

DBRS	Moody’s	S&P	Fitch
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-

“Deed of Charge” means the deed of charge so named dated on or about the Issue Date between, *inter alios*, the Issuer and the Security Trustee.

“Deed Poll” means the mortgage pool option deed and deed poll dated on or about the Issue Date, executed by the Issuer, in favour of the Mortgage Pool Option Holder from time to time.

“Delegate Mortgage Administrator” means HML.

“Determination Date” means the Business Day which falls three Business Days prior to an Interest Payment Date.

“Determination Period” means the quarterly period commencing on (and including) a Determination Period Start Date and ending on (and including) the Determination Period End Date, except that the first Determination Period will commence on (and include) 1 October 2017 and end on (and include) the Determination Period End Date falling in February 2018.

“Determination Period End Date” means the last calendar day of the calendar month immediately preceding the month in which a Determination Date falls.

“Determination Period Start Date” means the first calendar day immediately following the

	preceding Determination Period End Date.
“Direct Debiting Scheme”	means the scheme for the manual and automated debiting of bank accounts opened in accordance with the detailed rules of certain members of the Association for Payments Clearing Services.
“Distribution Compliance Period”	has the meaning given to such term in the section entitled <i>“Purchase and Sale”</i> .
“DTIR”	means debt-to-income ratio.
“E Global Note”	means the Global Note representing the E Notes, which will be substantially in the form set out in Schedule 1 (<i>Form of Global Note</i>) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility.
“E Notes”	means the £4,600,000 Class E mortgage backed floating rate notes due on the Interest Payment Date falling in March 2056 and, unless expressly stated to the contrary, all references to an “E Note” shall be a reference to such E Note whether in global or definitive form.
“E Noteholders”	means the persons who are for the time being holders of the E Notes.
“E Principal Deficiency”	means a deficiency of principal amounts to make payment on the E Notes.
“E Principal Deficiency Sub-Ledger”	means the sub-ledger of such name created for the purpose of recording the E Principal Deficiency and maintained by the Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
“E Residual Amount”	has the meaning given to such term in Note Condition 4(j) (<i>Deferral of Interest</i>).
“ECB”	means the European Central Bank.
“EMIR”	has the meaning given to it in the <i>“Risk Factor”</i> section entitled <i>“European Market Infrastructure Regulation”</i> .
“EMU”	means European Economic and Monetary Union.
“Enforcement Liabilities”	means the entirety of amounts owed by a Borrower under a Loan.
“Enforcement Notice”	means a notice given by the Note Trustee to the Issuer under Note Condition 9 (<i>Events of Default</i>) or Certificate Condition 6 (<i>Events of Default</i>).
“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 such Borrower’s Loan or related Mortgage Rights, in accordance with the procedures established by the Mortgage Administrator, as varied from time to time in accordance with the procedures that could reasonably be expected of a Prudent Mortgage Lender and completion of the Enforcement Procedures shall be deemed to have occurred in respect of a particular Loan and its related Mortgage Rights when the Mortgage Administrator determines that, having regard to the circumstances of the relevant Borrower and the then applicable Enforcement Procedures, the prospect of any further recovery of amounts due by that Borrower is remote or such further recovery is uneconomic.
“Enforcement Proceeds”	means the proceeds arising from any enforcement proceedings upon a Borrower’s default, including any sale proceeds.
“Euro”, “euro” or “€”	means the lawful currency of member states of the European

	Union that adopt the single currency introduced in accordance with the Treaty.
“Euroclear”	means Euroclear Bank SA/NV or its successor.
“Eurozone”	means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam.
“Event of Default”	has the meaning given to it in Note Condition 9 (<i>Events of Default</i>) or, as applicable, Certificate Condition 6 (<i>Events of Default</i>).
“Exercise Notice”	means a notice delivered by the Mortgage Pool Option Holder to the Issuer (with a copy to the Note Trustee, the Mortgage Administrator and the Cash Administrator) that it intends to exercise the Mortgage Pool Option at any time on or after the Call Option Date and with details of the Mortgage Pool Purchase Completion Date.
“Extraordinary Resolution”	means: <ul style="list-style-type: none"> (a) a resolution passed at a duly convened meeting of the Noteholders or the Noteholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders.
“FATCA”	means: <ul style="list-style-type: none"> (a) sections 1471 to 1474 of the Code and any associated regulations and other official guidance; (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. Government or any governmental or taxation authority in any other jurisdiction.
“FCA”	means the Financial Conduct Authority or any successor authority or authorities fulfilling the regulatory role currently occupied by the Financial Conduct Authority.
“Final Maturity Date”	means for all Notes and Certificates, the Interest Payment Date falling in March 2056.
“Fitch”	means Fitch Ratings Limited.
“Fixed Rate Mortgage”	means a Loan in relation to which the Borrower is obliged to pay a fixed rate of interest for a limited period and thereafter pays a rate of interest equal to the rate which would be payable under a LIBOR Standard Mortgage.
“Fixed Rate Notes”	means the Z1 Notes and the Z2 Notes.

“Fixed Rate Notional Amount”	means the notional amount of the Interest Rate Swap in respect of a Swap Determination Period will be an amount in sterling equal to the principal amount outstanding of the relevant Loans (which shall not include any Loan which is or has been more than 180 days in arrears) to be determined on the Swap Determination Period End Date in relation to a relevant Swap Determination Period, provided that any amendments or changes to certain terms of the Loan (including, but not limited to, the term of the loan, the payment frequency, the interest rate type, the loan maturity date and the repayment method) shall be deemed not to have been made or occurred when determining the Fixed Rate Notional Amount, unless such amendments or changes are made in order for the Issuer to comply with the provisions of MCOB 13.3 (“ <i>Dealing fairly with customers with a payment shortfall: policy and procedures</i> ”) (or any successive regulation) and such other provisions, laws and/or regulations as may be agreed between the Issuer and the Swap Counterparty.
“Floating Rate of Interest”	means the rate of interest as determined by the Agent Bank in accordance with Note Condition 4(c) (<i>Floating Rate of Interest</i>).
“Floating Rate Notes”	means the A Notes, the B Notes, the C Notes, the D Notes, the E Notes and the X Notes.
“foreign passthru payments”	has the meaning given to such term in the section entitled “ <i>FATCA Withholding</i> ”.
“FSA”	means the Financial Services Authority or any successor authority or authorities fulfilling the regulatory role currently occupied by the FSA (which term, when used in relation to a date on or after 1 April 2013, shall be deemed to refer to the FCA and/or PRA (as applicable)).
“FSMA”	means the Financial Services and Markets Act 2000.
“FTT”	means the proposed financial transactions tax and Commission’s Proposal in relation thereto means the draft Directive for such financial transactions tax.
“Further Advance”	means, in relation to a Loan, any further amount to be lent to the relevant Borrower which is secured by the same Charged Property as the Loan.
“Further Revenue Shortfall”	means an amount, if greater than zero, by which the aggregate amounts required to pay items (i), (ii), (iii), (iv), (v), (vi) and (viii) of the Pre-Enforcement Revenue Priority of Payments and (if the B Notes have been redeemed in full) any interest payment due on the Most Senior Class exceeds all Available Revenue Funds (excluding item (h)).
“General Reserve Fund”	means the amount reserved from time to time in the Transaction Account by depositing the General Reserve Fund Required Amount into the Transaction Account and crediting the General Reserve Fund Ledger in accordance with the Cash Administration Agreement.
“General Reserve Fund Ledger”	means the ledger of such name created and maintained by the Cash Administrator in the Transaction Account.
“General Reserve Fund Required Amount”	means: <ul style="list-style-type: none"> (a) prior to the redemption in full of the Rated Notes, 2.5 per cent. of the aggregate Principal Amount Outstanding of the Principal Backed Notes as at the Issue Date; and (b) on the Interest Payment Date on which the Rated Notes

	are to be redeemed in full, zero.
“Global Notes”	means the A Global Note, the B Global Note, the C Global Note, the D Global Note, the E Global Note and the X Global Note and Global Note means one of them.
“HML”	means Homeloan Management Limited.
“HML Mortgage Administration Delegation Agreement”	means the agreement dated between the Seller and HML, as amended by the parties thereto from time to time.
“HMRC”	means Her Majesty’s Revenue and Customs.
“Holdings”	means Tower Bridge Funding No.1 Holdings Limited whose registered number is 10801300 and whose registered office is at 35 Great St. Helen’s, London EC3A 6AP, United Kingdom.
“Holdings Payment Agreement”	means the payment agreement so named and dated 10 October 2017 between Holdings and the Share Trustee.
“Holdings Share Trust Deed”	means the share trust deed so named and dated 27 September 2017 between the Share Trustee and Holdings.
“IAS”	means International Accounting Standards.
“ICSDs”	means Euroclear and Clearstream, Luxembourg.
“Initial Cash Purchase Price”	means the cash consideration payable by the Issuer on the Issue Date in respect of the Completion Mortgage Pool pursuant to the Mortgage Sale Agreement, being an amount equal to the aggregate Current Balance as at the Cut-Off Date of the Loans comprising the Completion Mortgage Pool.
“Initial Principal Amount”	means, in relation to each Note, the initial face principal amount of that Note upon issue of the relevant Global Note relating to that Note.
“Initiating Noteholder”	has the meaning given to such term in Note Condition 13(e) (<i>Noteholder Notices</i>).
“Insolvency Event”	in respect of the Seller, the Mortgage Administrator, an Account Bank or the Standby Mortgage Administrator (each, for the purposes of paragraphs (a) to (c) of this definition, a Relevant Entity) means: <ul style="list-style-type: none"> (a) an order is made or an effective resolution passed for the winding up of the Relevant Entity or the appointment of an administrator over the Relevant Entity (except, in any such case, a winding-up or dissolution for the purpose of a reconstruction or amalgamation the terms of which have been previously approved by the Security Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes); (b) the Relevant Entity ceases or threatens to cease to carry on its business or substantially the whole of its business (otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (a) above or paragraph (c) below) or stops payment or threatens to stop payment of its debts or is deemed unable to pay its debts within the meaning of section 123(1)(a), or (e) of the Insolvency Act (as amended, modified or re-enacted) or becomes unable to pay its debts as they fall due or the value of its assets is less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or otherwise becomes insolvent; or (c) proceedings are initiated against the Relevant Entity or any steps are taken in respect of a Relevant Entity under any applicable liquidation, administration, reorganisation (other than a reorganisation where the Relevant Entity is

solvent), insolvency or other similar laws, save where such proceedings are being contested in good faith; or an administrative or other receiver, administrator or other similar official is appointed in relation to the whole or any substantial or material part of the undertaking or assets of the Relevant Entity; or an encumbrancer or other security holder shall take possession of the whole or any substantial part of the undertaking or assets of the Relevant Entity and in any of the foregoing cases it is not discharged within 30 Business Days; or if the Relevant Entity initiates or consents to judicial proceedings relating to itself under any applicable liquidation, administration, insolvency, reorganisation or other similar laws or makes a conveyance or assignment or trust for the benefit of its creditors generally;

and, in respect of the Cash Administrator, “**Insolvency Event**” means:

- (a) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Cash Administrator in an involuntary case or proceeding under any applicable Irish bankruptcy, insolvency, reorganisation or other similar law or (B) a decree or order adjudging the Cash Administrator bankrupt or insolvent, or approving as properly filed a petition seeking reorganisation, arrangement, adjustment or composition of or in respect of the Cash Administrator under any applicable Irish law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Cash Administrator or of any substantial part of their respective property, or ordering the winding up or liquidation of their respective affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; or
- (b) the commencement by the Cash Administrator of a voluntary case or proceeding under any applicable Irish bankruptcy, insolvency, reorganisation or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Cash Administrator in an involuntary case or proceeding under any applicable Irish liquidation, bankruptcy, insolvency, reorganisation or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganisation or relief under any applicable Irish law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Cash Administrator or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Cash Administrator in furtherance of any such action;

the Cash Administrator ceases or threatens to cease to carry on all or any substantial part of its business.

means the insurance contracts referred to in Schedule 6

“**Insurance Contracts**”

	(<i>Insurance Contracts</i>) of the Mortgage Sale Agreement, including the block contingency insurance policy and the No Search Indemnity Insurance Policy relating to the Loans, and any other additional, substitute or replacement insurance contracts or policies arranged by the Seller from time to time relating to the Loans or the Portfolio.
“ Interest Amount ”	has the meaning given to such term in Note Condition 4(e) (<i>Determination of Floating Rates of Interest and Calculation of Interest Amount</i>).
“ Interest Determination Date ”	means, in the case of the first Interest Period, the Issue Date, and, for each subsequent Interest Period, the first day of an Interest Period.
“ Interest Only Loan ”	means a loan under the terms of which the principal amount is not repayable before maturity and may require an endowment policy to be charged by way of collateral security or may require the deposit (but not by way of security) of a pension policy or may have no collateral as security other than the relevant Property.
“ Interest Payment Date ”	means the 20th day in March, June, September and December in each year unless such day is not a Business Day, in which case interest shall be payable on the following Business Day unless it would thereby fall into the next calendar month in which event it shall be bought forward to the immediately preceding Business Day, with the first Interest Payment Date falling in March 2018.
“ Interest Period ”	means the period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date, provided that the first Interest Period shall be the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date.
“ Interest Rate Swap ”	means the interest rate swap transaction entered into between the Issuer and the Swap Counterparty on or about the Issue Date to hedge against the possible variance between the fixed rates of interest payable on Fixed Rate Mortgages in the Mortgage Pool and in floating rates of interest payable on the Floating Rate Notes.
“ Interest Shortfall ”	means, on each Determination Date, the amount by which the Available Revenue Funds for the immediately following Interest Payment Date is insufficient to provide for payment of interest on the B Notes, the C Notes, the D Notes, the E Notes, the X Notes, the Z1 Notes or the Z2 Notes.
“ Investor Report ”	means the monthly investor report published by the Cash Administrator on each Interest Payment Date, or in any month in which an Interest Payment Date does not occur, the last calendar day of that month, substantially in the form scheduled as Schedule 1 (<i>Form of Investor Report</i>) to the Cash Administration Agreement or from time to time agreed between the Issuer and the Cash Administrator.
“ Invocation Notice ”	a written notice from the Security Trustee to the Standby Mortgage Administrator requiring the Standby Mortgage Administrator to transition to performance of the obligations of the Mortgage Administrator pursuant to the Standby Mortgage Administration Agreement.
“ ISE ” or “ Irish Stock Exchange ” or “ Stock Exchange ”	means the Irish Stock Exchange plc.
“ IRS ”	means the U.S. Internal Revenue Service.

“Issue Date”	means 23 October 2017.
“Issuer”	means Tower Bridge Funding No.1 plc whose registered number is 10801292 and whose registered office is at 35 Great St. Helen’s, London EC3A 6AP, United Kingdom.
“Issuer/ICSD Agreement”	means the agreement so named dated on or before the date hereof between the Issuer and each of Euroclear and Clearstream, Luxembourg.
“Issuer Profit Amount”	means retained profit of the Issuer in an amount of £1,500 per Determination Period for retention by the Issuer and to be recognised in the accounts of the Issuer as profit for the relevant accounting year and the payment of a distribution (if any) to Holdings.
“Issuer Profit Ledger”	means a ledger established in the Transaction Account used to record the retained revenue of the Issuer in accordance with the Cash Administration Agreement.
“Issuer Security Power of Attorney”	means the power of attorney granted by the Issuer in favour of the Security Trustee and any Receiver pursuant to clause 15 of the Deed of Charge.
“IVA”	means an Individual Voluntary Arrangement.
“Joint Lead Managers”	means each of Macquarie Bank International Limited and The Royal Bank of Scotland plc (trading as NatWest Markets).
“Joint Lead Managers Related Person”	means any related entity, associate, officer or employee of the Joint Lead Managers.
“Land Registry”	means HM Land Registry.
“Lending Criteria”	means the lending criteria applied in relation to the Loans originated by BGFL between 15 December 2016 and the Cut-Off Date, and which, as amended from time to time in a manner consistent with any amendment which a Prudent Mortgage Lender would make, will also apply to the Additional Loans.
“Liability”	means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof.
“LIBOR”	means the London interbank offer rate as set out in Note Condition 4 (<i>Interest</i>).
“LIBOR Standard Mortgage”	means a Loan under the terms of which interest is payable at a variable rate of interest which is set quarterly at three-month LIBOR plus a margin.
“Liquidity Reserve Fund”	means the amount reserved from time to time in the Transaction Account by depositing amounts into the Transaction Account and crediting the Liquidity Reserve Fund Ledger in accordance with the Cash Administration Agreement.
“Liquidity Reserve Fund Excess Amounts”	means (after the application of amounts payable pursuant to item (ix)(A) and (B) of the Pre-Enforcement Revenue Priority of Payments on an Interest Payment Date) any amount standing to the credit of the Liquidity Reserve Fund Ledger in excess of the Liquidity Reserve Fund Required Amount on such Interest Payment Date and which will be applied as, and form part of, Available Principal Funds on that Interest Payment Date.
“Liquidity Reserve Fund Ledger”	means the ledger of such name created and maintained by the Cash Administrator in the Transaction Account.
“Liquidity Reserve Fund Required Amount”	means: (a) while the A Notes or the B Notes remain outstanding, an

	amount equal to 1.5 per cent. of the aggregate Principal Amount Outstanding of the A Notes and the B Notes on the Determination Date immediately prior to such Interest Payment Date; and
	(b) on the Interest Payment Date on which the A Notes or the B Notes are to be redeemed in full, zero.
“Liquidity Reserve Initial Funding Date”	means the day after the Interest Payment Date on which the cumulative amount of Available Principal Funds previously transferred to the Liquidity Reserve Fund pursuant to item (i) of the Pre-Enforcement Principal Priority of Payments on all prior Interest Payment Dates is equal to the Liquidity Reserve Fund Required Amount.
“Listing Agent”	means Arthur Cox Listing Services Limited.
“Loan”	means a loan in the Mortgage Pool which is, in each case, secured by Mortgages over Properties located in England and Wales.
“Loan Conditions”	means, in relation to each Loan, the terms and conditions on which it was made.
“Loan to Value Ratio” or “LTV”	means the ratio, expressed as a percentage, which the amount of a Loan (exclusive of any arrangement fee) bears to the valuation of the relevant Property at origination of the Loan or, in some cases as set out in the Lending Criteria, the lower of such valuation and the sale price of such Property.
“Losses”	means any losses arising in relation to a Loan in the Mortgage Pool (including any amount of principal which remains unpaid in respect of any Loan after the completion of any Enforcement Procedures relating to such Loans) or as a result of an insolvency event in relation to the Collection Account Provider which results in a shortfall in the amount of principal received on such Loan.
“Main Market”	means the regulated market of the Irish Stock Exchange.
“Market Abuse Directive”	means EU Directive 2003/6/EC.
“Markets in Financial Instruments Directive”	means Directive 2004/39/EC.
“Master Definitions Schedule”	means the document named dated on or about the Issue Date and initialled for the purposes of identification by <i>inter alios</i> the Issuer and the Security Trustee.
“Material Adverse Effect”	means, in the context of the Loans, a material adverse effect on the interests of the Issuer or the Security Trustee in the Loans, or on the ability of the Issuer (or the Mortgage Administrator on behalf of the Issuer) to collect the amounts due on the Loan or on the ability of the Security Trustee to enforce its Security.
“MCD”	means the European Mortgage Credit Directive (2014/17/EU).
“MCOB”	means the FCA’s Mortgages and Home Finance: Conduct of Business sourcebook, as the same may be amended, revised or supplemented from time to time.
“Meeting”	means a meeting of Noteholders of any Class or Classes (whether originally convened or resumed following an adjournment).
“Member State”	means a member state of the European Union.
“MiFID Regulations”	has the meaning given to such term in the section entitled “ <i>Purchase and Sale</i> ”.
“Modelling Assumptions”	means the assumptions set out in the section entitled “ <i>Weighted Average Lives of the Notes</i> ”.

“Monthly Report”	means the monthly report provided by the Mortgage Administrator to the Cash Administrator, substantially in the form scheduled to the Cash Administration Agreement or from time to time agreed between the Issuer and the Mortgage Administrator.
“Moody’s”	means Moody’s Investors Service.
“Mortgage”	means a first ranking legal mortgage or charge over Property located in England or Wales which is security for a Loan.
“Mortgage Account”	means as the context requires (a) all Loans secured on the same Charged Property and thereby forming a single mortgage account or (b) an account maintained by the Mortgage Administrator in respect of a particular Loan to record all amounts due in respect of that Loan (whether by way of principal, interest or otherwise) and all amounts received in respect thereof.
“Mortgage Administration Agreement”	means the agreement so named dated on or about the Issue Date between, <i>inter alios</i> , the Issuer and the Mortgage Administrator.
“Mortgage Administrator”	means (a) BGFL under the Mortgage Administration Agreement or (b) if BGFL’s appointment is terminated under the Mortgage Administration Agreement, the mortgage administrator appointed pursuant to the Standby Mortgage Administration Agreement.
“Mortgage Administrator Software”	means the software which is owned by and/or licensed to the Mortgage Administrator and which is used in the provision of the Services.
“Mortgage Administrator System”	means any IT system, middleware, hardware and related network and other infrastructure and any software or applications, including the Mortgage Administrator Software, operated thereon by the Mortgage Administrator from time to time to support the delivery of the Services.
“Mortgage Administrator Termination Event”	means any of the events of default specified under the Mortgage Administration Agreement, including non-performance by the Mortgage Administrator of its obligations thereunder or if insolvency or similar events occur in relation to the Mortgage Administrator.
“Mortgage Conditions”	means in relation to any Mortgage the conditions applicable to that Mortgage (including without limitation any set out in the relevant formal loan offer letter to Borrower).
“Mortgage Early Redemption Amounts”	means the compensation amounts payable by a Borrower if a Loan is redeemed (whether pre-enforcement or post-enforcement) within the Relevant Period (excluding, for the avoidance of doubt, any principal received in respect of the Loans to which the relevant Mortgages relate).
“Mortgage LIBOR Reset Date”	means the 12 th day of each of March, June, September and December in each year unless such day is not a Business Day in which case it shall be the following Business Day.
“Mortgage Pool”	means the Completion Mortgage Pool and any Additional Loans, other than Loans which have been repaid or in respect of which funds representing principal outstanding have otherwise been received in full or which have been re-transferred to the Seller pursuant to the Mortgage Sale Agreement or in respect of which Enforcement Procedures have been completed.
“Mortgage Pool Option”	means the option granted to the Mortgage Pool Option Holder documented in the Deed Poll.

“Mortgage Pool Option Holder”	means (a) where there is a sole Certificateholder, that Certificateholder, or (b) where there is not a sole Certificateholder, an entity unanimously agreed in writing between the Certificateholders as their representative and whose identity has been notified to the Issuer by writing by the Certificateholders.
“Mortgage Pool Purchase”	means a purchase of all (but not part) of the Loans and their Mortgages and other Mortgage Rights by the Mortgage Pool Option Holder.
“Mortgage Pool Purchaser”	means, as applicable, the person specified in an Exercise Notice as the purchaser of the beneficial title to the Loans and/or the legal title to the Loans.
“Mortgage Pool Purchase Completion Date”	means the date on which (i) the Mortgage Pool Option Loans are to be purchased from the Issuer pursuant to the Mortgage Pool Option; and (ii) the Notes are to be redeemed in full upon the application of the Mortgage Pool Purchase Price for such purposes.
“Mortgage Pool Purchase Price”	means an amount which, together with any amounts standing to the credit of the Transaction Account (including the General Reserve Fund and the Liquidity Reserve Fund) and/or any other cash held by or on behalf of the Issuer (other than any Swap Excluded Receivable Amounts or any Issuer Profit Amount), would be required to pay any amounts required under the relevant Priority of Payments to be paid in priority to or <i>pari passu</i> with the Notes on such Interest Payment Date, to redeem all Notes then outstanding in full together with accrued and unpaid interest on such Notes, and to pay costs associated with the redemption, as calculated as at the on the Determination Date immediately preceding the relevant Call Option Date..
“Mortgage Rights”	means the right to receive the sums relating to and the benefit of: <ul style="list-style-type: none"> (a) (subject to the subsisting rights of redemption of Borrowers) all right, title, interest and benefit (both present and future) in and under the relevant Loans, the related Mortgages in relation to such Loans excluding any insurance premia payable by any Borrower under such Loan or insurance commissions attributable to the Insurance Contracts in so far as they relate to the Loans (“Insurance Commissions”) but including for the avoidance of doubt: <ul style="list-style-type: none"> (i) all sums of principal or any other sum (other than interest) payable or paid under such Loans on or after the Cut-Off Date or the Additional Loans Cut-Off Date, as the case may be, and including the right to demand, sue for, recover, receive and give receipts for all principal monies payable or to become payable under such Loans or the unpaid part thereof and for any other sums due under such Loans other than in respect of Insurance Commissions; (ii) all amounts of interest accruing in respect of the period, and payable or paid under such Loans, on and from the Cut-Off Date or the Additional Loans Cut-Off Date, as the case may be, and including the right to demand, sue for, recover, receive and give receipts for interest due or to become due thereon from and including the Cut-Off Date or the Additional Loans Cut-Off Date, as the case may be; (b) the benefit of all securities for such principal monies and

interest and other sums payable, the benefit of all consents to mortgages signed by occupiers of Properties and the benefit of and the right to sue on all covenants and undertakings in each such Loan and any Guarantee in respect thereof and the right to exercise all powers in relation to each such Loan and the related Mortgage;

- (c) all the estate and interest in the Properties subject to rights of redemption or cesser of the relevant Borrowers;
- (d) to the extent that they are assignable, all right, title and interest under any valuation and all causes and rights of action against any person in connection with any report, valuation, opinion, certificate, consent or other statement of fact or opinion given in connection with any such Loans or affecting the decision to make the relevant advance initially; and

the Arrears in respect of the Loans.

“Mortgage Sale Agreement”

means the mortgage sale agreement dated on or about the Issue Date between the Issuer, the Seller and the Security Trustee.

“Most Senior Class”

means the A Notes for so long as there are any A Notes outstanding; thereafter the B Notes for so long as there are any B Notes outstanding; thereafter the C Notes for so long as there are any C Notes outstanding; thereafter the D Notes for so long as there are any D Notes outstanding; thereafter the E Notes for so long as there are any E Notes outstanding; thereafter the X Notes for so long as there are any X Notes outstanding; thereafter the Z1 Notes for so long as there are any Z1 Notes outstanding; thereafter the Z2 Notes for so long as there are any Z2 Notes outstanding; and thereafter the Certificates for so long as there are any Certificates outstanding.

“Noteholders”

means holders of the Notes.

“Note Conditions”

means the terms and conditions applicable to the Notes as set out in Schedule 3 (*Terms and Conditions of the Notes*) to the Trust Deed as may from time to time be modified in accordance with the Trust Deed and, with respect to any Notes represented by a Global Note, as modified by the provisions of such Global Note and any reference to a particularly numbered Condition shall be construed accordingly.

“Note Principal Payment”

has the meaning given to such term in Note Condition 5(c) (*Note Principal Payments, Principal Amount Outstanding and Pool Factor*).

“Note Trustee”

means U.S. Bank Trustees Limited in its capacity as trustee for the Noteholders and such term shall include its successors and assignees.

“Notes”

means the A Notes, the B Notes, the C Notes, the D Notes, the E Notes, the X Notes, the Z1 Notes and the Z2 Notes.

“Notes Basic Terms Modification”

means any modification to:

- (a) the maturity of the Notes or the dates on which interest is payable in respect of the Notes;
- (b) the amount due in respect of or cancellation of the principal amount of, or interest on or variation of the method of calculating the rate of interest on, the Notes (other than any Reference Rate Modification made in accordance with Note Condition 11(c)(viii));
- (c) the priority of payment of interest or principal on the Notes;
- (d) the currency of payment of the Notes;

	(e) the definition of Notes Basic Terms Modification; or the provisions concerning the quorum required at any meeting of Noteholders or the majority required to effect a Notes Basic Terms Modification or to pass an Extraordinary Resolution.
“OFT”	means the Office of Fair Trading.
“Ombudsman”	means the Financial Ombudsman Service.
“Ordinary Resolution”	means: <ul style="list-style-type: none"> (a) a resolution passed at a duly convened meeting of the Noteholders or the Noteholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders.
“Original Loan to Value” or “Original LTV”	means the ratio of (a) the Principal Balance of each Loan together with the principal balance of any other indebtedness that is secured over the relevant Property, each as at the origination of the relevant Loan to (b) the lower of the purchase price or valuation of the relevant property, or in the case of right to buy properties, the valuation of the relevant property at the time of origination.
“Original Property”	means the Property which a Loan was originally secured by.
“Owner Occupied Loan”	means a Loan which is intended for a Borrower who wishes to use the Loan as a means to purchase a residential property to be used as the Borrower’s own residence.
“outstanding”	means in relation to a Class of Notes or Certificates, all the Notes of that Class which have been issued except: <ul style="list-style-type: none"> (a) those which have been redeemed in full in accordance with the Note Conditions or cancelled in respect of the Certificates; (b) those in respect of which the date for redemption in full has occurred and the full amount of redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under the Note Conditions after such date) have been duly paid to the Note Trustee or to the Principal Paying Agent as provided in clause 2 (<i>Amount of the Notes and Covenant to Pay</i>) of the Trust Deed (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with Note Condition 13 (<i>Notice to Noteholders</i>)) and remain available for payment against presentation and surrender of Notes; and (c) those which have become void or in respect of which claims have become prescribed, <p>provided that for each of the following purposes:</p> <ul style="list-style-type: none"> I. ascertaining the right to attend and vote at any meeting of the Noteholders; II. the determination of how many Notes or Certificates are outstanding for the purposes of:

- (a) Note Condition 10 (*Enforcement of Security, Limited Recourse and Non-Petition*); Note Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*) and Schedule 5 (*Provisions for Meetings of Noteholders*) to the Trust Deed; and
- (b) Certificate Condition 7 (*Enforcement of Security, Limited Recourse and Non-Petition*), Certificate Condition 8 (*Meetings of Certificateholders; Modifications; Consents; Waivers*) and Schedule 6 (*Provisions of Meetings of Certificateholders*) to the Trust Deed;

III. the exercise of any discretion, power or authority which the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Most Senior Class; and

IV. the determination by the Note Trustee of whether any event or potential event is or would be materially prejudicial to the interests of the Most Senior Class,

those Notes which are beneficially held by or on behalf of BGFL or its affiliates shall (unless no longer so held) be deemed not to remain outstanding except where all of the Notes of any Classes or all of the Certificates are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Classes of Notes (the “**Relevant Class of Notes**”) or such Certificates shall be deemed to remain outstanding or in issue (as the case may be), except that, if there is any other Class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such Class, then the Relevant Class of Notes shall be deemed not to remain outstanding and provided that in relation to a matter relating to a Notes Basic Terms Modification any Notes which are for the time being held by or on behalf of or for the benefit of a Relevant Person, in each case as beneficial owner, shall be deemed to remain outstanding or in issue, as applicable and for the purposes of this proviso, in the case of the Global Notes, the Note Trustee shall be entitled to rely on the records of Euroclear and Clearstream, Luxembourg in relation to any determination of the nominal amount outstanding of the Global Notes.

“Part and Part Loans”

means Loans under the terms of which the loan is effectively separated (at the option of, and at a level decided by, the Borrower) into two, principal amounts, one in respect of which the Borrower pays interest only and the other in respect of which the Borrower pays interest and principal.

“Participating Member State”

means a Member State of the European Communities which adopts the Euro as its lawful currency in accordance with the Treaty.

“Paying Agency Agreement”

means the agreement so named and dated on or about the Issue Date between, among others, the Issuer, the Note Trustee and the Agents.

“Paying Agents”

means the Principal Paying Agent and any additional paying agent appointed pursuant to the Paying Agency Agreement or any of them.

“Perfection Events”	means the occurrence of any of the following: (a) the service of an Enforcement Notice; (b) the Security Trustee determining that the Charged Property or any part thereof is in jeopardy; (c) certain insolvency events of the Seller; or (d) the Issuer, the Security Trustee or the Seller becoming obliged to provide notice of assignment of the Loan by order of court, by law or any relevant regulatory authority, as more particularly described in clause 7.1 (<i>Further Assurance</i>) of the Mortgage Sale Agreement.
“Pool Factor”	has the meaning given to such term in Note Condition 5(c) (<i>Note Principal Payments, Principal Amount Outstanding and Pool Factor</i>).
“Post-Enforcement Priority of Payments”	means the Post-Enforcement Priority of Payments set out in Note Condition 2(d) (<i>Post-Enforcement Priority of Payments</i>).
“Potential Event of Default”	means any condition, event, act or circumstance which would or could, with the giving of notice, lapse of time, the issuing of a certificate and/or fulfilment of any other requirement provided for in Note Condition 9 (<i>Events of Default</i>), become an Event of Default.
“PPI”	means payment protection insurance.
“Pre-Enforcement Principal Priority of Payments”	means the Pre-Enforcement Principal Priority of Payments as set out in Note Condition 5(b) (<i>Mandatory Redemption of the Notes</i>).
“Pre-Enforcement Priority of Payments”	means the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Principal Priority of Payments, as the case may be.
“Pre-Enforcement Revenue Priority of Payments”	means the Pre-Enforcement Revenue Priority of Payments set out in Note Condition 2(c) (<i>Pre-Enforcement Revenue Priority of Payments</i>).
“Pre-Funding Negative Carry Amount”	means an amount which equals the product of: (a) the weighted average coupon of the Rated Notes as at the Issue Date; (b) the Pre-Funding Principal Reserve; and the Pre-Funding Negative Carry Exposure Period Factor.
“Pre-Funding Negative Carry Exposure Period Factor”	means: (a) the number of days from, but excluding, the Issue Date to, but excluding, the Additional Loans Cut-Off Date; divided by (b) 365, expressed as a fraction.
“Pre-Funding Principal Reserve”	means the amount equal to £30,096,914 credited by the Issuer to the Pre-Funding Principal Reserve Ledger on the Issue Date.
“Pre-Funding Principal Reserve Ledger”	means the ledger by that name of the Issuer on the Transaction Account to record the Pre-Funding Principal Reserve.
“Pre-Funding Reserves”	means the Pre-Funding Principal Reserve and the Pre-Funding Revenue Reserve.
“Pre-Funding Reserve Excess Amount”	means an amount equal to the Pre-Funding Revenue Reserve, less the Pre-Funding Negative Carry Amount.
“Pre-Funding Revenue Reserve”	means the amount equal to £817,342 credited by the Issuer to the Pre-Funding Revenue Reserve Ledger on the Issue Date.

“Pre-Funding Revenue Reserve Ledger”	means the ledger by that name of the Issuer on the Transaction Account to record the Pre-Funding Revenue Reserve.
“Principal Addition Amounts”	means the amount of Available Principal Funds applied as item (ii) of the Pre-Enforcement Priority of Payments to make up any Further Revenue Shortfall.
“Principal Amount Outstanding”	means the principal amount outstanding of each note as determined in accordance with Note Condition 5(c) (<i>Note Principal Payments, Principal Amount Outstanding and Pool Factor</i>).
“Principal Backed Notes”	means the A Notes, the B Notes, the C Notes, the D Notes, the E Notes and the Z1 Notes.
“Principal Balance”	means in relation to any Loan and on any day, the aggregate of: <ul style="list-style-type: none"> (a) the original principal amount advanced to any relevant Borrower pursuant to the related Mortgage Conditions, together with any further advance of principal, in each case inclusive of fees charged that are added to that Loan in connection with the origination of such Loan, made to such Borrower pursuant to the related Conditions; plus (b) any amounts (excluding arrears of interest) which are overdue in respect of that Loan and which as at that date have been added to the principal amounts due under such Loan in accordance with the Mortgage Conditions or with the Borrower’s consent or in accordance with the Seller’s normal charging practices and any applicable regulatory obligations; minus (c) any repayments or reduction of the amounts specified in (a) and (b) above, but after completion of any Enforcement Procedures by the Mortgage Administrator in relation to a Loan, zero.
“Principal Collections”	means the aggregate of: <ul style="list-style-type: none"> (a) all repayments or prepayments of principal received by the Issuer in relation to the Loans; and (b) recoveries received by the Issuer and allocable to principal upon an enforcement of the Mortgage Rights, and recoveries received by the Issuer and allocable to principal upon a purchase or a repurchase of the Loans by the Seller (or an affiliate thereof), in accordance with the terms of the Mortgage Sale Agreement.
“Principal Deficiency”	means the amount debited from time to time to the Principal Deficiency Ledger for the purposes of recording Losses and/or the application of Principal Addition Amounts to provide for a Further Revenue Shortfall.
“Principal Deficiency Ledger”	means the A Principal Deficiency Sub-Ledger, the B Principal Deficiency Sub-Ledger, the C Principal Deficiency Sub-Ledger, the D Principal Deficiency Sub-Ledger, the E Principal Deficiency Sub-Ledger and the Z1 Principal Deficiency Sub-Ledger.
“Principal Ledger”	means the ledger of such name created for the purpose of recording Principal Collections and maintained by the Cash Administrator in the Transaction Account.
“Principal Paying Agent”	means Elavon Financial Services DAC, UK Branch or any successor thereto.
“Principal Receipts”	has the meaning given to such term in Note Condition 4(k) (<i>Determinations and Reconciliation</i>).
“Priority of Payments”	means the Pre-Enforcement Priority of Payments or the Post-

	Enforcement Priority of Payments, as applicable.
“Product Switch”	means any variation in the financial terms and conditions applicable to a Loan other than any variation: <ul style="list-style-type: none"> (a) agreed with a Borrower as part of debt management or debt rehabilitation in relation to the relevant Loan; (b) made in relation to any Enforcement Procedures in relation the relevant Loan; (c) imposed by statute; (d) which changes the relevant Loan from an Interest Only Loan to a Repayment Loan; (e) which changes the relevant Loan from a Repayment Loan to an Interest Only Loan, provided that the aggregate Principal Balance of all Loans which have been changed from a Re-payment Loan into an Interest Only Loan since the Issue Date does not exceed 3 per cent. of the aggregate Current Balance of the Loans in the Completion Mortgage Pool as at the Issue Date and the relevant Loan subject to the variation itself does not cause such 3 per cent. threshold to be exceeded; (f) in the maturity date of the Loan where the maturity date is changed to a date falling more than 3 years before the Final Maturity Date of the Notes; (g) in the rate of interest payable in respect of a Loan (i) as a result of any variation in the floating mortgage rate or (ii) where the terms of the Loan change the rate of interest payable by a Borrower on termination of an interest discount for a fixed period of time or the terms of the Loan otherwise change the interest rate payable; or which increases the frequency with which the interest payable in respect of the Loan is charged.
“Property”	means, in relation to a Loan, the freehold or long leasehold residential property situated in England or Wales upon which the obligations of the Borrower are secured.
“Prospectus”	means this prospectus of the Issuer for the purposes of the Prospectus Directive.
“Prospectus Directive”	means EU Directive 2003/71/EC (as amended).
“Provisional Pool Reference Date”	means the 31 August 2017.
“Provisions for Meetings of Noteholders”	means the provisions contained in Schedule 5 of the Trust Deed.
“Provisional Completion Mortgage Pool”	means the Loans proposed to be included in the Mortgage Pool (and includes some Additional Loans which may be acquired by the Issuer on the Additional Loans Purchase Date) as at the Cut-Off Date with the characteristics set out in the section entitled <i>“Constitution of the Mortgage Pool”</i> .
“Prudential Regulation Authority” or “PRA”	means the Prudential Regulation Authority which replaced the FSA on 1 April 2013.
“Prudent Mortgage Lender”	means a reasonably prudent FCA-authorized lender managing loans of the type of the Loans made on terms which do not differ materially from the Loan Conditions to borrowers with similar credit histories to the Borrowers.
“RAO”	means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (as amended).
“Rated Notes”	means the A Notes, the B Notes, the C Notes, the D Notes and the E Notes.

“Rate of Interest”	means the relevant rate of interest for each Class of Note determined in accordance with Note Condition 4 (<i>Interest</i>).
“Rating Agencies”	means DBRS and Moody’s and “Rating Agency” means either of them.
“Rating Agency Confirmation”	means written confirmation from each Rating Agency (or certification from the Issuer to the Note Trustee and the Security Trustee that the Issuer 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 the then current ratings of each Class of Notes rated thereby being qualified, downgraded, suspended or withdrawn, or such Rating Agency placing any Notes on rating watch negative (or equivalent) and, if relevant, the Issuer delivers a copy of each such confirmation to the Note Trustee and the Security Trustee.
“Receiver”	means any receiver, manager or administrative receiver appointed in respect of the Issuer by the Security Trustee in accordance with clause 10 (<i>Receiver</i>) of the Deed of Charge.
“Reconciliation Amount”	has the meaning given to such term in Note Condition 4(k) (<i>Determinations and Reconciliation</i>).
“Redemption Event”	means the earlier to occur of (i) the Final Maturity Date, (ii) the Interest Payment Date on which the relevant Notes are redeemed in accordance with Note Condition 5(d) (<i>Mandatory Redemption in Full</i>) or Note Condition 5(e) (<i>Optional Redemption for Taxation or Other Reasons</i>) and (iii) the date on which the E Notes have been redeemed in full.
“Reference Banks”	has the meaning given to that term in Note Condition 4(i) (<i>Reference Banks and Agent Bank</i>).
“Registrar”	means Elavon Financial Services DAC or any successor thereto.
“Regulated Amendment”	means any amendment in relation to a Loan and its related Mortgage Rights which would constitute a regulated activity.
“Regulated Mortgage Contract”	has the meaning given to such term in the Risk Factor entitled <i>“Mortgages regulated under FSMA”</i> .
“Regulation S”	means Regulation S of the Securities Act.
“Relevant Implementation Date”	has the meaning given to such term in the section entitled <i>“Purchase and Sale”</i> .
“Relevant Information”	has the meaning given to such term in the Risk Factor entitled <i>“Conflicts of interest”</i> .
“Relevant Margin”	has the meaning given to such term in Note Condition 4(c) (<i>Floating Rate of Interest</i>).
“Relevant Member State”	has the meaning given to such term in the section entitled <i>“Purchase and Sale”</i> .
“Relevant Period”	means three years from the date of advance of the relevant Loan to the Borrower.
“Repayment Loan”	means a Loan under the terms of which monthly instalments covering both interest and principal are payable by the Borrower until the Loan is fully repaid by its maturity in accordance with the relevant Loan Conditions.
“Repurchase Date”	means the date on which a Loan is repurchased by the Seller (or an affiliate thereof).
“Repurchase Price”	means an amount equal to the aggregate of: (a) the Current Balance of the relevant Loan as at the Determination Period End Date immediately preceding

	the relevant Repurchase Date; and
	(b) the reasonable legal costs of the Issuer incurred in relation to the sale, re-transfer or re-assignment,
	as such amount may be increased or decreased (as the case may be) by any applicable Swap Adjustment Amount in relation to such Loan;
“Reserve Interest Rate”	has the meaning given to such term in Note Condition 4(c)(ii) (<i>Floating Rate of Interest</i>).
“Residual Payment”	means: <ul style="list-style-type: none"> (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 (i) to (xxiv) of the Pre-Enforcement Revenue Priority of Payments 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 Priority of Payments, the amount by which amounts available for payment in accordance with the Post-Enforcement Priority of Payments exceeds the amounts required to satisfy items (i) to (xiv) of the Post-Enforcement Priority of Payments on that date.
“Retained Interest”	means BGFL’s holding of exposure to the Z1 Notes and Z2 Notes in an amount such that the total nominal value of exposure to the Z1 Notes and Z2 Notes held by it is at least equal to an amount sufficient to satisfy the Retention Requirement.
“Retention”	means at any date an amount or amounts to be advanced under a Loan but retained as at that date pending satisfaction of the Retention Conditions.
“Retention Conditions”	means, in relation to a Retention, the conditions for the release of such Retention, as described in the relevant letter of offer to the relevant Borrower.
“Retention Requirement”	means a material net economic interest of at least 5 per cent. in the securitisation, in accordance with Article 405 of the CRR, Article 51 of the AIFMR and Article 254 of Solvency II, in each case not taking into account any relevant national measures.
“Return Amounts”	means Return Amounts as defined in a Credit Support Annex.
“Revenue Collections”	means the aggregate of: <ul style="list-style-type: none"> (a) all payments of interest, fees, breakage costs and other sums not comprising Principal Collections, if any, received by the Issuer in relation to the Loans in the Mortgage Pool; (b) recoveries received by the Issuer and allocable to interest upon an enforcement of the Mortgage Rights, and recoveries received by the Issuer and allocable to interest and any Swap Adjustment Amounts received by the Issuer upon a purchase or a repurchase of any Loans in the Mortgage Pool by the Seller, or any affiliate thereof in accordance with the terms of the Mortgage Sale Agreement; and (c) all Mortgage Early Redemption Amounts.
“Revenue Ledger”	means the ledger of such name created and maintained by the Cash Administrator in the Transaction Account.

“Revenue Receipts”	has the meaning given to such term in Note Condition 4(k) (<i>Determinations and Reconciliation</i>).
“Revenue Shortfall”	means an amount, if greater than zero, by which the required payment pursuant to items (i) to (vi) (inclusive) and (viii) of the Pre-Enforcement Revenue Priority of Payments exceeds all Available Revenue Funds (excluding items (g), and (h) of the definition thereof).
“Risk Retention Notes”	means the Z1 Notes and the Z2 Notes.
“Screen Rate”	has the meaning given to it in Note Condition 4(c) (<i>Floating Rate of Interest</i>).
“Secured Creditors”	<p>means each of the following:</p> <ul style="list-style-type: none"> (a) the Noteholders; (b) the Note Trustee; (c) the Security Trustee; (d) the Joint Lead Managers; (e) the Arrangers; (f) any Receiver or Appointee (in its capacity as a creditor secured by the Deed of Charge); (g) the Agents; (h) the Cash Administrator; (i) the Mortgage Administrator; (j) the Standby Mortgage Administrator; (k) the Back-up Mortgage Administrator Facilitator; (l) the Swap Counterparty; (m) the Account Bank; (n) the Swap Collateral Account Bank; (o) the Custodian (p) the Collection Account Provider; (q) the Corporate Services Provider; (r) the Seller; (s) the Certificateholders; and <p>any party who accedes to the Deed of Charge and any other person who is expressed in any deed supplemental to the Deed of Charge to be a Secured Creditor.</p>
“Securities Act”	means the United States Securities Act of 1933, as amended.
“Security”	means the security created in favour of the Security Trustee by, and contained in or granted pursuant to the Deed of Charge.
“Security Trustee”	means U.S. Bank Trustees Limited in its capacity as trustee for the Secured Creditors appointed in respect of the Security created pursuant to the Deed of Charge and any supplemental Deed of Charge and such term shall include its successors and assignees.
“Self-Certified Mortgage”	means a Loan where the borrower’s income was accepted as stated by the prospective borrower without further verification once positive identification of the borrower was provided and the borrower had passed the Seller’s credit assessment.
“Seller”	means BGFL as Seller of the Loans under the Mortgage Sale Agreement.
“Service Specification”	means the service specification effective from the date of the Mortgage Administration Agreement which defines the scope of the Services to be carried out by the Mortgage Administrator, as from time to time amended or supplemented by the agreement of the Mortgage Administrator and BGFL using the

	Change Control Mechanism and/or as required by a Regulatory Authority and/or Applicable Laws.
“Services”	means the specific duties of the Mortgage Administrator agreed to be performed by it in the Mortgage Administration Agreement.
“Share Trustee”	means Intertrust Corporate Services Limited, a company incorporated in England and Wales with registered number 3920255 and having its registered office at 35 Great St. Helen’s, London EC3A 6AP, United Kingdom.
“Shortfall”	means an amount, if greater than zero, by which the required payment pursuant to items (i) to (xvi) (inclusive) of the Pre-Enforcement Revenue Priority of Payments exceeds all Available Revenue Funds (excluding items (f), (g), and (h)).
“Solvency II”	means Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).
“SRR”	means the special resolution regime.
“Standard Documentation”	means the documents used by the relevant lender in connection with its activities as residential mortgage lender in relation to the origination of the relevant Loans in substantially the forms identified in Appendix B (<i>Standard Documents</i>) to the Mortgage Sale Agreement and such other documents as may from time to time be substituted or added thereto.
“Standby Mortgage Administrator”	means HML or any replacement or successor thereto appointed pursuant to the Standby Mortgage Administration Agreement.
“Standby Mortgage Administration Agreement”	means the agreement so named dated on or about the Issue Date between, <i>inter alios</i> , the Issuer and the Standby Mortgage Administrator.
“Start-Up Costs Ledger”	means the separate ledger within the Transaction Account into which the Issuer will pay an amount in respect of Issuer Costs and Expenses on the Issue Date from part of the proceeds of the issuance of the X Notes.
“Step-Up Date”	means the Interest Payment Date falling in December 2020.
“Subscribed Notes”	means the £189,200,000 A Notes due on the Interest Payment Date falling in March 2056, the £12,600,000 B Notes due on the Interest Payment Date falling in March 2056, the £10,300,000 C Notes due on the Interest Payment Date falling in March 2056, the £8,000,000 D Notes due on the Interest Payment Date falling in March 2056, the £4,600,000 E Notes due on the Interest Payment Date falling in March 2056, and the £6,900,000 X Notes due on the Interest Payment Date falling in March 2056.
“Subscription Agreement”	means the subscription agreement dated on or around 19 October 2017 between the Issuer and the Joint Lead Managers.
“Swap Adjustment Amount”	means either: <ul style="list-style-type: none"> (a) the amount payable by the Issuer to the Swap Counterparty under the Swap Agreement in respect of a Loan; or (b) the amount payable by the Swap Counterparty to the Issuer under the Swap Agreement in respect of a Loan, in each case, if applicable, as a result of the repurchase of such Loan in accordance with the terms of the Mortgage Sale Agreement.

“Swap Agreement”	means the 1992 ISDA Master Agreement (Multicurrency – Cross Border) dated on or about the date of this Prospectus (together with the schedule, the confirmation relating to the Interest Rate Swap, the Credit Support Annex and any amendment agreements thereto) between the Issuer and the Swap Counterparty, or any replacement agreement between the Issuer and any replacement swap counterparty as a consequence of a failure to take appropriate remedial action following a Swap Counterparty Required Rating Downgrade.
“Swap Collateral”	means any collateral which may be provided by the Swap Counterparty in accordance with the terms of the Swap Agreement.
“Swap Collateral Account Bank”	means Elavon Financial Services DAC, UK Branch in its capacity as interest rate swap collateral account bank.
“Swap Collateral Account”	means the account in the name of the Issuer at the Swap Collateral Account Bank or such other replacement account as may be established from time to time in accordance with the Transaction Documents.
“Swap Counterparty”	means The Royal Bank of Scotland plc (trading as Natwest Markets) in its capacity as interest rate swap counterparty pursuant to the Swap Agreement and any permitted successor thereto in such capacity.
“Swap Counterparty Required Rating”	means, with respect to the Swap Counterparty or a replacement or guarantor in respect thereof, the minimum relevant rating(s) required by each Rating Agency as more particularly described in the “ <i>Rights of Noteholders and Certificateholders and Relationship with Other Secured Creditors – Triggers Tables – Rating Triggers Table</i> ”.
“Swap Counterparty Required Rating Downgrade”	means the failure of the Swap Counterparty to maintain the applicable Swap Counterparty Required Rating, in accordance with the provisions of the Swap Agreement.
“Swap Determination Period”	means, in the case of: <ul style="list-style-type: none"> (i) the first Swap Determination Period, the period from (and including) the Issue Date to (but excluding) the 20 December 2017; (ii) the subsequent Swap Determination Period, the period from (and including) 20 December 2017 to (but excluding) the first Interest Payment Date; and (iii) each subsequent Swap Determination Period, the period from (and including) the Interest Payment Date for the previous Swap Determination Period to (but excluding) the next following Interest Payment Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
“Swap Determination Period End Date”	the final calendar day of the calendar month which falls immediately prior to the Swap Determination Period.
“Swap Excluded Payable Amounts”	means any amounts payable by the Issuer to the Swap Counterparty (i) that represent Return Amounts, Interest Amounts or Distributions due under a Credit Support Annex (for the purposes of this definition “ Interest Amounts ” and “ Distributions ” have the meaning given to them in the Swap Agreement); (ii) that are termination payments to the extent such payment can and has been satisfied from premiums received from a replacement Swap Counterparty.
“Swap Excluded Receivable Amounts”	means (i) any amount of interest actually determined in respect

of the principal amount of the portion of the Credit Support Balance (as defined in the Swap Agreement) comprised of cash (net of any deduction or withholding for or on account of any tax), (ii) all principal, interest and other payments and distributions of cash or other property received (net of any deduction or withholding for or on account of any tax) by the Issuer from time to time with respect to the portion of the Credit Support Balance comprised of securities, (iii) any other amounts received by the Issuer pursuant to a Credit Support Annex, (iv) any early termination payment received by the Issuer from the Swap Counterparty until a new fixed/floating swap has been entered into and/or (v) any premiums received by the Issuer from a replacement Swap Counterparty to the extent required to pay termination payments to the existing Swap Counterparty.

“Swap Premium Amount”	means a mark-to-market amount (if any) payable by the Issuer to the Swap Counterparty on the Issue Date (by way of premium) in connection with the entering into of the Swap Agreement.
“Swap Subordinated Amounts”	means any termination payment due to the Swap Counterparty which arises due to either (i) an Event of Default (as defined in the Swap Agreement) where the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement) or (ii) an Additional Termination Event which occurs as a result of a Swap Counterparty Required Rating Downgrade.
“Tax Regulations”	means the Taxation of Securitisation Companies Regulations 2006 made under section 84 of the Finance Act 2005, now section 624 of the Corporate Tax Act 2010.
“Transaction Account”	means the account in the name of the Issuer at the Account Bank, sort code 40-50-81, account number 17703603, or such other replacement account as may be established from time to time in accordance with the Transaction Documents.
“Transaction Documents”	means the Master Definitions Schedule, the Bank Agreement, the Cash Administration Agreement, the Collection Account Declaration of Trust, the Swap Agreement, the Corporate Services Agreement, the Deed Poll, the Deed of Charge, the Mortgage Administration Agreement, the Standby Mortgage Administration Agreement, the Subscription Agreement, the Mortgage Sale Agreement, Holdings Share Trust Deed, Holdings Payment Agreement, the Paying Agency Agreement, the Trust Deed, the Issuer/ICSD Agreement and any other document agreed between the Issuer, the Note Trustee and the Security Trustee to be a Transaction Document.
“Transaction Parties”	means each of the following: <ul style="list-style-type: none">(a) the Note Trustee;(b) the Security Trustee;(c) the Agents;(d) the Cash Administrator;(e) the Mortgage Administrator;(f) the Standby Mortgage Administrator;(g) the Back-up Mortgage Administrator Facilitator;(h) the Swap Counterparty;(i) the Account Bank;(j) the Collection Account Provider;(k) the Corporate Services Provider;(l) the Seller;

	(m) the Swap Collateral Account Bank; and (n) the Custodian.
“ Treaty ”	means the Treaty on the functioning of the European Union (as amended).
“ Trust Deed ”	means the trust deed to be entered into between the Issuer, the Note Trustee and the Security Trustee on or about the Issue Date.
“ Trust Documents ”	means the Trust Deed and the Deed of Charge and (unless the context requires otherwise) includes any deed or other document executed in accordance with the provisions of the Trust Deed or (as applicable) the Deed of Charge and expressed to be supplemental to the Trust Deed or the Deed of Charge (as applicable); “ UNCITRAL Regulations ” means the Cross-Border Insolvency Regulations 2006, SI 2006/1030;
“ Unfair Commercial Practices Directive ”	means the directive on unfair business-to-consumer commercial practices adopted by the European Parliament and the Council on 11 May 2005.
“ U.S.\$ ”	are references to the lawful currency of the United States of America.
“ UCTA ”	means the Unfair Contracts Terms Act 1977.
“ UTCCR ”	means the 1999 Regulations and (in so far as applicable) the Unfair Terms in Consumer Contracts Regulations 1994.
“ Variable Rate Mortgage ”	means any LIBOR Standard Mortgage and any VVR Mortgage.
“ VAT ”	shall be construed as a reference to value added tax as that term is used in the Value Added Tax Act 1994 and all subsequent amendments thereto, and shall include any similar tax which may be imposed in addition thereto or in place thereof from time to time.
“ Verified Noteholder ”	means a Noteholder which has satisfied the Note Trustee or any other relevant Transaction Party that it is a Noteholder in accordance with Note Condition 11(h) (<i>Evidence of Notes</i>).
“ VVR Mortgages ”	means a mortgage where interest payable in respect of the mortgage is set by reference to a variable rate as set by the Mortgage Administrator.
“ Warranties ”	means, in relation to the Loans, the representations, warranties and undertakings referred to in Schedule 1 (<i>Warranties and Representations</i>) of the Mortgage Sale Agreement.
“ Weighted Average Original LTV ”	means, in respect of the Loans in the Mortgage Pool, the weighted average of the original loan balance divided by the property valuation against which the Loan was underwritten.
“ X Noteholder ”	means the persons who are for the time being holders of the X Notes.
“ X Notes ”	means the £6,900,000 Class X Floating Rate Note due on the Interest Payment Date falling in March 2056 and, unless stated to the contrary, all references to “ X Note ” shall be construed as a reference to such Note whether in global or definitive form.
“ X Global Note ”	means the Global Note representing the X Notes, which will be substantially in the form set out in Schedule 1 (<i>Form of Global Note</i>) to the Trust Deed and which is intended to be held in a manner which would allow Eurosystem eligibility.
“ X Residual Amount ”	has the meaning given to such term in Note Condition 4(j) (<i>Deferral of Interest</i>).
“ Z1 Principal Deficiency Sub-Ledger ”	means the sub-ledger of such name created for the purpose of recording the Z1 Principal Deficiency and maintained by the

	Cash Administrator as a sub-ledger of the Principal Deficiency Ledger.
“Z1 Noteholder”	means the persons who are for the time being holders of the Z1 Notes.
“Z1 Notes”	means the £6,061,000 Class Z1 Notes due on the Interest Payment Date falling in March 2056 and, unless stated to the contrary, all references to “Z1 Note” shall be construed as a reference to such Note whether in global or definitive form.
“Z1 Residual Amount”	has the meaning given to such term in Note Condition 4(j) (<i>Deferral of Interest</i>).
“Z2 Noteholder”	means the persons who are for the time being holders of the Z2 Notes.
“Z2 Notes”	means the £5,769,024 Class Z2 Notes due on the Interest Payment Date falling in March 2056 and, unless stated to the contrary, all references to “Z2 Note” shall be construed as a reference to such Note whether in global or definitive form.
“Z2 Residual Amount”	has the meaning given to such term in Note Condition 4(j) (<i>Deferral of Interest</i>).

INDEX OF DEFINED TERMS

£	x, 224
¥	224
€	x, 224, 234
1999 Regulations	224
2010 PD Amending Directive	224
A Global Note	224
A Note	224
A Noteholder	224
A Notes	164, 224
A Principal Deficiency	224
A Principal Deficiency Sub-Ledger	224
Account Bank	224
Accrued Interest	224
Additional Loan Cut-off Date	224
Additional Loan Purchase Date	225
Additional Loans	134, 225
Additional Loans Cash Consideration	224
Additional Loans CB Condition	224
Additional Loans Collections Amount	225
Additional Termination Event	225
administering	37
Agent Bank	164, 200, 225
Agents	164, 200, 225
Aggregated Period Fees	103
AIFMR	225
Alternative Reference Rate	190, 210
Applicable Laws	225
Appointee	198, 216
Arranger	225
Article 50	43
Article 50 Notice	43
Authorised Investments	225
Authorities	226
Available Principal Funds	89, 226
Available Revenue Funds	87, 226
B Global Note	228
B Note	228
B Noteholders	228
B Notes	164, 228
B Principal Deficiency	228
B Principal Deficiency Sub-Ledger	228
B Residual Amount	177, 228
Back-up Mortgage Administrator Facilitator	228
Bank Accounts	228
Bank Agreement	228
Banking Act	45, 228
Barclays	228
Barclays Bank Group	228
Basel Committee	51, 228
Basel III	52
Basic Terms Modification	228
BBA	20
BBR	228
BGFL	110, 228
BGFL Reserve Structuring Fee	228
BGFL Structuring Fee	229
BGFL Structuring Fee Amount	229
BO	229

Book-Entry Interests	229
Borrower	229
Brexit Vote	43
BRRD Order	45
business day	185, 205
Business Day	198, 216, 229
Buy-to-Let Loan	229
C Global Note	229
C Note	229
C Noteholders	229
C Notes	164, 229
C Principal Deficiency	229
C Principal Deficiency Sub-Ledger	229
C Residual Amount	178, 229
Call Option Date	72, 229
Cash Administration Agreement	164, 200, 229
Cash Administrator	164, 200, 229
CBTL mortgages	46
CCA	229
CCA 2006	40
CCJ	229
CCP	52
Central Bank	230
Certificateholders	200, 230
Certificates	230
Certificates Basic Terms Modification	216, 230
Certificates Conditions	200, 230
Certificates Extraordinary Resolution	216, 230
Certificates Ordinary Resolution	216, 230
Charged Obligation Documents	168, 202, 230
Charged Property	187, 208, 230
Class	164, 230
classes	231
Cleared Notes	69, 231
Clearing Obligation	52
Clearing Start Date	52
Clearing System	160
Clearing System Business Day	161
Clearing Systems	231
Clearstream, Luxembourg	231
CMA	231
Code	231
Collection Account	147, 231
Collection Account Declaration of Trust	147, 231
Collection Account Provider	231
Collection Account Provider Downgrade Event	231
Collection Account Required Ratings	231
Commission's Proposal	53
Common Safekeeper	231
Completion Mortgage Pool	231
completion of the Enforcement Procedures	234
CONC	231
Conditional Product Switch	231
Conditions	231
Consumer Credit Directive	231
COR	96
Corporate Services Agreement	232
Corporate Services Provider	232
Counter Notice	141, 232
CPR	157, 232

CPUTRs.....	42, 232
CRA	41
CRA Regulation.....	232
CRA3	17, 232
Credit Support Annex	232
CRR	232
Current Balance	232
Current Loan to Value.....	232
Current LTV.....	232
Custodian	232
Cut-Off Date	232
D Global Note.....	232
D Note.....	232
D Noteholders.....	232
D Notes	164, 232
D Principal Deficiency.....	232
D Principal Deficiency Sub-Ledger.....	232
D Residual Amount.....	178, 233
DBRS.....	233
DBRS Equivalent Chart.....	233
DBRS Equivalent Rating.....	233
Deed of Charge	164, 200, 233
Deed Poll	233
Definitive Notes.....	69, 160, 165
Delegate Mortgage Administrator.....	111, 233
Determination Date.....	181, 233
Determination Period.....	233, 254
Determination Period End Date	233, 254
Determination Period Start Date.....	233
Direct Debiting Scheme.....	234
Directive	45
Distribution Compliance Period	221, 234
Distributions	254
DTIR.....	234
E Global Note	234
E Note	234
E Noteholders	234
E Notes	164, 234
E Principal Deficiency	234
E Principal Deficiency Ledger.....	234
E Residual Amount.....	178, 234
Early Termination Event.....	149
ECB	234
EEA	ix
EMIR	52, 234
EMU	198, 216, 234
Enforcement Liabilities.....	234
Enforcement Notice	186, 198, 206, 216, 234
Enforcement Procedures	234
Enforcement Proceeds	234
Estimation Period.....	179
EU.....	x
EU27.....	44
EUR	x, 224
euro	234
Euro	x, 198, 216, 224, 234
Euroclear.....	235
Eurozone.....	31, 198, 235
Event of Default.....	186, 206, 235
Exercise Notice.....	141, 235

Extraordinary Resolution	198, 235
FATCA	235
FCA	235
FCs.....	52
Final Maturity Date.....	235
Fitch	235
Fixed Rate Mortgage	235
Fixed Rate Notes.....	235
Fixed Rate Notional Amount	148, 236
Floating Rate Notes	164, 236
Floating Rate of Interest	176, 236
foreign passthru payments	219, 236
FPO	ii
FSA	236
FSB	20
FSMA	236
FTT	53, 236
Further Advance.....	236
Further Revenue Shortfall.....	90, 236
GBP	224
General Reserve Fund.....	236
General Reserve Fund Ledger	236
General Reserve Fund Required Amount	143, 236
Global Notes	237
HML	66, 111, 237
HML Mortgage Administration Delegation Agreement	237
HML Standby Mortgage Administration Agreement.....	253
HMRC	206, 237
Holdings.....	107, 109, 237
Holdings Payment Agreement	237
Holdings Share Trust Deed	237
IAS.....	237
ICSDs.....	237
IGAs	219
IMD	ix
Indirect Participants	161
Initial Cash Purchase Price	237
Initial Principal Amount.....	237
Initiating Noteholder.....	197, 237
In-scope Counterparties	52
Insolvency Event	237, 238
Insurance Commissions.....	243
Insurance Contracts	238
Interest Amount	176, 239
Interest Amounts.....	254
Interest Determination Date.....	239
Interest Determination Ratio.....	180
Interest Only Loan	239
Interest Payment Date.....	175, 239
Interest Period.....	175, 239
Interest Period Issuer Amount.....	148
Interest Period Swap Counterparty Amount	147
Interest Rate Swap	239
Interest Shortfall	179, 239
Investor Report	239
Investor Report	198
Invocation Notice.....	239
Irish Stock Exchange	vi, 239
IRS	239
ISE	239

Issue Date	iv, 164, 200, 240
Issuer.....	107, 164, 240
Issuer Costs and Expenses	63
Issuer Profit.....	240
Issuer Profit Amount.....	240
Issuer Profit Ledger	240
Issuer Security Power of Attorney	240
Issuer/ICSD Agreement	240
ITA 2007	218
IVA.....	240
Joint Lead Managers.....	240
Joint Lead Managers Related Person.....	28, 240
JPY	224
Land Registry.....	240
Lending Criteria.....	118, 240
Liability	240
LIBOR	20, 240
LIBOR Standard Mortgage.....	240
Liquidity Coverage Ratio.....	52
Liquidity Reserve Deficiency Ledger	144
Liquidity Reserve Fund	240
Liquidity Reserve Fund Excess Amounts	144, 240
Liquidity Reserve Fund Ledger	144, 240
Liquidity Reserve Fund Required Amount	144, 240
Liquidity Reserve Initial Funding Date	144, 241
Listing Agent	241
Loan	241
Loan Conditions.....	241
Loan to Value Ratio	241
Losses	241
LTV.....	241
Main Market	241
Main Securities Market.....	vi
margin compression.....	32
Market Abuse Directive.....	241
Markets in Financial Instruments Directive.....	vi, 241
Master Definitions Schedule.....	241
Material Adverse Effect.....	241
MCD	36, 241
MCD Order.....	46
MCOB	38, 241
Meeting.....	241
Member State.....	46, 241
Member States	x
MiFID II	ix
MiFID Regulations	221, 241
Minimum Denomination.....	161
Modelling Assumptions	157, 241
Modification Certificate.....	191, 211
Monthly Report.....	180, 242
Moody's.....	242
Mortgage.....	118, 242
Mortgage Account	242
Mortgage Administration Agreement	242
Mortgage Administrator.....	242
Mortgage Administrator Software	242
Mortgage Administrator System	242
Mortgage Administrator Termination Event	152, 242
Mortgage Conditions	242
Mortgage Early Redemption Amount.....	117

Mortgage Early Redemption Amounts	242
Mortgage LIBOR Reset Date	242
Mortgage Pool	242
Mortgage Pool Option	141, 242
Mortgage Pool Option Holder	243
Mortgage Pool Purchase	243
Mortgage Pool Purchase Completion Date	243
Mortgage Pool Purchase Price	141, 243
Mortgage Pool Purchaser	243
Mortgage Rights	243
Mortgage Sale Agreement	244
Most Senior Class	198, 217, 244
Net Stable Funding Ratio	52
NFC-	52
NFC+s.....	52
No Search Indemnity Insurance Policy.....	138
Non-Responsive Rating Agency	85, 197, 215
Note Conditions	244
Note Principal Payment	182, 244
Note Trustee.....	164, 200, 244
Noteholders.....	164, 244
Notes	164, 244
Notes Basic Terms Modification.....	199, 244
notice of optional redemption	182, 183
Notification	194, 214
OFT.....	245
Ombudsman.....	245
Ordinary Resolution.....	199, 245
Original Loan to Value.....	245
Original LTV.....	245
Original Property	245
OTC	52
outstanding.....	245
Owner Occupied Loan	245
Part.....	122
Part and Part Loans	246
Participants	161
Participating Member State	199, 217, 246
participating Member States	53
Paying Agency Agreement.....	164, 200, 246
Paying Agents	164, 200, 246
Perfection Events	65, 247
Pool Factor.....	182, 247
Post-Enforcement Priority of Payments	171, 247
Potential Event of Default.....	247
pounds.....	x, 224
PPI	247
PRA	36, 249
Pre-Enforcement Principal Priority of Payments	181, 247
Pre-Enforcement Priority of Payments	247
Pre-Enforcement Revenue Priority of Payments	169, 247
Pre-Funding Negative Carry Amount	247
Pre-Funding Negative Carry Exposure Period Factor	247
Pre-Funding Principal Reserve	64, 247
Pre-Funding Principal Reserve Ledger	247
Pre-Funding Reserve Excess Amount	247
Pre-Funding Reserves	247
Pre-Funding Revenue Reserve.....	247
Pre-Funding Revenue Reserve Ledger	248
PRIIPs Regulation	ix

Principal Addition Amounts.....	145, 248
Principal Amount Outstanding.....	182, 248
Principal Backed Notes.....	248
Principal Balance	248
Principal Collections.....	182, 248
Principal Deficiency	248
Principal Deficiency Ledger	248
Principal Ledger.....	248
Principal Paying Agent	164, 200, 248
Principal Receipts	180, 248
Priority of Payments	248
Product Switch.....	249
Property	33, 118, 249
Proposed Amendment.....	25
Prospectus.....	vi, 249
Prospectus Directive	vi, 249
Provisional Completion Mortgage Pool.....	123, 249
Provisional Pool Reference Date	123, 249
Provisions for Meetings of Noteholders	249
Prudent Mortgage Lender	122, 249
Prudential Regulation Authority	36, 249
RAO.....	249
Rate of Interest.....	250
Rated Notes.....	v, 164, 249
Rating Agencies	199, 217, 250
Rating Agency	199, 217, 250
Rating Agency Confirmation	23, 199, 217, 250
RBS.....	113
RBS Group	113
RBSG.....	113
Realisation	187, 208
Receiver	250
Reconciliation Amount	180, 250
Record Date	184, 204
Redemption Event	70, 166, 250
Reference Banks	177, 250
Reference Rate Modification	191, 210
Reference Rate Modification Certificate	191, 210
Register.....	165, 200
Registrar.....	164, 200, 250
Regulated Amendment.....	250
Regulated Mortgage Contract.....	36, 250
Regulation.....	48
Regulation S	221, 250
Relevant Class of Notes.....	29, 80, 246
relevant date.....	185
relevant entity	45
Relevant Implementation Date	250
Relevant Information	28, 250
Relevant Margin	176, 250
Relevant Member State.....	250
Relevant Party.....	189, 209
Relevant Period.....	250
Relevant Person	29, 80
Repayment Loan.....	250
Repurchase Date	250
Repurchase Price	250
Reserve Interest Rate	175, 251
Residual Payment	251
Retained Interest	104, 251

Retention.....	251
Retention Conditions	251
Retention Requirement	vii, 251
Retention Requirements.....	104
Return Amounts	251
Revenue Collections	251
Revenue Ledger	251
Revenue Receipts.....	180, 252
Revenue Shortfall	90, 143, 252
Risk Mitigation Requirements	52
Risk Retention Notes	252
Risk Retention U.S. Person.....	50
Risk Retention U.S. Persons	i, viii, 50
RTS	52
Screen Rate	175, 252
SDLT.....	34
Secured Creditors.....	252
Securities Act	i, 252
Securitisation Regulations	53
Security	167, 252
Security Trustee	164, 200, 252
Self-Certified Mortgage.....	252
Seller.....	252
Seller's Group.....	223
Service Specification	252
Services.....	253
Share Trustee	109, 253
Shortfall	90, 143, 253
Solvency II.....	253
SRR.....	45, 253
Standard Documentation.....	253
Standby Mortgage Administration Agreement	253
Standby Mortgage Administrator.....	253
Start-Up Costs Ledger	64, 167, 253
Step-Up Date	253
sterling	x, 224
Stock Exchange	239
STS	48
Subscribed Notes	220, 253
Subscription Agreement.....	220, 253
Swap Adjustment Amount	253
Swap Agreement.....	254
Swap Collateral.....	254
Swap Collateral Account	254
Swap Collateral Account Bank	254
Swap Counterparty	254
Swap Counterparty Required Rating	254
Swap Counterparty Required Rating Downgrade.....	254
Swap Excluded Payable Amounts	254
Swap Excluded Receivable Amounts	254
Swap Premium Amount	255
Swap Subordinated Amounts	255
Tax Regulations	255
Third Party Amounts.....	88
TPIRs	39
Transaction Account	255
Transaction Documents	173, 203, 255
Transaction Parties.....	255
transaction set-off	36
Treaty.....	199, 256

Trust Deed	164, 200, 256
Trust Documents	256
U.S. person	50
U.S. Risk Retention Consent	i, viii
U.S. Risk Retention Rules	i, vii, viii
U.S.\$	256
UCP	42
UCTA	256
UNCITRAL Regulations	256
Unfair Commercial Practices Directive	42, 256
Unregulated BTL Agreements	46
US\$	224
USD	224
UTCCR	41, 256
Variable Rate Mortgage	256
VAT	256
Verified Certificateholder	214
Verified Noteholder	195, 256
VVR	19
VVR Floor	19
VVR Mortgages	256
Warranties	256
Weighted Average Original LTV	256
Wheatley Report	20
X Global Note	256
X Note	256
X Noteholder	256
X Notes	164, 256
X Residual Amount	178, 256
Z Notes	vi, 165
Z1 Note	257
Z1 Noteholder	257
Z1 Notes	164, 257
Z1 Principal Deficiency Sub-Ledger	256
Z1 Residual Amount	178, 257
Z2 Note	257
Z2 Noteholder	257
Z2 Notes	164, 257
Z2 Residual Amount	178, 257

THE ISSUER

Tower Bridge Funding No.1 plc

35 Great St Helen's
London
EC3A 6AP
United Kingdom

NOTE TRUSTEE AND SECURITY TRUSTEE

U.S. Bank Trustees Limited

125 Old Broad Street, Fifth Floor
London EC2N 1AR
United Kingdom

ARRANGER

Macquarie Bank International Limited

Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD
United Kingdom

**The Royal Bank of Scotland plc
(trading as NatWest Markets)**

250 Bishopsgate
London EC2M 4AA
United Kingdom

JOINT LEAD MANAGERS

Macquarie Bank International Limited

Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD
United Kingdom

**The Royal Bank of Scotland plc
(trading as NatWest Markets)**

250 Bishopsgate
London EC2M 4AA
United Kingdom

**CASH ADMINISTRATOR, ACCOUNT BANK, SWAP COLLATERAL ACCOUNT BANK, CUSTODIAN, PRINCIPAL PAYING
AGENT AND AGENT BANK**

Elavon Financial Services DAC, UK Branch

125 Old Broad Street
Fifth Floor
London EC2N 1AR
United Kingdom

REGISTRAR

Elavon Financial Services DAC

Block E, 2nd Floor
Cherrywood Science & Technology Park
Loughlinstown, Co. Dublin
Ireland

LEGAL ADVISERS

To the Issuer and the Seller as to English Law

Linklaters LLP

One Silk Street
London EC2Y 8HQ
United Kingdom

To the Joint Lead Managers as to English Law

Allen & Overy LLP

One Bishop Square
London E1 6AD
United Kingdom

To the Security Trustee and Note Trustee as to English Law

Allen & Overy LLP

One Bishop Square
London E1 6AD
United Kingdom

AUDITORS TO THE ISSUER

Deloitte LLP

2 New Square Street
London EC4A 3BT
United Kingdom