

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S. EXCEPT TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED BELOW)

IMPORTANT: YOU MUST READ THE FOLLOWING BEFORE CONTINUING. THE FOLLOWING APPLIES TO THE PROSPECTUS FOLLOWING THIS PAGE, AND YOU ARE THEREFORE ADVISED TO READ THIS CAREFULLY BEFORE READING, ACCESSING OR MAKING ANY OTHER USE OF THE PROSPECTUS. IN ACCESSING THE PROSPECTUS, YOU AGREE TO BE BOUND BY THE FOLLOWING TERMS AND CONDITIONS, INCLUDING ANY MODIFICATIONS TO THEM ANY TIME YOU RECEIVE ANY INFORMATION FROM US AS A RESULT OF SUCH ACCESS. YOU ACKNOWLEDGE THAT YOU WILL NOT FORWARD THIS ELECTRONIC FORM OF THE PROSPECTUS TO ANY OTHER PERSON.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **INVESTMENT COMPANY ACT**) AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. CERTAIN OF THE SECURITIES WILL BE OFFERED AND SOLD IN THE UNITED STATES TO A LIMITED NUMBER OF QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A OF THE SECURITIES ACT) IN RELIANCE ON RULE 144A OF THE SECURITIES ACT.

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

THE PROSPECTUS FOLLOWING THIS PAGE HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THE 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 THE PROSPECTUS TO ANY OTHER PERSON. BY ACCESSING THE PROSPECTUS, YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT (A) YOU HAVE UNDERSTOOD AND AGREE TO THE TERMS SET OUT HEREIN, (B) YOU CONSENT TO DELIVERY OF THE PROSPECTUS BY ELECTRONIC TRANSMISSION, (C) YOU ARE EITHER (I) NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT) OR ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND THE ELECTRONIC MAIL ADDRESS THAT YOU HAVE GIVEN TO US AND TO WHICH THIS E-MAIL HAS BEEN DELIVERED IS NOT LOCATED IN THE UNITED STATES OR ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS) OR (II) A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN EACH CASE ACTING FOR YOUR OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS AND (D) IF YOU ARE A PERSON IN THE UNITED KINGDOM, THEN YOU ARE A

PERSON WHO (I) HAS PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS OR (II) IS A HIGH NET WORTH ENTITY FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL SERVICES AND MARKETS ACT (FINANCIAL PROMOTION) ORDER 2005.

The prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Harben Finance 2017-1 plc (the **Issuer**), Prudential Loan Investments 1 S.à.r.l. (the **Seller**), Citigroup Global Markets Limited (the **Arranger** and a **Joint Lead Manager**), Merrill Lynch International (**MLI** and a **Joint Lead Manager**) or Merrill Lynch, Pierce, Fenner & Smith Incorporated¹ (**MLPFSI** and a **Joint Lead Manager**) and, together with Citigroup Global Markets Limited, MLI and MLPFSI, the **Joint Lead Managers**), AgFe Advisory Limited (the **Co-Manager**) nor any person who controls any such person nor any director, officer, employee or agent of any such person or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the prospectus distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers and the Co-Manager.

This prospectus is highly confidential and has been prepared by the Issuer solely for use in connection with the sale of the Notes offered pursuant to the prospectus. The prospectus is personal to each offeree to whom it has been delivered by the Issuer and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of the prospectus to any persons other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited. Each prospective investor in the United States, by accepting delivery of the prospectus, agrees to the foregoing and to make no photocopies of the prospectus or any documents related hereto and, if the offeree does not purchase any note or the offering is terminated, to return the prospectus and all documents attached hereto to the Joint Lead Managers.

The Notes are offered subject to prior sale or withdrawal, cancellation or modification of this offering without notice. The Issuer and the Joint Lead Managers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason and to allot to any prospective purchaser less than the full amount of Notes sought by such investor.

You acknowledge that you have been afforded an opportunity to request from the Issuer, and have received and reviewed, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in the prospectus. You also acknowledge that you have not relied on the Joint Lead Managers or the Co-Manager or any person affiliated with the Joint Lead Managers or the Co-Manager in connection with the investigation of the accuracy of such information or your investment decision. The contents of the prospectus are not to be construed as legal, business or tax advice. Each prospective purchaser should consult its own attorney, business adviser and tax adviser for legal, business and tax advice relating to an investment in the Notes.

The prospectus summarises documents and other information in a manner that does not purport to be complete, and these summaries are subject to, and qualified in their entirety by reference to, all of the provisions of such documents. In making an investment decision, you must rely on your own examination of these documents (copies of which are available from the Issuer/Joint Lead Managers or the Co-Manager upon request), the Issuer and the terms of the offering and the Notes, including the merits and risks involved.

No representation or warranty is made by the Joint Lead Managers, or the Co-Manager the Issuer or any other person as to the legality under legal investment or similar laws of an investment in the Notes or the classification or treatment of the Notes under any risk-weighting, securities valuation, regulatory accounting or other financial institution regulatory regimes of the National Association of Insurance Commissioners,

¹ Bank of America Merrill Lynch is the marketing name of Merrill Lynch International and Merrill Lynch Pierce, Fenner & Smith Incorporated.

any state insurance commissioner, any federal or state banking authority, or any other regulatory body. You should obtain your own legal, accounting, tax and financial advice as to the desirability of an investment in the Notes, and the consequences of such an investment.

Neither the Notes nor the Certificates have been and nor will they be registered under the Securities Act or the securities laws of any state of the United States and neither the Notes nor the Certificates may 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 ("Reg S") except to persons that are qualified institutional buyers ("QIBs") as defined in Rule 144A under the Securities Act ("Rule 144A"), acting for their own account or for the account of one or more QIBs in reliance on Rule 144A, or in transactions that occur outside the United States to persons other than U.S. persons in accordance with Reg S or in other transactions exempt from the registration requirements under the Securities Act and, in each case, in compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the Notes and the Certificates may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Notes and the Certificates will be subject to restrictions on resale and transfer. See "*Subscription, Sale and Selling Restrictions*" and "*Transfer restrictions and investor representations*".

HARBEN FINANCE 2017-1 PLC

(Incorporated in England and Wales with limited liability, registered number 10676994)

Class ⁽¹⁾	Initial Class Principal Amount	Issue Price	Reference Rate ⁽²⁾	Margin (per annum)	Step-Up Margin (per annum)	First Optional Redemption Date ⁽³⁾	Expected Ratings ⁽⁴⁾ (S&P/Moody's/Fitch)	Final Redemption Date
A	£1,493,326,000	100.181 per cent.	3 Month GBP LIBOR	0.80 per cent.	1.75 per cent.	Feb 2022	AAA (sf)/Aaa (sf)/AAA (sf)	Aug 2056
B	£125,247,000	99.079 per cent.	3 Month GBP LIBOR	1.20 per cent.	2.40 per cent.	Feb 2022	AA (sf)/Aa1 (sf)/NR	Aug 2056
C	£120,429,000	98.181 per cent.	3 Month GBP LIBOR	1.50 per cent.	3.25 per cent.	Feb 2022	A+ (sf)/A1 (sf)/NR	Aug 2056
D	£57,807,000	97.527 per cent.	3 Month GBP LIBOR	1.80 per cent.	4.25 per cent.	Feb 2022	BBB+ (sf)/Baa1 (sf)/NR	Aug 2056
E	£4,817,000	96.250 per cent.	3 Month GBP LIBOR	1.80 per cent.	4.25 per cent.	Feb 2022	BBB+ (sf)/Baa3 (sf)/NR	Aug 2056
F	£19,268,000	94.791 per cent.	3 Month GBP LIBOR	2.25 per cent.	5.00 per cent.	Feb 2022	BBB- (sf)/Ba1 (sf)/NR	Aug 2056
G	£19,269,000	75.000 per cent.	N/A (Zero Coupon)	N/A	N/A	Feb 2022	BB (sf)/Caa1 (sf)/NR	Aug 2056
R	£40,465,000	100.000 per cent.	N/A (Zero Coupon)	N/A	N/A	Feb 2022	NR/NR/NR	Aug 2056
Z	£86,710,000	69.818 per cent.	N/A (Zero Coupon)	N/A	N/A	Feb 2022	NR/NR/NR	Aug 2056
Certificates	N/A ⁽⁵⁾	N/A	Certificate Payment ⁽⁶⁾	N/A	N/A	N/A	NR/NR/NR	N/A

- (1) The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class Z Notes and the Class R Notes are collectively the **Notes**. The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes are collectively the **Rated Notes**. The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are collectively the **Floating Rate Rated Notes**.
- (2) The rate of interest payable on each respective class of Rated Notes and each accrual period will be based on a per annum rate equal to the Reference Rate plus a certain Margin as described above, except in respect of the first Interest Period, where the Reference Rate will be the linear interpolation of LIBOR for 3 and 6 month deposits in Sterling.
- (3) The First Optional Redemption Date is the Interest Payment Date in February 2022. The first Interest Payment Date will occur on the Interest Payment Date falling in August 2017, and thereafter will occur on the 20th or next business day in November, February, May and August.
- (4) A designation of "NR" means that the Rating Agencies will not rate that class of Notes or Certificate as of the Closing Date. The Class Z Notes, the Class R Notes and the Certificates will not be rated by any Rating Agency.
- (5) The Certificates will not have a principal amount outstanding. See "Transaction Overview - Summary of the Terms and Conditions of the Notes".
- (6) No rate of interest is earned on the Certificates. Payments on the Certificates will be payable in arrears on each Interest Payment Date.

ARRANGER

CITIGROUP GLOBAL MARKETS LIMITED

JOINT LEAD MANAGERS

CITIGROUP GLOBAL MARKETS LIMITED

BANK OF AMERICA MERRILL LYNCH

CO-MANAGER

AGFE ADVISORY LIMITED

The date of this Prospectus is 24 April 2017.

Issue Date	The Issuer will issue the Notes and the Certificates on or about 25 April 2017 (the Closing Date).
Standalone/ programme issuance	Standalone issuance
Listing	This prospectus (the Prospectus) comprises a prospectus for the purposes of Directive 2003/71/EC (as amended) (the Prospectus Directive). This Prospectus has been approved by the Central Bank of Ireland (the Central Bank) as the competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes (together, the Rated Notes) and the Class Z Notes and the Class R Notes (together with the Rated Notes, the Notes) which (other than the Class R Notes) are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive) and/or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange plc (the Irish Stock Exchange) for the Notes (other than the Class R Notes) to be admitted to the official list (the Official List) and traded on its regulated market (the Main Securities Market). The Irish Stock Exchange's Main Securities Market is a regulated market for the purposes of the Markets in Financial Instruments Directive. The certificates (the Certificates) will not be listed or admitted to trading. This Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision of or rule under the Securities Act.
The Notes	The Notes have not been and will not be registered under the United States Securities Act 1933, as amended (the Securities Act) or the securities laws of any state of the United States and 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 (Reg S)) except to persons that are "qualified institutional buyers" (QIBs) as defined in Rule 144A under the Securities Act (Rule 144A) acting for their own account or for the account of one or more QIBs in reliance on Rule 144A, or in transactions that occur outside the United States to persons other than U.S. persons in accordance with Reg S or in other transactions exempt from the registration requirements under the Securities Act and, in each case, in compliance with applicable securities laws. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on offers, sales and transfers of Notes in this Prospectus, see " <i>Subscription, Sale and Selling Restrictions</i> " below and " <i>Transfer Restrictions and Investor Representations</i> " below.
The Volcker Rule	The Issuer is not, and after giving effect to any offering and sale of Notes and the application of the proceeds thereof will not be, a "covered fund" for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended (commonly known as the Volcker Rule). In reaching this conclusion, although other statutory or regulatory exemptions under the Investment Company Act of 1940, as amended (the Investment Company Act) and its related regulations may be available, the issuing entity has relied on the determinations that (i) it may

rely on an exemption from registration under the Investment Company Act under Section 3(c)(5)(C) of the Investment Company Act and (ii) it was structured so as not to constitute a “covered fund” for the purposes of the Volcker Rule. Any prospective investor in the Notes or Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

Underlying Assets

The Issuer will make payments on the Notes from, *inter alia*, payments of principal and revenue received from a portfolio comprising loans the equitable interest in which will be sold to the Issuer by Prudential Loan Investments 1 S.à r.l. (referred to in this Prospectus as the **Seller**) and which were purchased by the Seller from Bradford & Bingley plc (**B&B**) (the **Vendor**) (and originated by B&B and Mortgage Express (**MX**)), and secured over residential properties located in England and Wales (the **Portfolio** or **Mortgage Portfolio**). The Portfolio will be purchased by the Issuer from the Seller on the Closing Date.

See the sections entitled "*Transaction Overview - Portfolio and Servicing*", "*The Loans*" and "*Characteristics of the Provisional Portfolio*" for further details.

Credit Enhancement

Credit enhancement of the Notes is provided in the following manner:

- in respect of the Rated Notes, the overcollateralisation funded by Notes ranking junior to such Class of Notes in the Priority of Payments;
- excess Available Revenue Receipts;
- 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 as Available Principal Receipts in accordance with the Post-Enforcement Priority of Payments; and
- in respect of the Class G Notes, the Class R Notes and the Class Z Notes only, prior to the service of an Enforcement Notice and provided that the Floating Rate Rated Notes have been redeemed in full, amounts standing to the credit of the General Reserve Fund (if any) will be applied as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments.

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

Liquidity Support

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

- the subordination in payment of those Classes of Notes and Certificates ranking junior in the Priority of Payments;
- in respect of the Class A Notes and the Class B Notes only, prior to the service of an Enforcement Notice all amounts standing to the credit of the Liquidity Reserve Fund (if any) will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments;

- in respect of the Floating Rate Rated Notes only, prior to the service of an Enforcement Notice all amounts standing to the credit of the General Reserve Fund (if any) will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments; and
- in respect of the Floating Rate Rated Notes only, the Principal Addition Amounts.

See the sections entitled "*Transaction Overview - Credit Structure and Cashflow*" and "*Credit Structure*" for further details.

Redemption Provisions

Information on any optional and mandatory redemption of the Notes is summarised in the section "Transaction Overview – Overview of the Characteristics of the Notes and Certificates – Redemption of the Notes and Cancellation of the Certificates" and set out in full in Condition 8 (*Redemption*) of the terms and conditions of the Notes (the **Conditions**).

Credit Rating Agencies

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

Credit Ratings

Except as described above, the Seller has not requested a rating of any Class of Notes by any rating agency other than the Rating Agencies; there can be no assurance, however, as to whether any other rating agency would rate any Class of Notes, or what rating would be assigned by any such rating agency. Any rating assigned by such other rating agency to a Class of Notes could be lower than the rating assigned by the Rating Agencies to such Class of Notes.

The ratings reflect the view of the Rating Agencies and are based on the Loans, the Related Security and the Mortgaged Properties and the structural features of the transaction.

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

Only the Class A Notes will be rated by Fitch.

Any credit rating assigned to a Class of Notes may be revised, suspended or withdrawn at any time. Certain nationally recognised statistical rating organisations (**NRSROs**), as defined in Section 3(a)(62) of the Securities Exchange Act of 1934, as amended (the **Exchange Act**), that were not hired by the Issuer may use information they receive pursuant to Rule 17g-5 under the Exchange Act (**Rule 17g-5**) to rate the notes. No assurance can be given as to what ratings a non-hired NRSRO would assign. The Rating Agencies have informed the Issuer that the "sf" designation in the ratings represents an identifier of structured finance product ratings and was implemented by the Rating Agencies for ratings of structured finance products as of August 2010.

Obligations

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

EU Retention Undertaking

On the Closing Date, Prudential Loan Investments 1 S.à r.l. (the **Retention Holder**) will, as an originator for the purposes of the CRR, the AIFM Regulation and the Solvency II Regulation (each as defined below), retain a material net economic interest of not less than 5% of the nominal value of the securitised exposures in the securitisation in accordance with the text of each of Article 405(1)(d) of Regulation (EU) No 575/2013 (the **Capital Requirements Regulation** or **CRR**), Article 254(2)(d) of Regulation (EU) No. 2015/35 (the **Solvency II Regulation**) and Article 51(1)(d) of Regulation (EU) No 231/2013, referred to as the Alternative Investment Fund Manager Regulation (the **AIFM Regulation** or **AIFMR**, and together with CRR and Solvency II Regulation, the **EU Risk Retention Requirements** (which, in each case, does not take into account any corresponding national measures) (the **Retention**). As at the Closing Date, the Retention will comprise the Retention Holder holding the Class G Notes, the Class R Notes and the Class Z Notes (the **Retained Notes**), as required by the text of each of Article 405(1)(d) of the CRR, Article 254(2)(d) of the Solvency II Regulation and Article 51(1)(d) of the AIFM Regulation. On the Closing Date, this will represent a downside risk of the Retention Holder in respect of the securitised exposures. Any change in the manner in which the interest is held may only be made in accordance with applicable laws and regulations and will be notified to the Noteholders. See the section entitled "*EU Risk Retention Requirements*" for further information.

US Credit Risk Retention Requirements

The Retention Holder (as **Sponsor**) is required under Section 15G of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**) (the **U.S. Credit Risk Retention Requirements**), to ensure that it (or a majority-owned affiliate of such Sponsor) acquires and retains (as described in the Section entitled "*U.S. Credit Risk Retention Requirements and Regulatory Considerations –U.S. Credit Risk Retention Requirements*") an economic interest in the credit risk of the assets collateralising the issuance of 'asset backed securities' on the Closing Date in an amount of not less than 5%. The Retention Holder intends to satisfy the U.S. Credit Risk Retention Requirements by designating itself as the sponsor that will acquire and retain, directly an eligible horizontal residual interest that has a fair value of at least 5% of the fair value of the Notes and the Certificates as determined using the fair value measurement framework under U.S. generally accepted accounting principles. It will meet this obligation by retaining 100% of the Retained Notes and the Certificates.

For further information regarding the U.S. Credit Risk Retention Requirements and the Retention Holder's compliance with respect thereto, see "*U.S. Credit Risk Retention Requirements and Regulatory Considerations*".

Certificates

In addition to the Notes, the Issuer will issue the Certificates on the Closing Date. The Certificates represent the right to receive the Certificate Payments, in accordance with the Terms and Conditions of the Certificates. In addition, the Certificates represent the right of the Portfolio Option Holder to exercise the Portfolio Purchase Option. The Certificates will be issued on the Closing Date to the Seller and represent the right to deferred consideration for the sale of the Portfolio by the Seller to the Issuer. See the section entitled "*Terms and Conditions of the Certificates*" for further details.

The Certificates will not be listed or rated.

Significant Investor and Pre-Placed

On the Closing Date, the Retention Holder will acquire 100% of the Class G Notes, 100% of the Class R Notes and 100% of the Class Z Notes in compliance with its

Notes

risk retention requirements as described above.

On the Closing Date 100 per cent. of the Class A Notes, 100 per cent. of the Class B Notes, 100 per cent. of the Class C Notes and 100 per cent. of the Class D Notes (such Notes being the **Consortium Notes**) will be pre-placed with a consortium consisting of Barclays Bank Plc, HSBC Bank plc, Lloyds Bank plc, Nationwide Building Society, The Royal Bank of Scotland plc and Santander UK plc, acting directly or through an affiliate (the **Consortium**). Pursuant to arrangements between the Consortium and the Issuer, the Consortium are committed to hold: 100% of the Consortium Notes until the date falling 12 calendar months after the Closing Date; a minimum of 75% of the Consortium Notes until the date falling 24 calendar months from the Closing Date; and a minimum of 50% of the Consortium Notes until the date falling 36 calendar months after the Closing Date, subject to certain exceptions.

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

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, the Class G Notes, the Class Z Notes and the Class R Notes offered pursuant to Rule 144A (together, the **Rule 144A Notes**) remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will furnish, upon request of a holder or of any beneficial owner of such a Rule 144A Note or of any prospective purchaser designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request the Issuer is not a reporting company under Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**), or is not exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

UNITED STATES DISTRIBUTION RESTRICTIONS

THE NOTES AND THE CERTIFICATES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THEREFORE 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 ANY APPLICABLE STATE OR FEDERAL SECURITIES LAWS. ACCORDINGLY, (A) THE RULE 144A NOTES ARE BEING OFFERED AND SOLD IN THE UNITED STATES ONLY TO QUALIFIED INSTITUTIONAL BUYERS (QIBS) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT IN EACH CASE ACTING FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, AND (B) THE REG S NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFERS, SEE "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*".

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR ANY OTHER U.S. REGULATORY AUTHORITY AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

IT IS EXPECTED THAT THE CLASS A NOTES, CLASS B NOTES, CLASS C NOTES, CLASS D NOTES AND CLASS E NOTES WILL BE ERISA-ELIGIBLE NOTES (AS DEFINED HEREIN). EACH PURCHASER OF ANY NOTE THAT IS AN ERISA ELIGIBLE NOTE WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS SUCH A NOTE WILL NOT BE, AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**), WHICH IS SUBJECT THERETO, OR A "PLAN" AS DEFINED IN SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**) TO WHICH SECTION 4975 OF THE CODE APPLIES, OR BY A PERSON ANY OF THE ASSETS OF WHICH ARE, OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO BE, ASSETS OF SUCH AN "EMPLOYEE BENEFIT PLAN" OR "PLAN", OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY STATE, LOCAL, OTHER FEDERAL LAW OF THE UNITED STATES OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (**SIMILAR LAW**) OR (II) ITS

ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF SUCH NOTES WILL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, A VIOLATION OF SIMILAR LAW. EACH PURCHASER OF A CERTIFICATE OR ANY NOTE THAT IS NOT AN ERISA-ELIGIBLE NOTE WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT FOR LONG AS IT HOLDS SUCH CERTIFICATE OR NOTE (I) IT IS NOT, AND WILL NOT BE, SUCH AN "EMPLOYEE BENEFIT PLAN", "PLAN", PERSON OR GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO SIMILAR LAW, OR (II) IF IT IS A GOVERNMENTAL, CHURCH OR NON U.S. PLAN, ITS ACQUISITIONS, HOLDING AND TRANSFER OR OTHER DISPOSITION OF SUCH NOTE WILL NOT RESULT IN A VIOLATION OF SIMILAR LAW. SEE "*ERISA CONSIDERATIONS FOR INVESTORS*".

THERE IS NO UNDERTAKING TO REGISTER THE NOTES AND THE CERTIFICATES UNDER U.S. STATE OR FEDERAL SECURITIES LAWS. UNTIL 40 DAYS AFTER THE COMMENCEMENT OF THE OFFERING, AN OFFER OR SALE OF THE NOTES OR THE CERTIFICATES WITHIN THE UNITED STATES BY THE JOINT LEAD MANAGERS (WHETHER OR NOT PARTICIPATING IN THIS OFFERING) MAY VIOLATE THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IF SUCH OFFER OR SALE IS MADE OTHERWISE THAN IN COMPLIANCE WITH RULE 144A OR PURSUANT TO ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

IMPORTANT NOTICES

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

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

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

The Notes and the Certificates are intended upon issue to be held in a manner which will allow the European System of Central Banks as the term is used in the Governing Council of the European Central Bank (**Eurosystem**) eligibility. This simply means that the Notes (as is the case with the Certificates) are intended to be deposited with one of the Euroclear and/ or Clearstream, Luxembourg (each an **ICSD** and together the **ICSDs**) as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that any of the Notes or the Certificates will be recognised as eligible collateral for Eurosystem monetary policy and intra-day operations by the Eurosystem either upon issue or at any of all times during their life. Such recognition will depend upon the European Central Bank (the **ECB**) being satisfied that all Eurosystem eligibility has been met (and for the avoidance of doubt, such Eurosystem eligibility are not, as at the Closing Date, expected to be satisfied by any Notes or Certificates that give rise to rights in principal and/or interest that are subordinated to the rights of holders of any other Notes or Certificates). See further "*Risk Factors – Eligibility for Central Bank Schemes*".

THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES AND THE CERTIFICATES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. OTHER THAN OBTAINING THE APPROVAL OF THIS PROSPECTUS AS A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE BY THE CENTRAL BANK OF IRELAND, NO ACTION HAS BEEN OR WILL BE TAKEN BY THE ISSUER OR BY ANY RELEVANT PARTY WHICH WOULD PERMIT A PUBLIC OFFERING OF THE NOTES OR DISTRIBUTION OF THIS PROSPECTUS IN ANY JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS NOR ANY PART HEREOF NOR ANY OTHER OFFERING DOCUMENT, PROSPECTUS, FORM OF APPLICATION, ADVERTISEMENT OR OTHER OFFERING MATERIAL

OR INFORMATION MAY BE DISTRIBUTED OR PUBLISHED, IN ANY JURISDICTION, (INCLUDING THE UNITED KINGDOM) EXCEPT UNDER CIRCUMSTANCES THAT WILL RESULT IN COMPLIANCE WITH ANY APPLICABLE LAWS AND REGULATIONS. PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES ARE REQUIRED BY THE ISSUER AND THE ARRANGER TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS.

THE NOTES, FROM THE DATE OF APPLICATION OF REGULATION (EU) NO 1286/2014 (THE PRIIPS REGULATION), ARE NOT INTENDED 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), (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF MIFID II OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC (AS AMENDED). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY THE PRIIPS REGULATION FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION

THE JOINT LEAD MANAGERS, THE CO-MANAGER, THE RETENTION HOLDER AND EACH PURCHASER AND SUBSEQUENT PURCHASER OF THE NOTES WILL BE DEEMED BY ITS ACCEPTANCE OF SUCH NOTES TO HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS INTENDED TO RESTRICT THE RESALE OR OTHER TRANSFER OF THE NOTES AS SET OUT IN THE SUBSCRIPTION AGREEMENT AND DESCRIBED IN THIS PROSPECTUS AND, IN CONNECTION THEREWITH, MAY BE REQUIRED TO PROVIDE CONFIRMATION OF ITS COMPLIANCE WITH SUCH RESALE AND OTHER TRANSFER RESTRICTIONS IN CERTAIN CASES. SEE "*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*" NONE OF THE ISSUER NOR ANY RELEVANT PARTY MAKES ANY REPRESENTATION TO ANY PROSPECTIVE INVESTOR OR PURCHASER OF THE NOTES REGARDING THE LEGALITY OF INVESTMENT THEREIN BY SUCH PROSPECTIVE INVESTOR OR PURCHASER UNDER APPLICABLE LEGAL INVESTMENT OR SIMILAR LAWS OR REGULATIONS.

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

MX ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SUB-SECTION HEADED "*MORTGAGE EXPRESS*" IN THE SECTION HEADED "*THE LEGAL TITLE HOLDERS*". TO THE BEST OF THE KNOWLEDGE AND BELIEF OF MX (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO

REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY MX AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE IN THIS PARAGRAPH) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

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

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

THE NOTE TRUSTEE AND THE SECURITY TRUSTEE ACCEPT 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 NOTE TRUSTEE AND THE SECURITY TRUSTEE (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE NOTE TRUSTEE AND THE SECURITY TRUSTEE AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTIONS REFERRED TO ABOVE IN THIS PARAGRAPH) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

B&B ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE VENDOR AND THE INTERIM SERVICER*" AND THE SUB-SECTION HEADED "*BRADFORD & BINGLEY PLC*" IN THE SECTION HEADED "*THE LEGAL TITLE HOLDERS*". TO THE BEST OF THE

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

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

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

NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE ORIGINATORS AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION. NEITHER OF THE ORIGINATORS IS A TRANSACTION PARTY OR HAS ANY OBLIGATIONS IN RESPECT OF THE ISSUER AND/OR THE NOTES.

NO PERSON IS AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFERING OR SALE OF THE NOTES OTHER THAN THOSE CONTAINED IN OR CONSISTENT WITH THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY THE ISSUER OR ANY OTHER RELEVANT PARTY OR ANY OF THEIR RESPECTIVE AFFILIATES OR ADVISERS. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE OR ALLOTMENT MADE IN CONNECTION WITH THE OFFERING OF THE NOTES SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION OR CONSTITUTE

A REPRESENTATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER OR ANY OTHER RELEVANT PARTY IN THE OTHER INFORMATION CONTAINED HEREIN SINCE THE DATE HEREOF. THE INFORMATION CONTAINED IN THIS PROSPECTUS WAS OBTAINED FROM THE ISSUER OR FROM OTHER SOURCES IDENTIFIED HEREIN (SUCH SOURCES OTHER THAN FROM THE ISSUER, THE **THIRD PARTY INFORMATION**), BUT NO ASSURANCE CAN BE GIVEN BY THE ISSUER AS TO THE ACCURACY OR COMPLETENESS OF SUCH THIRD PARTY INFORMATION. THE ISSUER HAS NOT SEPARATELY VERIFIED ANY SUCH THIRD PARTY INFORMATION. NO RELEVANT PARTY HAS VERIFIED THE INFORMATION CONTAINED HEREIN EXCEPT WHERE THAT PARTY HAS PROVIDED SUCH RELEVANT INFORMATION. ACCORDINGLY, NONE OF THE APPROPRIATE RELEVANT PARTIES MAKES ANY REPRESENTATION, EXPRESS OR IMPLIED, OR ACCEPTS ANY RESPONSIBILITY, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION IN THIS PROSPECTUS (OTHER THAN THE CASH MANAGER, THE ISSUER ACCOUNT BANK, THE INTERIM SERVICER, THE LONG-TERM SERVICER, THE INTERIM DELEGATED SERVICER, THE SERVICER FACILITATOR AND THE CORPORATE SERVICES PROVIDER IN THE SECTIONS HEADED "*THE CASH MANAGER AND THE ISSUER ACCOUNT BANK*", "*THE NOTE TRUSTEE AND THE SECURITY TRUSTEE*", "*RISK FACTORS - SERVICING AND THIRD PARTY RISK*", "*THE VENDOR AND THE INTERIM SERVICER*", "*THE LONG-TERM SERVICER*", "THE SELLER, THE RETENTION HOLDER AND THE SERVICER FACILITATOR" AND "THE CORPORATE SERVICES PROVIDER, THE REPLACEMENT CASH MANAGER FACILITATOR AND THE BACK-UP SERVICER FACILITATOR" RESPECTIVELY). THE ISSUER DOES NOT MAKE ANY REPRESENTATION, EXPRESS OR IMPLIED, OR ACCEPT ANY RESPONSIBILITY, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE THIRD PARTY INFORMATION INCLUDED IN THIS PROSPECTUS. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE CONTENTS OF THIS PROSPECTUS SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL, BUSINESS, ACCOUNTING, REGULATORY OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN LEGAL, BUSINESS, ACCOUNTING, REGULATORY AND TAX ADVISERS PRIOR TO MAKING A DECISION TO INVEST IN THE NOTES.

THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER OF, OR AN INVITATION BY OR ON BEHALF OF ANY RELEVANT PARTY OR ANY OF THEM TO SUBSCRIBE FOR OR PURCHASE ANY OF THE NOTES OR CERTIFICATES IN ANY JURISDICTION WHERE SUCH ACTION WOULD BE UNLAWFUL AND NEITHER THIS PROSPECTUS, NOR ANY PART THEREOF, MAY BE USED FOR OR IN CONNECTION WITH ANY OFFER TO, OR SOLICITATION BY, ANY PERSON IN ANY JURISDICTION OR IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORISED OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION.

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

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

In this Prospectus all references to **Sterling, GBP** and **£** are references to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland (the **United Kingdom** or **UK**).

In this Prospectus all references to the **FCA** are to the United Kingdom Financial Conduct Authority and all references to the **PRA** are to the United Kingdom Prudential Regulation Authority, which together replaced

the Financial Services Authority (the **FSA**) pursuant to the provisions of the UK Financial Services Act 2012.

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

Enforceability of Judgments

The Issuer is a public limited company registered in England and Wales. All of the Issuer's assets are located outside the United States. None of the officers and directors of the Issuer are residents of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or any such person not residing in the United States with respect to matters arising under the federal securities laws of the United States, or to enforce against them judgments of courts of the United States predicated upon the civil liability provisions of such securities laws. There is doubt as to the enforceability in England and Wales, in original actions or in actions for the enforcement of judgment of U.S. courts, of civil liabilities predicated solely upon the federal securities laws of the United States.

Forward-Looking Statements

Certain matters contained herein are statements which constitute forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such statements appear in a number of places in this Prospectus, including, but not limited to, statements made under the caption "Risk Factors" with respect to assumptions on prepayment and certain other characteristics of the Loans, and reflect significant assumptions and subjective judgements by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. None of the Relevant Parties has attempted to verify any such statements, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements. None of the Relevant Parties assumes any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

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RISK FACTORS

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

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

The Issuer believes that the risks described below are the material risks inherent in the transaction for Noteholders and Certificateholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes and the Certificates may occur for other reasons and the Issuer does not represent that the statements below regarding the risks relating to the Notes and the Certificates are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts in respect of the Notes and the Certificates.

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

CREDIT STRUCTURE

Noteholders cannot rely on any person other than the Issuer to make payments on the Notes and the Certificates

The Notes and the Certificates will not be obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes and the Certificates shall be accepted by any of the Relevant Parties or by any person other than the Issuer.

The Issuer has a limited source of funds which may be insufficient to allow for repayment in full of the Notes and Certificates

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes, amounts due in respect of the Certificates and its operating and administrative expenses will be dependent solely on receipts from or in connection with the Loans in the Portfolio, interest earned on the Issuer Accounts, income from any Authorised Investments and amounts available in respect of the General Reserve Fund and the Liquidity Reserve Fund (applied in accordance with the terms of the Cash Management Agreement). Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes, the Certificates and/or any other payment obligation of the

Issuer under the applicable Priority of Payments. If such funds are insufficient, any such insufficiency will be borne by the Noteholders, the Certificateholders and the other Secured Creditors, subject to the applicable Priority of Payments. The recourse of the Noteholders and Certificateholders to the Charged Assets following service of an Enforcement Notice is described below (see further "*Security and insolvency considerations*" below).

The Notes and Certificates are limited recourse obligations of the Issuer

The Notes and the Certificates will be limited recourse obligations of the Issuer. Other than the source of funds referred to in the foregoing paragraph, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and the Certificates. Upon enforcement of the Security by the Security Trustee, if:

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

then the Secured Creditors (which include the Noteholders and the Certificateholders) shall have no further claim against the Issuer or its directors, shareholders, officers or successors in respect of any amounts owing to them which remain unpaid (in the case of the Noteholders, principally payments of principal and interest in respect of the Notes (and, in the case of the Rated Notes, the Step-Up Margins)) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be extinguished.

There are limitations on enforcement and therefore the proceeds of that enforcement may not be enough to make all the payments due on the Notes and Certificates. No Noteholder or Certificateholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of the provisions of the Transaction Documents and/or to take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer unless the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, provided that no Noteholder or Certificateholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer in any circumstances.

If the Issuer has insufficient funds on an Interest Payment Date, there will be a deferral of interest payments

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) due on the Notes (other than the Most Senior Class then outstanding), that would otherwise be payable absent the deferral provisions in respect of any Class of Notes (other than the Most Senior Class then outstanding) after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer will be entitled under Condition 17 (*Subordination by Deferral*) of the Conditions to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as the relevant Class of Notes becomes due and repayable in full in accordance

with the Conditions. Any such deferral in accordance with the Conditions will not constitute an Event of Default.

In the event that amounts are not paid in full on the Notes or the Certificates (other than the Most Senior Class then outstanding) as noted above such failure will not constitute an Event of Default until the Final Redemption Date or such earlier date on which the Notes are redeemed in accordance with Condition 8.6 (Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option) or Condition 8.5 (Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option) and the Note Trustee and the Security Trustee will not be able to accelerate the Notes or payments due in respect of the Certificates until the Final Redemption Date or such earlier date on which the Notes are redeemed in accordance with the Conditions set out above and prior to such date will not be able to take any action to enforce the Security or effect a sale or disposal of the Portfolio.

Failure to pay interest in respect of the Most Senior Class of Notes then outstanding shall constitute an Event of Default under the Notes which may result in the Security Trustee enforcing the Security. Failure to pay interest on any Class of Notes (other than the Most Senior Class of Notes then outstanding) shall not constitute an Event of Default.

The Issuer is subject to the risk of default in payment by Borrowers, and therefore payments in respect of the Notes and Certificates are subject to a credit risk

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the Relevant Servicer on behalf of the Issuer to realise or recover sufficient funds under the arrears and default procedures in respect of any Loan and its Related Security in order to discharge all amounts due and owing by the relevant Borrower(s) under such Loan, which may adversely affect payments on the Notes and the Certificates. This risk is mitigated to some extent by certain credit enhancement features which are described in the section entitled "*Credit Structure*". However, no assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the Noteholders or the Certificateholders from all risk of loss. Should there be credit losses arising in respect of the Loans, this could have an adverse effect on the ability of the Issuer to make payments of interest and/or principal on the Notes and payments due in respect of the Certificates.

Lack of liquidity of the Issuer could result in an insufficiency of funds on any Interest Payment Date

The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of payments being made late by Borrowers (if, for example, such payment is made after the end of the Collection Period immediately preceding the Interest Payment Date) or payments being paid to a Borrower in respect of a Flexible Drawing or a customer taking a Payment Holiday in accordance with the terms and conditions of the relevant Loan. This risk is addressed in respect of the following Classes of Notes by the provision of liquidity from alternative sources as follows: (A) the subordination in payment of those Classes of Notes and Certificates ranking junior in the Priority of Payments, (B) in respect of the Floating Rate Rated Notes only, the Principal Addition Amounts, (C) in respect of the Floating Rate Rated Notes only, prior to the service of an Enforcement Notice all amounts standing to the credit of the General Reserve Fund (if any) will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments; and (D) in respect of the Class A Notes and the Class B Notes only, prior to the service of an Enforcement Notice all amounts standing to the credit of the Liquidity Reserve Fund (if any) will be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments, as more fully described in the section entitled "*Credit Structure*".

No assurance can be made as to the effectiveness of such liquidity support features, or that such features will protect the Noteholders or the Certificateholders from all risk of delayed payment and/or loss.

Payments to the holders of the Notes and the Certificates are subordinated and may be delayed or reduced in certain circumstances

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

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

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

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

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

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

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

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

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

The Certificates rank *pari passu* without preference or priority among themselves in relation to payment of the Certificate Payments, but subordinate to the Notes as provided in the Conditions, the Certificates Conditions and the Transaction Documents.

In addition to the above, payments on the Notes and the Certificates are subordinate to payments of certain fees, costs and expenses payable to the other Secured Creditors (including the Note Trustee,

the Security Trustee, the Issuer Account Bank, the Corporate Services Provider, the Interim Servicer, the Servicer Facilitator, the Long-Term Servicer, the Cash Manager, the Replacement Cash Manager Facilitator, the Paying Agents, the Registrar and the Agent Bank) and certain third parties. For further information on the likely costs payable to such Secured Creditors, please see "*Transaction Overview - Fees*" below.

Payments of principal in respect of all Classes of Notes will be subordinate to payments of any Principal Addition Amounts.

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

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

There may be insufficient funds available to repay in full the Notes as a result of income or principal deficiencies

If, on any Interest Payment Date prior to the service of an Enforcement Notice or the redemption in full of the Floating Rate Rated Notes, as a result of shortfalls in Available Revenue Receipts there would be a Revenue Shortfall, the Issuer shall apply Available Principal Receipts (if any) in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments to cure such Revenue Shortfall (such reapplied amounts, **Principal Addition Amounts**).

Application of any Available Principal Receipts as Principal Addition Amounts will be recorded in sequential order to the Class Z Principal Deficiency Sub-Ledger, to the Class G Principal Deficiency Sub-Ledger, to the Class F Principal Deficiency Sub-Ledger, to the Class E Principal Deficiency Sub-Ledger, to the Class D Principal Deficiency Sub-Ledger, to the Class C Principal Deficiency Sub-Ledger, to the Class B Principal Deficiency Sub-Ledger and to the Class A Principal Deficiency Sub-Ledger, in each case until the balance of the relevant Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class Z Notes, the Class G Notes, the Class F Notes, the Class E Notes, the Class D Notes, the Class C Notes, the Class B Notes and the Class A Notes respectively. In addition, the aggregate of (a) all realised losses on the Loans which are not recovered from the proceeds following the sale of the Property to which such Loan relates; (b) any losses realised by the Issuer on the Loans as a result of a failure by the Collection Account Bank to remit funds to the Issuer; (c) any loss to the Issuer as a result of an exercise of any set-off by any Borrower in respect of its Loan unless this is fully compensated under either the provisions of the Relevant Servicing Agreement or the Mortgage Sale Agreement; (d) 100% of the amount of the Current Balance of any Loan which the Seller was required to repurchase or indemnify the Issuer pursuant to the terms of the Mortgage Sale Agreement but has not repurchased the relevant Loan; and (e) any other non-recovery of the full principal balance outstanding of a Loan other than where the same has been compensated by a repurchase or indemnity by the Seller under the Mortgage Sale Agreement (items (a) to (e) above (together, the **Losses**) and any Available Principal Receipts applied in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments will be recorded in sequential order to the Class Z Principal Deficiency Sub-Ledger, to the Class G Principal Deficiency Sub-Ledger, to the Class F Principal Deficiency Sub-Ledger, to the Class E Principal Deficiency Sub-Ledger, to the Class D Principal Deficiency Sub-Ledger, to the Class C Principal Deficiency Sub-Ledger, to the Class B Principal Deficiency Sub-Ledger and to the Class A Principal Deficiency Sub-Ledger, in each case until the balance of the relevant Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Z Notes, the Class G Notes, the Class F Notes, the Class E Notes, the Class D Notes, the Class C Notes, the Class B Notes and the Class A Notes respectively.

During the course of the life of the Notes, some but not necessarily all principal deficiencies (should they arise) will be recouped from Available Revenue Receipts. Available Revenue Receipts will be applied, after meeting prior ranking obligations as set out under the Pre-Enforcement Revenue Priority of Payments, to credit *first* the Class A Principal Deficiency Sub-Ledger, *second* the Class B Principal Deficiency Sub-Ledger, *third* the Class C Principal Deficiency Sub-Ledger, *fourth* the Class D Principal Deficiency Sub-Ledger, *fifth* the Class E Principal Deficiency Sub-Ledger, *sixth* the Class F Principal Deficiency Sub-Ledger, *seventh* the Class G Principal Deficiency Sub-Ledger and *eighth* the Class Z Principal Deficiency Sub-Ledger.

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

- (a) the Available Revenue Receipts and Available Principal Receipts may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due on the Notes; and
- (b) there may be insufficient Available Revenue Receipts and Available Principal Receipts to repay the Notes on or prior to the Final Redemption Date of the Notes.

The Liquidity Reserve Fund may not be available to cover all losses and at all times

The Liquidity Reserve Fund is available to the Issuer to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments (but only to the extent necessary (after applying all other Available Revenue Receipts (other than items (e) and (i) of the definition of Available Revenue Receipts) to do so) to pay Senior Revenue Amounts (being items (a), (b), (c), (d), (e) and (g) of the Pre-Enforcement Revenue Priority of Payments) or the Post-Enforcement Priority of Payments (as applicable). The Liquidity Reserve Fund will be funded on the Closing Date in an amount equal to 2.50 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes as at the Closing Date. Thereafter Available Revenue Receipts will be applied to fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount. The Liquidity Reserve Fund Required Amount is an amount equal to 2.50 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes as at the relevant Interest Payment Date and therefore the amount standing to the credit of the Liquidity Reserve Fund and available to pay Senior Revenue Amounts will decrease as the Principal Amount Outstanding of the Class A Notes and the Class B Notes decreases. See further "*Credit Structure*" below.

Interest Rate Risk

The Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of the Loans and the rate of interest payable in respect of the Notes. Some of the Loans in the Portfolio pay or will pay a fixed rate of interest for an initial period or for the term of the Loan or a rate set by reference to the base rate from time to time of the Bank of England (the **Bank of England Base Rate**), while the Issuer's liabilities under the Floating Rate Rated Notes are based on LIBOR for the relevant period. Further, as at the date of this Prospectus, the Issuer has not entered into any interest rate swap or other hedging transaction in relation to any of the Loans, and as a result there is no hedge in respect of the risk of any variance in the rates charges on any Loans which in turn may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations to the Noteholders, Certificateholders and the other Secured Creditors.

The Issuer has granted the Relevant Servicer full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine, set and change the interest rate(s) applicable to the Loans in accordance with the relevant Mortgage Conditions (including as a result of a change in the Bank of England Base Rate or a change in the applicable LTV of a Split PVR Loan)

and Applicable Law. The Issuer, the Legal Title Holders and the Servicers have undertaken not to increase the applicable interest rate in respect of a Split PVR Loan as a result of a change in the applicable LTV. The Issuer, the Legal Title Holders and the Servicers have further undertaken to only increase the applicable interest rate of the Variable Rate Loans, Discounted Variable Rate Loans and Lifetime Discounted Variable Rate Loans if there is an increase in the Bank of England Base Rate.

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

The yield to maturity of each Class of Notes will depend on, among other things, the amount and timing of payment of principal and interest (including prepayments, sale proceeds arising on enforcement of a Loan and repurchases of (or payments of an indemnity amount in lieu of the Seller repurchasing, including any accrued interest) such Loans required to be made under the Mortgage Sale Agreement) on the Loans and the price paid by the holders of the Notes of each Class. Such yield may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the Loans. Furthermore, if a Flexible Drawing has been granted in respect of a Loan and the conditions for such Loans being retained in the Mortgage Portfolio are not met or a request for a Product Switch or Further Advance in respect of any Loan is granted by the Seller, then the Seller will be obliged to repurchase such Loan, which may result in Principal Receipts in the form of repurchase proceeds payable by the Seller being used to pay down the Notes.

The rate of prepayment of Loans is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing programmes, local and regional economic conditions and homeowner mobility. However, the rate of payment cannot be predicted. The Mortgage Conditions incorporate the concept of “flexible payment”, which is available for all Loans in the Portfolio through the “Choices” facility. This facility enables Borrowers to make Overpayments or Underpayments, take Payment Holidays, or make Cash Withdrawals in certain circumstances. Subject to the Mortgage Conditions, a Borrower may also pay back either all or part of a Loan (in an amount exceeding their normal monthly payments). No assurance can be given as to the level of prepayments that the Portfolio will experience and, subject to the utilisation of the “Choices” facility by Borrowers, accelerated prepayments will lead to a reduction in the weighted average life of the Notes, subject to any previously repaid amounts being advanced to Borrowers as a result of a Flexible Loan. Generally, when market interest rates increase, Borrowers are less likely to prepay their Loans, while conversely, when market interest rates decrease, Borrowers (in particular those paying by reference to a fixed interest rate, where there are no or minimal associated Early Repayment Charges) are generally more likely to prepay their Loans. Borrowers may prepay Loans when they refinance their loans or sell their properties (either voluntarily or as a result of enforcement action taken). If the Seller is required to make an indemnity payment to the Issuer in relation to a Loan and its Related Security because, for example, one of the Loans does not comply with the Loan Warranties, then the payment received by the Issuer will have the same effect as a prepayment of all the relevant Loans.

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

In addition, on and from the First Optional Redemption Date the Issuer may, subject to certain conditions and receipt of funds pursuant to the Portfolio Purchase Option, redeem all of the Notes and cancel the Certificates. Pursuant to the Portfolio Purchase Option the Portfolio Option Holder has the option pursuant to the Deed Poll, to elect to purchase the Loans from the Issuer subject to certain restrictions as detailed in the section, "*Early Redemption of the Notes pursuant to the Portfolio Purchase Option, Regulatory Change Event or Optional Redemption for Tax and Other Reasons*" there are no conditions or restrictions (whether by reference to time period or otherwise) on the

exercise by the Portfolio Option Holder of the Portfolio Purchase Option. Additionally, no make-whole amount or other early repayment fee will be paid to the Noteholders if any such option is exercised by the Portfolio Option Holder. However the Portfolio Option Holder is not obligated to exercise its rights in respect of the Portfolio Purchase Option on the First Optional Redemption Date or at any time thereafter and as such, no assurance can be given that the Notes will be redeemed in full on or following the First Optional Redemption Date as a result of a purchase or sale of the Portfolio. The Seller and/or the Retention Holder (or their delegate) has the right pursuant to the Retention Holder Deed Poll to offer to purchase the Loans from the Issuer and thereby effect a redemption of the Notes on the occurrence of a Risk Retention Regulatory Change Event.

The Issuer may, subject to certain conditions, redeem all of the Notes on any Interest Payment Date on which the aggregate Principal Amount Outstanding of the Notes (as of the immediately preceding Calculation Date), is less than or equal to 10 per cent. of the original aggregate Principal Amount Outstanding of the Notes on the Closing Date. There is no obligation on any party to the transaction to repurchase the Portfolio and the Issuer is not required to accept any such offer to repurchase therefore, to the extent the Issuer chooses not to exercise this option. As such, no assurance can be given that the Notes will be redeemed in full on or following the occurrence of the circumstances described above, as a result of a repurchase of the Portfolio by the Seller or otherwise.

In addition, the Issuer may, subject to the Conditions, redeem all of the Notes if (A) a change in tax law results in the Issuer being required to make a deduction or withholding for or on account of tax, or (B) as a result of certain illegality events. See further "*Terms and Conditions of the Notes*" below.

Any redemption of the Notes and cancellation of the Certificates following such matters, in particular where such event occurs within a short time of the Closing Date, may adversely affect the yield to maturity of the Notes and/or the Certificates. In particular there is no assurance that the Certificateholders would receive any amounts on such an early redemption, which may adversely affect the expected yield on the Certificates.

Limited remedies available to the Issuer in respect of any breach of representation or warranty made by the Seller under the Mortgage Sale Agreement

If any of the Loan Warranties proves to have been untrue on the Closing Date or any of the Repeating Loan Warranties proves to have been materially untrue on the relevant Drawings Date in respect of a Flexible Drawing made on that date and if such breach is not capable of remedy or, if capable of remedy, is not remedied within a 30 Business Day period as specified in the Mortgage Sale Agreement, then notice will be served on the Seller requiring the Seller to repurchase the relevant Loan (which, for the avoidance of doubt, shall include any Loan to which a Flexible Drawing relates) and its Related Security (and any other Loan secured or intended to be secured by the same Related Security or any part of it), in an amount equal to the Repurchase Price of that Loan. There can be no assurance that the Seller will have the financial resources to repurchase any Loan and its Related Security.

Upon receipt of a Loan Repurchase Notice, the Seller may opt, by notice in writing given to the Issuer and the Security Trustee within 7 days of the delivery of that Loan Repurchase Notice, to (instead of repurchasing such Loan and its Related Security) indemnify the Issuer and keep indemnified the Issuer against all liabilities relating to the breach of Loan Warranty, which gave rise to the Loan Repurchase Notice (**Relevant Liabilities**).

Any Relevant Liabilities of the Issuer in relation to any Loan shall not exceed the amount that would have been payable by the Seller if it had repurchased that Loan and its Related Security in accordance with the terms of the Mortgage Sale Agreement (i.e. the Repurchase Price of the affected Loan).

As the amount of any Relevant Liabilities is based in part upon the amount of, inter alia, actual costs, damages or loss suffered by the Issuer, such Relevant Liabilities may not be known at the time at which the breach of Loan Warranty is discovered and further additional time (which could be months or years) may be required before such actual loss can be determined. Accordingly, any indemnity payment required to be made by the Seller in respect of any breach of Loan Warranty may be significantly delayed which may impact the ability of the Issuer to meet its payment obligations under the Notes.

Absence of secondary market

There is currently a limited secondary market for the Notes and the Certificates and securities similar to the Notes and Certificates, and no assurance is provided that an active and liquid secondary market for the Notes and the Certificates will develop.

On the Closing Date 100 per cent. of the Class A Notes, 100 per cent. of the Class B Notes, 100 per cent. of the Class C Notes and 100 per cent. of the Class D Notes (such Notes being the **Consortium Notes**) will be pre-placed with a consortium consisting of Barclays Bank Plc, HSBC Bank plc, Lloyds Bank plc, Nationwide Building Society, The Royal Bank of Scotland plc and Santander UK plc, acting directly or through an affiliate (the **Consortium**). Pursuant to arrangements between the Consortium and the Issuer, the Consortium are committed to hold (subject to certain exceptions including for disposals to affiliates and disposals pursuant to market repo, collateral upgrade, TRS or other similar structures as well as for posting collateral in bilateral, third party and central clearing arrangements): 100% of the Consortium Notes until the date falling 12 calendar months after the Closing Date; a minimum of 75% of the Consortium Notes until the date falling 24 calendar months from the Closing Date; and a minimum of 50% of the Consortium Notes until the date falling 36 calendar months after the Closing Date.

None of the Notes or Certificates have been, or will be, registered under the Securities Act or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set out under "*Subscription, Sale and Selling Restrictions*" and "*Transfer Restrictions and Investor Representations*". To the extent that a secondary market exists or develops, it may not continue for the life of the Notes or Certificates or it may not provide Noteholders or Certificateholders with liquidity of investment with the result that a Noteholder or Certificateholder may not be able to find a buyer to buy its Notes or Certificates readily or at prices that will enable the Noteholder or the Certificateholder to realise a desired yield or a desired return on projected amounts due in respect of the Notes and/or Certificates. Any investor in the Notes or the Certificates must be prepared to hold their Notes or Certificates until the Final Redemption Date.

Eligibility for Central Bank Schemes

Whilst central bank schemes such as the Bank of England's Discount Window Facility, the Indexed Long 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 or Certificates will be eligible for any specific central bank liquidity schemes. Pursuant to a referendum held in June 2016, the UK has voted to leave the European Union, see "*General market volatility and post-UK referendum uncertainty*" for further information. This will impact on the eligibility of the Notes as eligible collateral under the Eurosystem monetary policy framework of the European Central Bank.

Ratings of the Rated Notes may be qualified, downgraded or withdrawn after your purchase of the Rated Notes, which may lower their market value

The expected ratings of the Rated Notes to be assigned on the Closing Date are set out under "Ratings". A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency if, in its judgement, circumstances (including a reduction in the perceived creditworthiness of third parties, including a reduction in the credit rating of the Issuer Account Bank) in the future so warrant. See also "Change of counterparties may reduce amounts available to the Issuer to make payments to Noteholders and Certificateholders", below.

The rating process addresses structural and legal aspects associated with the securities, including the nature of the Mortgage Loans. The ratings assigned to mortgage-backed securities do not represent any assessment of the likelihood that principal prepayments will be made by the borrowers or the degree to which such prepayments will differ from those originally anticipated. The ratings of the Rated Notes do not address the possibility that the holders of those Notes might suffer a lower than anticipated yield due to non-credit events.

At any time, any Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Rated Notes may be withdrawn, lowered or qualified. A qualification, downgrade or withdrawal of any of the ratings mentioned above may adversely impact upon the value of the Notes. Moody's and S&P will rate the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes. Only the Class A Notes will be rated by Fitch. The Issuer has not requested that the Class R Notes, the Class Z Notes or the Certificates are rated by the Rating Agencies.

Except as described above, the Issuer has not requested a rating of any Class of Notes by any rating agency other than the Rating Agencies; there can be no assurance, however, as to whether any other rating agency will rate any Class of Notes or, if it does, what rating would be assigned by such rating agency. Any rating assigned by such other rating agency to a Class of Notes could be lower than the rating assigned by the Rating Agencies to such Class of Notes, and could have an adverse effect on the value of the Rated Notes. Rating agencies other than the Rating Agencies could seek to rate the Rated Notes and if such unsolicited ratings are lower than the comparable ratings assigned to the Rated Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the value of the Rated Notes. For the avoidance of doubt and unless the context otherwise requires, any reference to **ratings** or **rating** in this Prospectus is to the ratings assigned by the Rating Agencies only.

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

Rule 17g-5 - unsolicited ratings and the selection and qualification of rating agencies rating the Notes may impact the value of the Notes

Nationally recognized statistical rating organisations that the Issuer has not engaged to rate any Class of Notes may nevertheless issue unsolicited credit ratings on one or more Classes of Notes, in each

case relying on information they receive pursuant to Rule 17g-5 under the Exchange Act, or otherwise. If any such unsolicited ratings are issued with respect to any particular Class of Notes, there can be no assurance that they will not be lower than the rating(s) assigned by any of the Rating Agencies engaged by the Issuer to rate that Class of Notes on the Closing Date. The issuance of any such unsolicited ratings with respect to any particular Class of Notes that are lower than the rating(s) assigned to it by any of the engaged rating agencies on the Closing Date may negatively impact the liquidity, market value and regulatory characteristics of that Class of Notes. Although unsolicited ratings may be issued by any rating agency, a rating agency might be more likely to issue an unsolicited rating if it was not selected after having provided preliminary feedback to the Issuer.

The Issuer selected S&P and Moody's to rate all of the Classes of Notes (other than the Class R Notes and the Class Z Notes) and Fitch to rate the Class A Notes. There can be no assurance that, had the Issuer selected other rating agencies to rate the Notes, the ratings that such rating agencies would have ultimately assigned to those Classes of Notes would have been equivalent to those assigned by S&P, Moody's and Fitch. Neither the Issuer nor any other person or entity will have any duty to notify you if any other nationally recognized statistical rating organisation issues, or delivers notice of its intention to issue, unsolicited ratings on one or more Classes of the Notes after the Closing Date. Furthermore, the U.S. Securities and Exchange Commission may determine that one or more of the rating agencies engaged by the Issuer no longer qualifies as a nationally recognized statistical rating organisation, or is no longer qualified to rate the certificates, and that determination may have an adverse effect on the liquidity, market value and regulatory characteristics of the Notes.

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

The terms of certain Transaction Documents provide that certain actions to be taken by the Issuer and/or the other parties to the Transaction Documents are contingent on such actions not having an adverse effect on the ratings assigned to the Rated Notes. In such circumstances, the Note Trustee or the Security Trustee may require the Issuer to seek confirmation from the Rating Agencies that certain actions proposed to be taken by the Issuer and the Note Trustee, or, as the case may be, the Security Trustee will not have an adverse effect on the then current ratings of the Rated Notes (a **Rating Agency Confirmation**).

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

Any such Rating Agency Confirmation may or may not be given at the sole discretion of each Rating Agency. Certain Rating Agencies have indicated that they will no longer provide Rating Agency Confirmations as a matter of policy. To the extent that a Rating Agency Confirmation cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents and specifically the relevant modification and waiver provisions. It should be noted that, depending on the nature of the request, the timing of delivery of the request and of any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Rating Agency Confirmation in the time

available or at all, and the Rating Agency will not be responsible for the consequences thereof. A Rating Agency Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date. A Rating Agency Confirmation represents only a restatement of the opinions given as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

Where the Transaction Documents allow the Note Trustee to seek a Rating Agency Confirmation and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer and (i) (A) one Rating Agency (such Rating Agency, a **Non-Responsive Rating Agency**) indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and (ii) the Issuer has otherwise received no indication from that Rating Agency that its then current rating of the Rated Notes would be reduced, qualified, withdrawn or put on negative watch as a result of such step, action or matter, then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Issuer provides to the Note Trustee and the Security Trustee a certificate signed by two directors or two Authorised Signatories certifying and confirming that each of the events in sub-paragraphs (i) (A) or (B) and (ii) has occurred, the Issuer having sent a written request to each Rating Agency, and each of the Note Trustee and the Security Trustee shall be entitled to rely on such certificate without enquiry or liability. Where a Rating Agency Confirmation is a condition to any action or step under any Transaction Document and it is deemed to be modified as a result of a Non-Responsive Rating Agency not having responded to the relevant request from the Issuer within 30 days, there remains a risk that such Non-Responsive Rating Agency may subsequently downgrade, qualify or withdraw the then current ratings of the Rated Notes as a result of the action or step. Such a downgrade, qualification or withdrawal to the then current ratings of the Rated Notes may have an adverse effect on the value of the Rated Notes.

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

Upon the occurrence of an Event of Default, which in certain circumstances, may or may not be subject to a materiality threshold in the opinion of the Note Trustee, the Note Trustee in its absolute discretion may, and if so directed in writing by the holders of not less than 25% in aggregate Principal Amount Outstanding of the Most Senior Class, as applicable or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class shall (subject, in each case, to being indemnified and/or pre-funded and/or secured to its satisfaction), give an Enforcement Notice to the Issuer that all amounts due in respect of all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued interest thereon,) the Step-Up Margins and all other amounts due in respect of the Notes, as applicable, as provided in a trust deed between the Issuer, the Security Trustee and the Note Trustee (the **Trust Deed**).

The Note Trustee may, at any time, at its discretion and without notice, take (and direct 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 the Conditions and the Certificates Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) the other Transaction Documents to which it is a party or in respect of which (in the case of the Security Trustee) it holds security. In respect of and at any time after the service of an Enforcement Notice, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to

enforce the Security. However, neither the Note Trustee nor the Security Trustee shall be bound to take any such proceedings or steps (including, but not limited to, the giving of an Enforcement Notice in accordance with Condition 11 (*Events of Default*) or Certificates Condition 10 (*Events of Default*)) unless it should have been directed to do so by the holders of the Most Senior Class and it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

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

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

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

RIGHTS OF NOTEHOLDERS, CERTIFICATEHOLDERS AND SECURED CREDITORS

Meetings of Noteholders and Certificateholders, Modification and Waivers

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

The Conditions and Certificates Conditions also provide that the Issuer may enter into any new and/or amended bank account agreement or collection account agreement (including (i) where the unsecured, unsubordinated and unguaranteed debt obligations of the Issuer Account Bank or the Collection Account Bank are downgraded below the required rating and the Issuer is required to take certain remedial action (as set out in the relevant Transaction Document) in order to maintain the ratings of the Notes at their then current ratings and/or (ii) on or following the Transfer Date, any collection account agreement, bank account agreement and/or declaration of trust in respect of such collection account of Topaz in its capacity as Legal Title Holder), provided that the Issuer certifies to the Security Trustee and/or the Note Trustee (upon which the Security Trustee and Note Trustee shall rely without further enquiry or liability) that any such new agreement and/or amendment and/or appointment (as the case may be) would not have an adverse effect on the then current rating of the Most Senior Class and provided that neither the Note Trustee nor the Security Trustee shall be obliged to agree to any such new agreement and/or amendment which, in the sole opinion of the Note Trustee or the Security Trustee, would have the effect of (a) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections, of the Note Trustee and/or the Security Trustee under the Transaction Documents and/or the Conditions.

The Note Trustee shall be obliged, without any consent or sanction of the Noteholders, or, subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified, any of the other Secured Creditors, to concur and to direct the Security Trustee to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to the 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 (in each case) considers necessary, in order to enable the Issuer to:

- (a) comply with, or implement or reflect, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
- (b) remedy any manifest non-compliance with 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 or Section 15G of the Exchange Act after the Closing Date, as a result of any change thereto or 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, in each case applying in respect of the Transaction;
- (c) enable the Notes (aside from the Class R Notes) be (or to remain) listed on the Irish Stock Exchange;
- (d) enable the Issuer or any of the other transaction parties to comply with sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (**FATCA**);
- (e) comply with any requirement to appoint an entity to carry out any disclosure or reporting requirements under the CRA Regulation;
- (f) comply with any changes in the requirements of the CRA Regulation after the Closing Date including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation or regulations or official guidance in relation thereto; and
- (g) comply with the provisions of Rule 17g-5 of the Securities Exchange Act of 1934,

(each a **Proposed Amendment**), and subject to receipt by the Note Trustee and the Security Trustee of a certificate (upon which they may rely without liability or enquiry) issued by the Issuer signed by two directors of the Issuer certifying to the Note Trustee and the Security Trustee that the requested modifications in relation to any Proposed Amendment are to be made solely for the purpose of enabling the Issuer to satisfy such obligations under any Proposed Amendment and have been drafted solely to such effect and in the case of a Proposed Amendment under paragraph (b) above, shall include a memorandum addressed to the Note Trustee and the Security Trustee for the benefit of Noteholders by a reputable law firm confirming that the Proposed Amendment seeks to address the non-compliance set out in paragraph (b) above and each of the Note Trustee and the Security Trustee shall be entitled to rely on such certificate and memorandum without enquiry or liability.

The Conditions and Certificates Conditions also specify that certain categories of amendments (including changes to majorities required to pass resolutions or quorum requirements) would be classified as Basic Terms Modifications. Investors should note that a Basic Terms Modification is required to be sanctioned by an Extraordinary Resolution of the holders of the relevant affected Class or Classes of Notes and/or the Certificates then in issue, unless the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the holders of those affected Class or Classes of Notes then outstanding and the holders of the Certificates then in issue.

The Conditions and the Certificates Conditions also provide that the Note Trustee or, as the case may be, the Security Trustee, may agree, without the consent of the Noteholders the Certificateholders or the other Secured Creditors (other than any Secured Creditors which are party to the relevant Transaction Document), to (a) any modification of, or the waiver or authorisation of any breach or

proposed breach of, the Conditions, the Certificates Conditions or any of the Transaction Documents which is not, in the opinion of the Note Trustee, or, as the case may be, the Security Trustee, materially prejudicial to the interests of the Noteholders or Certificateholders or (b) any modification which, in the opinion of the Note Trustee, or, as the case may be, the Security Trustee, is of a formal, minor or technical nature or to correct a manifest error.

See "*Terms and Conditions of the Notes – Condition 13 (Meetings of Noteholders and Certificateholders, Modification, Waiver and Substitution)*" and "*Terms and Conditions of the Certificates – Certificates Condition 12 (Meetings of Certificateholders and Noteholders, Modification, Waiver and Substitution)*" below.

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

Conflict between Classes of Noteholders or Certificateholders

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

If, in the Note Trustee's or, as the case may be, the Security Trustee's opinion, however, there is or may be a conflict between the interests of the holders of one or more Classes of Notes or Certificates, on the one hand, and the interests of the holders of one or more Classes of Notes or Certificates, on the other hand, then the Note Trustee or, as the case may be, the Security Trustee is required to have regard only to the interests of the holders of the relevant affected Class of Notes or Certificates ranking in priority to other relevant Classes of Notes or Certificates in the Pre-Enforcement Revenue Priority of Payments.

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

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

Investors should be aware that the Retention Holder will on the Closing Date purchase 100 per cent. of the Class G Notes, 100 per cent. of the Class R Notes and 100 per cent. of the Class Z Notes in order to comply with EU risk retention and U.S. risk retention requirements. See sections "*EU Risk Retention Requirements*" and "*U.S. Credit Risk Retention Requirements and Regulatory Considerations*" for further information. In addition, the Retention Holder (or an entity connected or affiliated to the Retention Holder) may purchase any Notes or Certificates from time to time. The Retention Holder (or an entity connected or affiliated to it) is under no obligation to consider the interests of other Noteholders and Certificateholders when exercising their rights under the Notes and Certificates (with respect to not only the 5 per cent. required risk retention, but also any other Notes or Certificates which they may own) and may exercise voting rights in respect of the Notes and Certificates held by it in a manner that may be prejudicial to other Noteholders or Certificateholders. As such, the Retention Holder will be a Relevant Person. See section "*Transaction Overview – Rights*

of Noteholders and Certificateholders and Relationship with other Secured Creditors –Relevant Person as Noteholder or Certificateholder” below.

In addition investors should be aware that the Consortium will on the Closing Date purchase 100 per cent. of the Class A Notes, 100 per cent. of the Class B Notes, 100 per cent. of the Class C Notes and 100 per cent. of the Class D Notes (such Notes being the **Consortium Notes**) and pursuant to arrangements between the Consortium and the Issuer, the Consortium are committed to hold: 100% of the Consortium Notes until the date falling 12 calendar months after the Closing Date; a minimum of 75% of the Consortium Notes until the date falling 24 calendar months from the Closing Date; and a minimum of 50% of the Consortium Notes until the date falling 36 calendar months after the Closing Date, subject to certain exceptions. The Consortium are under no obligation to consider the interests of other Noteholders and Certificateholders (nor the interest of each other Consortium member) when exercising their respective rights under the Consortium Notes and may exercise voting rights in respect of their respective Consortium Notes in a manner that may be prejudicial to other Noteholders or Certificateholders. See section entitled "*Significant Investors and Pre-Placed Notes*".

Conflict between Noteholders and Certificateholders, and other Secured Creditors

So long as any of the Notes or Certificates are outstanding, neither the Security Trustee nor the Note Trustee shall have regard to the interests of the other Secured Creditors, subject to the provisions of the Trust Deed and Condition 13.4 and Certificates Condition 12.4.

RISKS RELATED TO THE MORTGAGES

Issuer may not have direct rights against third parties

The Seller has assigned its causes and rights of actions against solicitors and valuers to the Issuer pursuant to the Mortgage Sale Agreement in respect of the Loans; to the extent that they are assignable (the Seller itself having acquired such rights from the Vendor. However the Seller was not the originator of the Loans and the said rights may therefore not have been effectively assigned to it by the Vendor or held on trust for it by the Vendor. The Issuer may therefore not have any direct rights against any solicitors or valuers who, when acting for the originator in relation to the origination of any Loan, may have been negligent or fraudulent.

The Legal Title Holders to retain legal title to the Loans and risks relating to set-off

As the sale by the Vendor to the Seller of the Loans and their Related Security takes effect in equity only pursuant to the Vendor Mortgage Sale Agreement, the Seller only has a beneficial interest in the Loans and their Related Security.

The sale by the Seller to the Issuer of the Loans and their Related Security (until legal title is conveyed) also takes effect in equity only. This means that legal title to the Loans and their Related Security in the Portfolio will remain with the relevant Legal Title Holder until the occurrence of a Perfection Trigger Event. The legal title to the Loans will remain with B&B or MX (as applicable) prior to the Transfer Date occurring. Legal title to the Loans and their Related Security will be transferred to Topaz on that date and subsequently, upon the occurrence of a Perfection Trigger Event, legal title will be transferred to the Issuer (or a nominee of the Issuer) (see "*Summary of the Key Transaction Documents – Servicer Facilitator Agreement*", below).

The Issuer has not applied, and prior to the occurrence of a Perfection Trigger Event will not apply, to the Land Registry of England and Wales (the **Land Registry**) to register or record its equitable interest in the Mortgages.

Following a Perfection Trigger Event notice of the transfer of legal title to the Loans to the Issuer (or a nominee of the Issuer) will be given to the Borrowers in respect of the Loans and their Related Security. Until the time such notice is given to the relevant Borrowers, equitable or independent set-off rights may accrue in favour of any Borrower against his or her obligation to make payments to the Legal Title Holder under the relevant Loan. Loans and their Related Security will continue to be subject to any prior rights any applicable Borrower may become entitled to after the transfer. However following notice of the assignment to the Issuer or its nominee, being given to the Borrowers, some rights of set-off (being those rights that are not connected with or related to the relevant Loan) may not arise after the date notice is given. For further information on the effects of set-off in relation to the Portfolio, see below "*Set-off may adversely affect the value of the Portfolio or any part thereof*".

As a consequence of the Issuer not obtaining legal title to the Loans and their Related Security or the Properties secured thereby, a bona fide purchaser from the Legal Title Holder for value of any of such Loans and their Related Security without notice of any of the interests of the Issuer might obtain a good title free of any such interest. If this occurred, then the Issuer would not have good title to the affected Loan and its Related Security, and it would not be entitled to payments by a Borrower in respect of that Loan.

Neither the Seller nor the Issuer would be able to enforce any Borrower's obligations under a Loan or its Related Security itself but to the extent that the Relevant Servicer failed to take any or appropriate enforcement action against the relevant Borrower (in accordance with the Enforcement Procedures of the Relevant Legal Title Holder) the Issuer or the Security Trustee would be able to take action (under the power of attorney to be entered into pursuant to the Mortgage Sale Agreement) or would have to join the Legal Title Holder as a party to any legal proceedings. Borrowers will also have the right to redeem their Loan by repaying the relevant Loan directly to the Legal Title Holder. However, each Legal Title Holder has undertaken and the Relevant Servicer undertakes, pursuant to the Relevant Servicing Agreement, to hold any money repaid to it in respect of relevant Loans on trust for the Issuer. In addition, the Seller will, pursuant to the Mortgage Sale Agreement, agree to hold on trust any money repaid to it in respect of relevant Loans received from the Legal Title Holder or any other party (or on their behalf) to the order of the Issuer.

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

See further the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*" below.

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

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

Once notice has been given to the Borrowers of the assignment of the Loans and their Related Security to the Issuer or its nominee, independent set-off rights which a Borrower has against the relevant Legal Title Holder will crystallise and further rights of independent set-off would cease to accrue from that date and no new rights of independent set-off could be asserted following that notice. Set-off rights arising under "transaction set-off" (being those set-off claims arising out of a transaction connected with the Loan, such as a failure to make a Flexible Drawing where the Borrower has a right to demand a drawing under the relevant Mortgage Conditions of the Loan including where the Borrower has made an earlier overpayment) will not be affected by that notice and will continue to exist.

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

The amount of any such claim against the Legal Title Holder for equitable set-off will, in many cases, be the cost to the Borrower of finding an alternative source of funds. For example in the case of a failure by the Vendor to fund a Flexible Drawing, the Borrower could, set off against the Issuer any additional cost of funding incurred in borrowing an amount equal to the relevant requested Flexible Drawing. If the Borrower is unable to obtain an alternative Loan, he or she may have a claim in respect of other indirect losses arising from the Legal Title Holder's breach of contract where there are special circumstances communicated by the Borrower to the Legal Title Holder, 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 Relevant Servicer will be entitled to take enforcement proceedings against the Borrower, although the period of non-payment by the Borrower is likely to continue until a judgment.

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

Remediation

A number of Loans within the Portfolio are subject to on-going remediation actions as further described in section "*The Loans – Remediation*" below (the **Remediation Liabilities**). Remediation Liabilities may arise from time to time in respect of the Loans. To the extent that any remediation actions in relation to pending Remediation Liabilities are due to Borrowers, up to but excluding the Transfer Date the Vendor will carry out all remediation with the Borrowers and either pay such amounts directly to the relevant Borrowers to the extent a payment is due, or effect a remediation payment to the Borrower by way of an adjustment to the Current Balance of the affected Loans. In each case, the Vendor shall transfer to the Seller an amount equal to the aggregate of all such balance adjustments no later than 30 Business Days after the Transfer Date as further described in sections "*The Loans – Remediation – Payment Arrangements and Arrears Administration Fees*" below. In addition, to the extent that any remediation payments or balance adjustments are required to be made in relation to the Loans during a limited time commencing on the Transfer Date (the last day of such period being the **Remediation Cut-Off Date**) and in respect of a matter that was identified by the Vendor prior to the Transfer Date as requiring remediation, the Vendor shall transfer to the Seller an amount equal to such payments or balance adjustments. The Vendor will continue to compensate the Seller (and through the Seller, the Issuer) for the consequences of such on-going Remediation Liabilities incurred up to the Remediation Cut-Off Date. Under the terms of the Seller Deed of Charge, the Seller has assigned by way of security to the Issuer its rights to receive any such payment from the Vendor under the Vendor Mortgage Sale Agreement (being a **Remediation Receipt**). Any such Remediation Receipts will be treated as Available Principal Receipts to be applied on each Interest Payment Date. No assurance can be given that the Issuer will be fully compensated for any such Remediation Liabilities or that further remediation payments will not be payable to the Borrowers either as a result of any action taken by or on behalf of the Vendor or the Legal Title

Holder, as applicable. Subject to the above, any additional remediation or any remediation for which the Issuer is not directly or indirectly fully compensated would have an adverse effect on the amounts available to the Issuer to effect payments on the Notes and the Certificates.

Flexible Terms in relation to certain Loans may have an adverse effect on amount of funds available to pay Noteholders and Certificateholders

A Loan and its Related Security shall be repurchased where (i) (and before) a Further Advance or Product Switch is made and (ii) a Flexible Drawing is made but the Issuer has insufficient funds available to pay the purchase price for such Flexible Drawing, and/or the relevant representations and warranties under the Mortgage Sale Agreement are materially untrue in respect of such Flexible Drawing as of the relevant Drawings Date in the circumstances and for the consideration set out in “*Characteristics of the Professional Portfolio*” and/or any of the Repeating Loan Warranties proves to have been materially untrue in relation to such Flexible Drawing on the relevant Drawings Date. There can be no assurance that the Seller will have the financial resources to honour its repurchase obligations under the Mortgage Sale Agreement. This may adversely affect the quality of the Loans and their Related Security in the Mortgage Portfolio and accordingly the ability of the Issuer to make payments on the Notes. The yield to maturity of the Notes may be adversely affected by the repurchase of Loans by the Seller, subject to Further Advances, Product Switches and Flexible Drawings.

Subject to the Conditions, all or substantially all of the Loans permit Borrowers to take a payment holiday, entitling the Borrower to not pay amounts that would otherwise be due under the Loan, but to add any such payments that would otherwise have been made to the Current Balance of the Loan. In addition, all or substantially all of the Loans permit a Borrower (to the extent of previous overpayments – including any overpayments made prior to the Closing Date or in respect of any retentions) either not make any further payments under the loan to the extent the relevant account is in credit or request a Flexible Drawing (subject in certain cases to satisfaction of certain conditions set out in the terms and conditions of the Loan). Any Flexible Drawing will be purchased by the Issuer from Principal Receipts (to the extent there is a shortfall in amounts available (prior to the Transfer Date) in the Interim Period Collection Accounts or on and from the Transfer Date the Collection Account) for such purpose and, provided that there are sufficient Principal Receipts available, on any given date, prior to application of available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments.

The exercise of such rights by Borrowers (in particular where a number of Borrowers have exercised such rights) would have an adverse effect on the amount of funds available to pay interest, principal and other amounts due on the Notes and amounts due in respect of the Certificates. In addition the purchase of any Flexible Drawing would affect the yield to maturity on the Notes resulting in Noteholders receiving payments of principal on the Notes later than would have been anticipated. For further information see further “*Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption*” above and “*The Loans*”.

Provisional Portfolio

The information in the section entitled “*Characteristics of the Provisional Portfolio*” has been extracted from the systems of the Vendor as at 31 January 2017 (the **Portfolio Reference Date**). The pool of Loans from which the Mortgage Portfolio will be selected (the **Provisional Portfolio**) as at the Portfolio Reference Date comprised of 16,887 Loan Accounts with an aggregate Current Balance of £1,952,212,957.49. The Provisional Portfolio consists of a portfolio of Loans and their related security which included the Loans and their Related Security comprising the Portfolio which pursuant to the Vendor Mortgage Sale Agreement, the Seller agreed to acquire from the Vendor. On Closing Date, pursuant to the Mortgage Sale Agreement, the Seller will transfer the Loans and their Related

Security comprising the Portfolio to the Issuer. See sections "*Characteristics of the Provisional Portfolio*" and "*The Loans*" for more detail.

The characteristics of the Mortgage Portfolio as at the Closing Date will vary from those of the Provisional Portfolio as a result of the exclusion of: (i) Loans which are scheduled to redeem prior to the Closing Date; and (ii) Loans which at any time prior to the Closing Date are found not to comply with the warranties to be given in respect of the Loans on the Closing Date as set out in the Mortgage Sale Agreement. See sections "*The Loans*" and "*Characteristics of the Provisional Portfolio*" for more detail.

Restrictions contained in Deed of Covenant

In order to take advantage of the assignment of the Seller's rights under the Vendor Mortgage Sale Agreement pursuant to the Seller Deed of Charge, the Issuer has entered into the Deed of Covenant. This requires the Issuer to comply with certain obligations of the Seller under the Vendor Mortgage Sale Agreement, including in relation to the treatment of Borrowers. It is a requirement under the Deed of Covenant that any transferee of the Loans from the Issuer or (following the delivery of an Enforcement Notice) the Security Trustee also agrees to comply with such obligations. This restriction could adversely affect the proceeds that the Security Trustee may be able to obtain should it seek to realise the Portfolio following delivery of an Enforcement Notice.

SERVICING AND THIRD PARTY RISK

Risks associated with transfer of the servicing

The Issuer, the Security Trustee, the Legal Title Holders, the Seller, the Long Term Servicer, the Servicer Facilitator and the Back-Up Servicer Facilitator will enter into, on or about the Closing Date, a servicer facilitator agreement (the **Servicer Facilitator Agreement**). The services to be provided by the Servicer Facilitator are set out in the Servicer Facilitator Agreement (the **Servicer Facilitator Services**). The Servicer Facilitator Services will include procuring the appointment on behalf of the Issuer, of the Long-Term Servicer to perform the Long-Term Services (as defined below) on behalf of the Issuer in certain circumstances. The Servicer Facilitator will not be responsible for the performance of the Interim Services or the Long-Term Services by the Interim Servicer and the Long-Term Servicer, respectively and the Issuer will have a direct claim against the Relevant Servicer for any breaches (subject to any cap on the Relevant Servicer's liability).

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

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

A different servicing standard will apply while the Interim Servicer is servicing the Loans

Bradford & Bingley (**B&B**) will be appointed by the Issuer as Interim Servicer to service the Loans and their Related Security comprising the Portfolio for the Interim Period on the Closing Date. Pursuant to the terms of an outsourcing agreement B&B has delegated the services of the Interim Servicer to Computershare Mortgage Services Limited (**CMSL** and the **Interim Delegated Servicer**) and the Interim Delegated Servicer has agreed to provide certain services to B&B and MX, including services relating to the Loans.

The Interim Servicer remains primarily liable to service the Loans and their Related Security.

The standard applied to the Interim Servicer in relation to the provision of services (the **Interim Servicing Standard**) will be, for the period from and including the Closing Date to but excluding the Transfer Date, the performance of the Interim Services to substantially the same standard and in substantially the same manner as such services have been performed or received by the Interim Servicer during the twelve-month period immediately prior to the Closing Date, subject to any updates as may be required to comply with Applicable Laws. Accordingly, there may be a difference in the servicing levels and procedures applied in respect of primary servicing of the Loans in the Portfolio during the lifetime of the transaction. It is not envisaged that there will be a materially significant difference in the servicing standards before and after the Long-Term Servicer Effective Date, although separate and distinct servicing standards could mean that each of the Issuer and/or the Security Trustee is unable to enforce a higher standard of servicing prior to the Long-Term Servicer Effective Date. From and including the Long-Term Servicer Effective Date, the Long-Term Servicer will service the Loans and their Related Security in accordance with the standards of a Reasonable Prudent Mortgage Lender.

The effect of this is that there could be a delay in receipt by the Issuer of Revenue Receipts and Principal Receipts and/or enforcement proceedings and as a result, the Issuer may have fewer funds available to it to meet its payment obligations under the Notes and the Certificates.

Servicing of Commingled Loans

Certain Borrowers with one or more Loans within the Portfolio are also borrowers in respect of one or more loans that are owned by B&B or its affiliates but not included within the Portfolio (together being **Commingled Loans**). All such Commingled Loans are currently serviced on behalf of B&B and its affiliates by CMSL. For the duration of the Interim Period, during which B&B and its affiliates (including MX and NRAM Limited) will remain legal title holder to all the Commingled Loans, CMSL will service Commingled Loans relating to a Borrower on a portfolio basis. Therefore, servicing decisions in respect of Commingled Loans within the Portfolio will take into account Commingled Loans outside the Portfolio during the Interim Period. Such servicing decisions could include: (i) appointing a Law of Property Act receiver in respect of a portfolio of Commingled Loans; (ii) to calculate and consider loss (and agree strategies) in respect of a portfolio of Commingled Loans as a whole; (iii) exercising the right to consolidate in respect of Commingled Loans in the Portfolio as a result of circumstances relating to Commingled Loans outside the portfolio; and (iv) the direction of rental income from any Commingled Loan in the Portfolio in excess of that required to satisfy payments in respect of the relevant Commingled Loan to be used to offset rental arrears in respect of Commingled Loans outside the Portfolio. See the section of this Prospectus entitled "*The Loans - Commingled Servicing*". The effect of this is that the servicing decisions in relation to the Commingled Loans in the Portfolio during the Interim Period could be such that there will be fewer funds available to the Issuer to meet its payment obligations under the Notes and the Certificates than would otherwise have been the case if the servicing decisions in respect of Commingled Loans within the Portfolio only took into account Commingled Loans in the Portfolio. There are no Commingled Loans that are secured on the same property.

Interests of the Arranger and Managers

The Arranger and/or the Managers and/or their Affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Seller and/or their Affiliates in the ordinary course of business. One or more of the Managers may provide financing in relation to Notes acquired by the Seller on the Closing Date. In addition, in the ordinary course of their business activities, the Arranger and/or the Managers and/or the Seller and/or their Affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments issued by the Issuer, the Seller or their Affiliates. Certain Managers and/or the Arranger and/or their Affiliates that have a commercial relationship with the Seller routinely hedge their credit exposure to the Seller consistent with their customary risk management policies. Typically, such Arranger and/or the Managers and/or their Affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes or whether a specified barrier or level is reached. The Arranger and/or the Managers and/or their Affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Such recommendations may adversely affect the market for trading in any securities, including the Notes.

Issuer Reliance on other Third Parties

The Issuer is also a party to contracts with a number of other third parties who have agreed to perform services in relation to the Issuer and/or Notes and Certificates. In particular, but without limitation, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer pursuant to the Corporate Services Agreement, the Interim Servicer has agreed to provide certain administration services in respect of the Portfolio pursuant to the Interim Servicing Agreement, the Long-Term Servicer has agreed to provide certain administration services in respect of the Portfolio pursuant to the Long-Term Servicing Agreement, the Issuer Account Bank has agreed to provide the Issuer Accounts pursuant to the Bank Account Agreement, the Cash Manager has agreed to provide cash management services pursuant to the Cash Management Agreement, the Replacement Cash Manager Facilitator has agreed to provide replacement Cash Manager facilitation services pursuant to the Cash Management Agreement and the Paying Agents, the Registrar and the Agent Bank have all agreed to provide services with respect to the Notes and the Certificates pursuant to the Agency Agreement. In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party and/or are removed or if such a party resigns without a sufficiently experienced substitute or any substitute being appointed in their place promptly thereafter, collections on the Portfolio and/or payments to Noteholders and Certificateholders may be disrupted and Noteholders and/or Certificateholders may be adversely affected.

Change of counterparties may reduce amounts available to the Issuer to make payments to Noteholders and Certificateholders

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

These criteria include requirements imposed by the FCA under the FSMA and requirements in relation to the short-term and long-term unguaranteed and unsecured ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria set out in the relevant Transaction Documents and as described in this Prospectus, then

the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable ratings criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. In addition, it may not be possible to find an entity with the ratings prescribed in the relevant Transaction Document who would be willing to act in the role. This may reduce amounts available to the Issuer to make payments of interest, principal and other amounts (as applicable) on the Notes and the Certificates.

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

THE PORTFOLIO

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

As at the Portfolio Reference Date approximately 0 per cent. of the Provisional Portfolio (calculated by reference to the Current Balance of the Loans at the main-account level) are in arrears (meaning the relevant Borrower is an amount equal to at least one monthly payment past due on the relevant Loan) and 0 per cent. of the Provisional Portfolio by Current Balance at the sub-account level are three months or more in arrears. In the case of approximately 0 per cent. of the Provisional Portfolio by Current Balance the relevant Properties have been repossessed. Defaults may occur for a variety of reasons. The Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Although interest rates are currently low, this may change in the future and an increase in interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their Loans. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the Loans. Unemployment, loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies (and analogous arrangements) of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Loans. In addition, the ability of a Borrower to sell a property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

In order to exercise a power of sale in respect of a mortgaged buy-to-let property, the relevant mortgagee may (but not necessarily will) first need to obtain vacant possession of the relevant property in order to maximise the price received for the property. Vacant possession of a tenanted property under a buy-to-let mortgage is usually obtained by way of a court order or decree. This can be a lengthy and costly process and will involve the mortgagee assuming certain risks. The court has a wide discretion and may adopt a sympathetic attitude towards a tenant faced with eviction. Any possession order given in favour of the lender may be suspended or postponed to allow the tenant more time to find another residence. In addition, if possession has been obtained, a reasonable period must be allowed for marketing the property, to discharge obligations to take reasonable care to obtain a proper price. If obtaining possession of properties and arranging a sale in such circumstances is lengthy or costly, the Issuer's ability to make payments on the Notes or the Certificates may be reduced. The Issuer's ability to make such payments may be reduced further if the powers of a mortgagee in relation to obtaining possession of properties permitted by law are restricted in the

future. There can be no assurance that the level of Loans in arrears will remain at their current levels and not increase.

Loans were made to Borrowers with Credit Impairments

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

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

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

Borrowers with a Loan subject to a variable rate of interest or with a Loan for which the related interest rate adjusts following an initial fixed rate may be exposed to increased monthly payments if the related mortgage interest rate adjusts upward following an increase in the Bank of England Base Rate (or, in the case of a Loan with an initial fixed rate at the end of the relevant fixed rate period). This increase in Borrowers' monthly payments may ultimately result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid increased monthly payments (caused by, for example, the expiry of an initial fixed rate, or a rise in the related variable interest rates) by refinancing their Loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave Borrowers with insufficient equity in their homes to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates, slower prepayment rates and higher losses on the Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and/or principal on the Notes and payments on the Certificates.

Declining property values

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

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

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

Risk of losses associated with Buy-to-Let Loans

The Loans in the Provisional Portfolio constitute buy-to-let Loans. The Borrower's ability to make payments in respect of the Loans is likely to depend on the Borrower's ability to let the relevant Properties on appropriate terms. It is intended that the Properties which secure such Loans will be let by the relevant Borrower to tenants but there can be no guarantee that each such Property will be the subject of an existing tenancy when the relevant Loan is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the Loan and/or the rental income achievable from tenancies of the relevant Property over time will be sufficient to provide the Borrower with sufficient income to meet the Borrower's obligations in respect of the Loan.

Consequently, the Security for the Notes may be affected by the condition of the private residential rental market in the United Kingdom. The condition of the market will influence both the ability of the Borrower to find tenants and the level of rental income which may be achieved in letting. The obligations of a Borrower to make payment under the Loan are unconditional without regard to whether the Property is let or the amount of rent received by the Borrower from the relevant tenant.

Upon enforcement of a Loan in respect of a Property which is the subject of an existing tenancy, the Relevant Servicer may not be able to obtain vacant possession of that Property until the end of the tenancy. If the Relevant Servicer enforces while the tenancy is continuing and sells the Property as an investment property with one or more tenants *in situ*, it may affect the amount which may be realised in the sale although the existence of any such tenant paying rent in full on a timely basis may not have an adverse effect on the amount of such realisation. However, because most tenancies are only for six or twelve months, a tenanted property will often be vacated sooner than an owner-occupied property. Additionally, enforcement procedures in relation to such Loans include the ability to appoint a receiver of rent in which case such a receiver would collect any rents payable in respect of such Property and apply them in payment of any arrears of principal and interest under the Loan.

The Loans have been underwritten in accordance with the standards described in "*The Loans – Lending Criteria*". These underwriting standards consider, among other things, the type of property, an assessment of monthly rental income achievable and the LTV ratio of the loan to the mortgaged property.

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

From 1 April 2016, a higher rate of stamp duty land tax (**SDLT**) applies 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 rate.

The introduction of these measures may adversely affect the private residential rental market in England and 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.

Certain Loans were originated on the relevant Originator's General Conditions which are not specific to buy-to-let properties, see further "*The Loans – Mortgage Conditions*". The general terms and conditions of the Loans do not generally include provisions relating to cross-default and cross-

collateralisation across all Mortgaged Properties in a Borrower's portfolio. Except as indicated in the remainder of this paragraph, the general terms and conditions of the Loans permit acceleration of the Loan where the Borrower is in breach of either (a) the terms of any other agreement for which the Mortgaged Property is secured or (b) any mortgage of the Mortgaged Property the Borrower has with another lender. The Mortgage Express Terms and Conditions 1995 and the Mortgage Express Terms and Conditions 1997 do not include the specific acceleration rights described in (a) and (b) above, however, they do allow the Loan to be accelerated where the Borrower fails to pay any money owing to the lender on the due date. Each of the additional product conditions, namely (i) the Buy-to-Let Mortgage Product Conditions (85%) 2000, (ii) the Buy-to-Let Mortgage Product Conditions (Limited Company) 2000, (iii) the Buy-to-Let Investment Product Conditions 1997 and (iv) the Buy-to-Let Investment Product Conditions 1998 are silent on acceleration.

Risk of losses associated with Interest Only Loans and Part-and-Part Loans

Approximately 94.90 per cent. by value of the Loans in the Provisional Portfolio constitute interest only loans, (**Interest Only Loans**) being Loans that are originated with a requirement that the Borrower pay scheduled interest payments only and the principal amount is not repayable before maturity. There is no scheduled amortisation of principal. Approximately 0.42 per cent. by value of the Loans in the Provisional Portfolio constitute part-and-part loans where the Borrower makes monthly payments of both interest and principal in respect of part of the Loan, and makes monthly payments of interest but not of principal in respect of the remainder of the Loan (**Part-and-Part Loans**) as further described in the section entitled "*The Loans*" below. Consequently, upon the maturity of an Interest Only Loan, the relevant Borrower will be required to make a "bullet" payment that will represent the entirety of the principal amount outstanding or upon the maturity of a Part-and-Part Loan, the relevant Borrower will be required to make a "bullet" payment that will represent the entirety of the principal amount outstanding in respect of the portion of the relevant Part-and-Part Loans that was interest only. The ability of such a Borrower to repay an Interest Only Loan or a Part-and-Part Loan at maturity frequently may depend on such Borrower's ability to sell the Property, refinance the Property or obtain funds from another source such as savings accounts, a pension policy, investment plans, repayment vehicle or an endowment policy. Neither the Issuer, the Trustee, the Seller, the Interim Servicer or the Long-Term Servicer has verified that the Borrower has any such other source of funds and none of them has obtained security over the Borrower's right in respect of any such other source of funds. The ability of a Borrower to sell or 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, tax laws and general economic conditions at the time. Because of the greater risk relating to refinancing of Interest Only Loans or Part-and-Part Loans, a significant downturn in the property markets or the economy could lead to a greater increase in defaults or repayment of principal of Interest Only Loans or Part-and-Part Loans than on repayment loans. Moreover, the Mortgage Conditions in respect of Interest Only Loans and Part-and-Part Loans do not require a Borrower to put in place alternative funding arrangements.

Geographic Concentration Risks

Loans in the Portfolio may also be subject to geographic concentration risks within certain regions of the United Kingdom. To the extent that specific geographic regions within the United Kingdom have experienced, or may experience in the future, weaker regional economic conditions and housing markets than other regions in the United Kingdom, a concentration of the Loans in such a region may be expected to exacerbate the risks relating to the Loans described in this section. Certain geographic regions within the United Kingdom rely on different types of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or in the region that relies most heavily on that industry. Any natural disasters in a particular region may reduce the value of affected Properties. This may result in a loss being incurred upon the sale of such Properties. These circumstances could

affect receipts on the Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Loans as at the Portfolio Reference Date, see "*Characteristics of the Provisional Portfolio – Geographic Concentration Risks*".

Terms of Interest Only Loans may be amended resulting in the Issuer and Noteholders receiving earlier redemption payments on the relevant Loan and the relevant Notes

The ability of a Borrower to repay an Interest-only Loan at maturity will often depend on such Borrower's ability to refinance or sell the Property or to obtain funds from another source such as pension policies, personal equity plans or endowment policies (the **Policies**). The Seller does not have and the Issuer will not have the benefit of any Policies taken out by Borrowers.

Borrowers of interest-only loans may not make payment of the premiums due on any relevant Policy taken out in relation to repayment of the relevant interest-only mortgages in full or on time, which policies may therefore lapse, and/or no further benefits may accrue thereunder. In certain cases, the policy may be surrendered but not necessarily in return for a cash payment and any cash received by the Borrower may not be applied in paying amounts due under the Loan. Thus the ability of such a Borrower to repay an Interest-only Loan at maturity without resorting to the sale of the underlying property depends on such Borrower's responsibility in ensuring that sufficient funds are available from a given source such as pension policies, Personal Equity Plans (PEPs), Individual Savings Accounts (ISAs) or endowment policies, as well as the financial condition of the Borrower, tax laws and general economic conditions at the time. If a Borrower cannot repay an Interest-only Loan and a loss occurs, this may affect repayments on the Notes if the resulting Principal Deficiency Ledger entry cannot be cured from Available Revenue Receipts being applied for such purpose in accordance with the Pre-Enforcement Revenue Priority of Payments. The Portfolio is made up of a large proportion of seasoned Loans. As such a large proportion of Borrowers in the Portfolio have passed the point at which most Borrowers either refinance their borrowing or switch to a repayment loan. A large number of Borrowers who currently have Interest-only Loans may not switch to a repayment loan prior to the final maturity date of the relevant Mortgage. If a large number of Borrowers are unable to repay their Interest-only Loan at maturity and there is a high concentration of such Borrowers within a short period of time, the ability of the Issuer to make repayments on the Notes could be adversely affected.

Should a Borrower elect, subject to the consent of the Legal Title Holders and the Relevant Servicer, to amend the terms of its Loan from an Interest Only Loan to a repayment loan, the relevant Loan would remain with the Issuer as part of the Portfolio, resulting in the Issuer and Noteholders receiving redemption payments on the relevant Loan and the relevant Notes respectively, earlier than would otherwise be the case. See further "*Considerations Relating to Yield, Prepayments, Mandatory Redemption and Optional Redemption*" above.

No assurance that Issuer will receive benefit of any claims under Insurance Contracts

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

SEARCHES, INVESTIGATIONS AND WARRANTIES IN RELATION TO THE LOANS

Knowledge of matters represented in Loan Warranties

Although the Seller will give certain representations and warranties in respect of the Loans sold by it, the Seller was not the originator of any of the Loans comprised in the Portfolio and has acquired its interest in the Loans and their Related Security under a mortgage sale agreement entered into on 30 March 2017 by the Vendor (the **Vendor Mortgage Sale Agreement**) in respect of the Loans. The Vendor Mortgage Sale Agreement contains warranties in respect of the Loans (the **Vendor Loan Warranties**) and there is no repurchase obligation on the Vendor following breaches of such warranties. The liability of the Vendor in respect of the Vendor Loan Warranties is limited in both amount and duration and is subject to certain minimum threshold amounts. The Vendor Loan Warranties are more limited than the Loan Warranties given by the Seller. The Seller does not have direct knowledge as to whether certain Loan Warranties (including the Loan Warranties which relate to the origination process) are correct or not. Accordingly since the Seller does not have direct knowledge as to matters relating to the actual origination of the Loans, although the Seller and the Joint Lead Managers have conducted limited due diligence on the Loans certain warranties relating to amongst other things the origination process are necessarily qualified by reference to the awareness of the Seller. It may be practically difficult for the Seller to detect a breach of warranty in respect of the Loans sold by it to the extent that the same relates to a matter outside of the immediate knowledge of the Seller, as there is no ongoing active involvement of the Vendor to monitor or notify any defect in relation to the circumstances of the Loans.

CERTAIN REGULATORY CONSIDERATIONS

Regulation of buy-to-let mortgage loans

Buy-to-let mortgage loans can fall under several different regulatory regimes. They can be:

- (a) unregulated;
- (b) regulated by the Consumer Credit Act 1974 (the **CCA**) as a regulated credit agreement – as defined by article 60B of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the **RAO**) (a **Regulated Credit Agreement**);
- (c) regulated by the Financial Services and Markets Act 2000 (the **FSMA**) as a regulated mortgage contract - as defined by article 61 RAO) (a **Regulated Mortgage Contract**); or
- (d) regulated as a consumer buy-to-let mortgage contract under the consumer buy-to-let regime - as defined by the Mortgage Credit Directive Order 2015 (a **Consumer Buy-to-Let Loan**).

The Seller believes, on the basis of warranties given by the Vendor under the Vendor Mortgage Sale Agreement and the limited due diligence exercise it has conducted, that the Loans are unregulated and as described below, the Seller has given warranties in the Mortgage Sale Agreement that no agreement for any Loan is in whole or in part a Regulated Credit Agreement or a Regulated Mortgage Contract or a Consumer Buy-to-Let Loan. If any of the Loans are in fact Regulated Credit Agreements, Regulated Mortgage Contracts or Consumer Buy-to-Let Loans, then breach of the relevant regulations could give rise to a number of consequences (as applicable), including but not limited to: unenforceability of the Loans, interest payable under the Loans being irrecoverable for certain periods of time, or borrowers being entitled to claim damages for losses suffered and being entitled to set off the amount of their claims against the amount owing by the borrower under the Loans, all of which may adversely affect the ability of the Issuer to make payments in full on the Notes when due.

However, if a Loan or its Related Security does not comply with these warranties, and if the default cannot be or is not cured within the time periods specified in the Mortgage Sale Agreement, then the Seller may, upon receipt of notice from the Issuer, be solely liable to repurchase the relevant Loan(s) and their Related Security from the Issuer or the Seller may elect to make an indemnity payment to the Issuer in respect thereof, in accordance with the Mortgage Sale Agreement.

Unregulated buy-to-let mortgage loans

Many buy-to-let mortgage loans will be unregulated because they do not meet the criteria for a Regulated Credit Agreement, Regulated Mortgage Contract or Consumer Buy-to-Let Loan. There are, however, still some regulated activities that apply to unregulated buy-to-let mortgage loans, the relevant activities in respect of the Loans being debt administration and debt collection. The Interim Servicer, the Interim Delegated Servicer and the Long Term Servicer (so long it is also the Legal Title Holder) (the **Servicers**) have permission for the regulated activities of debt administration and debt collection which are necessary in respect of servicing unregulated loans, Consumer Buy-to-Let Loans or Regulated Credit Agreements. The Issuer would not be regarded as carrying on the regulated activities of debt administration and debt collection in respect of any unregulated loan, consumer buy-to-let loans or Regulated Credit Agreements pursuant to an exclusion that applies to lenders under these agreements.

Unfair relationships

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

Compliance with the relevant regulatory rules by the creditor (or a person acting on behalf of the creditor) does not preclude a finding of unfairness, as a wider range of considerations may be relevant to the fairness of the relationship than those which would be relevant to the application of the rules.

If a court determined that there was an unfair relationship between the Lender and the Borrowers in respect of the Loans and ordered that financial redress was made in respect of such Loans, such redress may adversely affect the ultimate amount received by the Issuer in respect of the relevant Loans, and the realisable value of the Portfolio and/or the Issuer's ability to make payment in full on the Notes when due.

Non-Disclosure of Broker Commissions

The Originators originated the Loans (in all but a small minority of cases) through intermediaries, including mortgage brokers and mortgage advisors. In line with market practice, the Originators paid commission to such intermediaries in consideration for such activities in the form of a procuration fee.

The Vendor has informed the Seller that it took steps to ensure that Borrowers were made aware of the existence of the payment of commissions to brokers in line with relevant guidelines published at the time. The Vendor has also provided a long term Vendor Loan Warranty to the Seller that the existence (but not the amount) of such commission was disclosed to such Borrowers before the origination of the Loan in respect of which the commission was paid.

Where only the existence but not the amount of the commission was disclosed to a Borrower then, depending on the circumstances of the case, that Borrower may have a claim against the relevant legal title holder of the affected Loan. If such claim was successful, it is likely that a court would order payment to such Borrower of the amount of commission paid in respect of the affected Loan together with interest on that amount, (although the court has discretion as to the remedy that it would award the Borrower in the circumstances), whereas the award is likely to be greater where there was a failure to disclose the existence of the commission to a Borrower. The Vendor has also provided a time limited and capped Vendor Loan Warranty to the Seller in respect of losses arising where B&B or MX paid to an intermediary of the Borrower in respect of a Loan, a commission in respect of that Loan, and the amount of such commission was not disclosed to the Borrower before the Loan was originated.

The relevant Vendor Loan Warranties will be assigned by way of security to the Issuer pursuant to the Seller Deed of Charge.

In addition, the Seller has warranted to the Issuer that in respect of each Loan both the existence and amount of commission was disclosed to the Borrowers in the Portfolio before origination of that Loan. If that warranty is untrue because either the existence or amount of the relevant commission was not disclosed to the Borrower before origination of a Loan, the Seller would be required to repurchase the relevant Loan and its Related Security or make an indemnity payment in lieu thereof. In the event that the Seller does not have sufficient funds available to make any such repurchase or indemnity payment then this may adversely affect the ability of the Issuer to make payments on the Notes and the Certificates. See further "*Limited remedies available to the Issuer in respect of any breach of representation or warranty made by the Seller under the Mortgage Sale Agreement*" and "*Knowledge of matters represented in Loan Warranties*" above and section "*Summary of Key Transaction Documents – Mortgage Sale Agreement - Obligation to repurchase by the Seller and option to make an indemnity payment*".

Unauthorised capitalisations

A case in the Northern Ireland High Court in 2014 (*Bank of Scotland PLC v Rea*) brought to the attention of mortgage lenders generally, and the FCA, concerns over how mortgage lenders were capitalising arrears.

The issue relates to lenders who add arrears to an account balance and then use that balance to calculate the monthly payment without the borrower's consent. This practice is referred to as "automatic capitalisation" by the FCA. The principal concern with the practice highlighted by the Northern Ireland High Court is that it is often coupled with a practice under which at the same time as capitalising the arrears, a separate record of the borrower's arrears is kept by the lender and then the lender seeks separate (and additional) payment of those arrears even though their payment has already been provided for in the calculation of the monthly payment. This may result in borrowers being incorrectly charged arrears charges and fees (on "arrears" that because they have been capitalised, no longer subsist) and (where the borrower makes payment towards its separate "arrears balance" in addition to the monthly payment) overpayment (thereby reducing the balance of the loan more quickly than otherwise is required). This practice is in breach of the FCA rules applicable to Regulated Mortgage Contracts but may also be a breach of the contractual terms of a mortgage loan, whether or not it is a Regulated Mortgage Contract.

The Seller has given a warranty in the Mortgage Sale Agreement that no automatic capitalisation of any amount of interest and/or principal due but unpaid in respect of the Loans has taken place where the relevant Borrower has not consented to such capitalisation and notwithstanding such capitalisation, the capitalised amount continues to be treated as immediately due and payable, which results in detriment to the relevant Borrower. If a Loan or its Related Security does not comply with this warranty, and if the default cannot be or is not cured within the time periods specified in the Mortgage Sale Agreement, then the Seller may, upon receipt of notice from the Issuer, be solely liable to repurchase the relevant Loan(s) and their Related Security from the Issuer or the Seller may elect to make an indemnity payment to the Issuer in respect thereof, in accordance with the Mortgage Sale Agreement.

Conversion Interest

Prior to a new system being launched in 2004, the interest on the Loans payable in respect of any month was charged and collected in arrears, i.e. at the beginning of the following month. The mortgage processing system introduced in 2004 resulted in interest in respect of any month being collected in advance, i.e. at the beginning or during that month although the interest was charged in arrears, i.e. at the end of that month. The full launch of the mortgage processing system was completed in October 2004, and all Loans that completed following that date were processed under that system. In June 2005, the Loans held on the old mortgage processing system were migrated onto this new system. To reflect such change without collecting from Borrowers monthly interest twice in a single month, interest in respect of that period from 4 June to 30 June 2005 was deferred and so will not be collected until the Loan is redeemed (the **Conversion Interest**). No interest is charged on such Conversion Interest.

Certain borrowers of loans originated by B&B and MX have raised complaints regarding Conversion Interest. The FOS have considered certain of the complaints and have made different decisions in individual cases with reference to the particular facts of each case (as to which we refer to the risk factor entitled "Financial Ombudsman Service"). Decisions made by the FOS in relation to such complaints include: (i) in one case, it was not fair for the relevant borrower to pay Conversion Interest and so the relevant Originator was required to refund the conversion interest plus (as the loan had already been redeemed) simple interest at 8 per cent. per annum from the date the borrowers paid the Conversion Interest until the date the Conversion Interest was refunded plus an additional exit fee that had been charged; (ii) in another case, that the relevant borrowers were not financially disadvantaged and so the relevant Originator was not required to make any repayment to the borrowers of Conversion Interest; and (iii) in another case, that the relevant Originator was entitled to make such a change in the method of calculation of monthly interest but ought to have told borrowers at the time of the change and should pay £100 compensation for these borrowers for the trouble and upset caused (but did not require the Conversion Interest to be refunded).

If the FOS, or any other relevant regulator or the court, come to similar decisions and require similar compensation to be paid, this may adversely affect the Issuer's ability to make payments on the Notes.

Distance Marketing

In the United Kingdom, the Financial Services (Distance Marketing) Regulations 2004 apply to, among other things, 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 originator and the borrower). Certain credit agreements may be cancellable under these regulations if the borrower does not receive the prescribed information at the prescribed time, or in any event for certain unsecured lending. Where the credit agreement is cancellable under these regulations, the borrower may send notice of cancellation at any time before the end of the 14th day after the day on which the cancellable agreement is made, where

all the prescribed information has been received or, if later, the borrower receives the last of the prescribed information.

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

- (i) the borrower is liable to repay the principal, and any other sums paid by the originator to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower sending the notice of cancellation or, if later, the originator receiving notice of cancellation;
- (ii) 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
- (iii) any security provided in relation to the contract is to be treated as never having had effect.

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

Unfair Terms in Consumer Contracts Regulations and the CRA

In the United Kingdom, the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the **1999 Regulations**), together with (in so far as applicable) the Unfair Terms in Consumer Contracts Regulation 1994 (together with the 1999 Regulations, (the **UTCCR**), applies to agreements made on or after 1 July 1995 but prior to 1 October 2015 by a "consumer" within the meaning of the UTCCR, where the terms have not been individually negotiated. The Consumer Rights Act 2015 (the **CRA**) has revoked the UTCCR in respect of contracts made on or after 1 October 2015. The main provisions of the CRA came into force on 1 October 2015. The CRA is only applicable to contracts that (a) were entered into on or after 1 October 2015; or (b) were, since 1 October 2015, subject to a material variation such that they are treated as new contracts falling within the scope of the CRA. The CRA is also applicable on or after 1 October 2015, to notices of variation, such as variation of interest rate under contracts.

No assurance can be given that any changes to available regulatory guidance on fairness under the CRA (or UTCCR), will not have a material adverse effect on the Originators, the Sellers, the Issuer, the Relevant Servicers or their respective businesses and operations.

Under each of the UTCCR and the CRA, it is possible for a consumer (which would include a borrower under all or almost all of the Loans) to challenge a term in a consumer contract on the basis that it is unfair and therefore not binding on the consumer or for the regulator to take enforcement action to stop the use of terms which are considered to be unfair (although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term).

The UTCCR and CRA will not generally affect terms which define the main subject matter of the contract, such as the borrower's obligation to repay the principal, provided that these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention. The UTCCR and CRA may affect terms that are not considered to be terms which define the main subject matter of the contract, such as the lender's power to vary the interest rate and certain terms imposing early repayment charges and mortgage exit administration fees. For example, if a term permitting the lender to vary the interest rate (as the Originator is permitted to do) is found to be unfair, the borrower will not be liable to pay interest at the increased rate or, to the extent that the borrower has paid it, will be able, as against the lender, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set off the amount of the claim against the amount owing by the borrower

under the loan or any other loan agreement that the borrower has taken with the lender. Any such non-recovery, claim or set-off may adversely affect the Issuer's ability to make payments on the Notes.

Unlike the UTCCR, the CRA will also apply to a notice exercising a contractual power of variation such as a notice of variation of interest rates under the Loans. Such notice will be unfair if contrary to the requirement of good faith, it causes significant imbalance in the parties' rights and obligations to the detriment of the consumer. If notice is found to be unfair, it will not be binding on the consumer.

In July 2012, the Law Commission launched a consultation in order to review and update the recommendations set out in their 2005 Report on Unfair Terms in Contracts. In March 2013, the Law Commission published its advice, in a paper entitled "Unfair Terms in Consumer Contracts: Advice to the Department for Business, Innovation and Skills". This advice paper repeats the recommendation from the 2005 Report on Unfair Terms in Contracts that the Unfair Contract Terms Act 1977 and the UTCCR should be consolidated, as well as providing new recommendations, including extending the protections of unfair terms legislation to notices and some additions to the "grey list" of terms which are indicatively unfair. The Law Commission also recommended that the UTCCR should expressly provide that, in proceedings brought by individual consumers, the court is required to consider the fairness of the term, even if the consumer has not raised the issue, where the court has available to it the legal and factual elements necessary for that task. Such reforms are included in the CRA also.

Historically the OFT, FSA and FCA (as appropriate) have issued guidance on the UTCCR. This has included: (i) OFT guidance on fair terms for interest variation in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on fairness of terms in consumer contracts dated May 2005; (iii) an FSA statement of good practice on mortgage exit administration fees dated January 2007; and (iv) FSA finalised guidance on unfair contract terms and improving standards in consumer contracts dated January 2012. However, on 2 March 2015, the FCA updated its online unfair contract terms library by removing some of its material (including the abovementioned guidance) relating to unfair contract terms. The FCA stated that such material "no longer reflects the FCA's views on unfair contract terms" and that firms should no longer rely on the content of the documents that had been removed.

The extremely broad and general wording of the CRA and UTCCR makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a term would be held by a court to be unfair. It is therefore possible that any Loans which have been made to Borrowers covered by the UTCCR or CRA may contain unfair terms which may result in the possible unenforceability of the terms of the underlying loans. If any term of the Loans entered into between 1 October 1999 and 30 September 2015 is found to be unfair for the purpose of the UTCCR, this may reduce the amounts available to meet the payments due in respect of the Notes.

None of the Loans were originated on or after 1 October 2015, but it is possible that some of the Loans have been subject to a material variation since 1 October 2015 such that they are treated as new contracts falling within the scope of the CRA. If any term of the Loans or a notice of variation exercising a contractual power of variation in respect of the Loans (such as a notice of variation of interest) is found to be unfair for the purpose of the CRA, this may reduce the amounts available to meet the payments due in respect of the Notes. 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 Originators, the Issuer and/or the Relevant Servicers 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 Ombudsman Service

Under the FSMA, the Ombudsman is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all circumstances of the case, taking into account, among other things, law and guidance. Transitional provisions exist by which certain complaints relating to breach of the Mortgage Code issued by the Council of Mortgage Lenders, occurring before the Regulation Effective Date may be dealt with by the Ombudsman.

Complaints brought before the Ombudsman for consideration must be decided on a case by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman. As the Ombudsman is required to make decisions on the basis of, among other things, the principles of fairness, and may order a monetary award to a complaining borrower, it is not possible to predict how any future decision of the Ombudsman would affect the ability of the Issuer to make payments to Noteholders. The Seller has confirmed that, in respect of the Loans, there have been 28 successful borrower complaints brought before Ombudsman in the last 5 years.

The Mortgage Repossession (Protection of Tenants etc.) Act 2010

The Mortgage Repossession (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. The Mortgage Repossession (Protection of Tenants etc.) Act 2010 may result in lower recoveries under the Loans and may affect the ability of the Issuer to make payments under the Notes.

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 mortgage loans over Properties in Wales and may affect the ability of the Issuer to make payments under the Notes.

General

No assurance can be given that additional regulations or guidance from the FCA, the CMA, the PRA, the Ombudsman or any other regulatory authority will not arise with regard to the mortgage market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller. Any such action or developments or compliance costs may have a material adverse effect on the Loans, the Seller, the Issuer and/or the Relevant Servicers and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full on the Notes when due.

Potential effects of any additional regulatory changes

In the United Kingdom and elsewhere, there is continuing political and regulatory scrutiny of the banking industry and, in particular, retail banking. In the United Kingdom, the FSA (and in relation to current enquiries, the FCA and the PRA) and the CMA have recently carried out, or are currently conducting, several enquiries. In recent years there have been several issues in the UK financial services industry in which the FCA has intervened directly, including the sale of personal pensions and the sale of mortgage-related endowments. No assurance can be given that changes will not be made to the regulatory regime and developments described above in respect of the mortgage market in the United Kingdom generally, the Seller's particular sector in that market or specifically in relation to the Seller. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Group and its businesses and operations. This may adversely affect the Issuer's ability to make payments in full when due on the Notes.

CERTAIN INSOLVENCY RISKS

Insolvency legislation in the United Kingdom

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

Limitation on the Security Trustee's ability to enforce the Security due to company voluntary arrangement and small companies moratorium

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

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

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

security. Further, during the period for which a moratorium is in force in respect of a company it may not make any payments with respect to debts or liabilities existing prior to the date of filing for a moratorium unless (i) there are reasonable grounds for believing the payment will benefit the company, and (ii) the payment is approved by a committee of creditors of the company if established or, if not, by the nominee of the proposed company voluntary arrangement.

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

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

Security and insolvency considerations

The Issuer will enter into the Deed of Charge pursuant to which it will grant the Security in respect of certain of its obligations, including its obligations under the Notes (as to which, see "*Summary of the Key Transaction Documents – Deed of Charge*"). If certain insolvency proceedings (including administrations or liquidations) are commenced in respect of the Issuer, the ability to realise the Security may be delayed and/or the value of the Security impaired.

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

In addition, it should be noted that, to the extent that the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of Section 176A of the Insolvency Act 1986 (as noted further below), certain floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Deed of Charge may be used to satisfy any claims of unsecured creditors. While certain of the covenants given by the Issuer in the Transaction Documents are intended to ensure it has no significant creditors other than the secured creditors under the Deed of Charge, it will be a matter of fact as to whether the Issuer has any other such creditors at any time.

There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

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

Fixed charges may take effect under English law as floating charges

The law in England and Wales relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer (other than by way of assignment) may take effect under English law as floating charges only, if, for example, it is determined that the Security Trustee does not exert sufficient control over the Charged Assets. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets.

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

Liquidation expenses payable out of floating charge assets in priority to the claims of the floating charge-holder

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

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

Risks relating to the Banking Act 2009

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

UK incorporated entities, including authorised deposit-taking institutions and investment firms and powers to recognise and give effect to certain resolution actions in respect of third country institutions. In addition, powers may be used in certain circumstances in respect of UK-established banking group companies, where such companies are in the same group as a relevant UK or third country institution or in the same group as an EEA credit institution or investment firm. A relevant transaction party for these purposes includes the Collection Account Bank.

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

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

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

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

At present, the UK authorities have not made an instrument or order under the Banking Act in respect of the 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. While there is provision for compensation in certain circumstances under the Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred.

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

TAX CONSIDERATIONS

UK Taxation position of the Issuer

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (as introduced by the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (the **Securitisation Regulations**)), and, as such, should be taxed only on the amount of its "retained profit" (as that term is defined in the Securitisation Regulations), for so long as it satisfies the conditions of the Securitisation Regulations. Investors should note however, that the Securitisation Regulations are in short form and advisors rely significantly on guidance from the UK tax authorities when advising on the scope and operation of the Securitisation Regulations including whether any particular company falls within the regime. If the Issuer does not 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 the Certificates and may result in investors receiving less interest and/or principal than expected.

EU financial transaction tax may give rise to tax liabilities for the Issuer with respect to certain transactions

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

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

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions (including purchases or sales of securities (such as authorised investments)) if 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 the participating EU 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.

The Issuer is Expected to be Treated as a Passive Foreign Investment Company and May be Treated as a Controlled Foreign Corporation for U.S. Federal Income Tax Purposes

The Issuer is expected to be a passive foreign investment company for U.S. federal income tax purposes, which means that a United States holder of Class Z Notes and Class R Notes (and any other Class of Notes treated as equity for U.S. federal income tax purposes) may be subject to adverse tax consequences unless such holder elects to treat the Issuer as a qualifying electing fund (a **QEF**) and to recognise currently its proportionate share of the Issuer's ordinary income and long-standing capital gain whether or not distributed to such holder. In addition, and depending on the overall ownership of interests in the Issuer, a United States holder of more than 10 per cent. of the Class Z Notes and Class R Notes may be treated as a United States shareholder in a controlled foreign corporation and required to recognise currently its proportionate share of the "subpart F income" of the Issuer, whether or not distributed to such holder. The Issuer will cause its independent accountants to provide United States holders, upon request by such United States holder, with the information reasonably available to the Issuer that such holder reasonably requests (i) with respect to a United States holder of Class Z Notes or Class R Notes, to make an election to treat the Issuer as a QEF and to satisfy filing requirements that such holder is required to satisfy in the event the Issuer is treated as a controlled foreign corporation, and (ii) with respect to any United States holder of a Class G Note (and at such holder's expense), to file a protective statement preserving such United States holder's ability to make a retroactive QEF election with respect to the Issuer. A United States holder that makes a QEF election or that is required to recognise currently its proportionate share of the subpart F income of the Issuer will be required to include in the current income its pro rata share of such earnings, income or amounts whether or not the Issuer actually makes any payments to such holder. Potential investors should consult with their tax advisors regarding the applications of the passive foreign investment company rules to an investment in the Notes and the controlled foreign corporation rules and the applicability of such rules to each such potential investor.

Withholding Tax may result in Noteholders receiving less as a result of such withholding or deduction

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, provided that the Notes (other than the Class R Notes which will not be listed) are and continue to be "listed on a recognised stock exchange" (within the meaning of Section 1005 of the Income Tax Act 2007), there can be no assurance that the law will not change.

In the event that any withholding or deduction for or on account of tax is imposed on payments on 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 will, in

accordance with Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) of the Notes, be required to use reasonable endeavours to prevent such an imposition (including the appointment of a Paying Agent in another jurisdiction or using reasonable endeavours to arrange for the substitution of a company incorporated and/or tax resident in another jurisdiction).

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

GENERAL MARKET RISKS

Changes or uncertainty in respect of LIBOR may affect value of Notes and the payment of interest thereunder

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

Investors should be aware that: (a) actions by the IBA as the new administrator of LIBOR, regulators or law enforcement agencies may affect LIBOR (and/or the determinations thereof) in unknown ways, which could adversely affect the value of the Floating Rate Rated Notes, (b) any uncertainty with respect to LIBOR (including in relation to the determination of the rate of interest payable on the Loans) may adversely affect liquidity of such class of Floating Rate Rated Notes and their market value and (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.

Registered Definitive Notes and denominations in integral multiples

The Notes have a denomination consisting of a minimum authorised denomination of £100,000 plus higher integral multiples of £1,000. Accordingly, it is possible that the Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such denomination. In such a case, if Registered Definitive Notes are required to be issued, a Noteholder who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive a Registered Definitive Note in respect of such holding and may need to purchase a principal amount of Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount).

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

Considerations relating to Book-Entry Interests

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

A nominee for the common safekeeper for Euroclear and Clearstream, Luxembourg (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 and Global Certificates 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 paragraphs, 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 Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. The Issuer expects that payments by participants or indirect participants to owners of Book-Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Note Trustee, the Security Trustee, the Cash Manager, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

Unlike Noteholders and Certificateholders, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by or on behalf of the Issuer for consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders or Certificateholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Notes or Certificates, holders of Book-Entry Interests will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until 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 account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Security Trustee, the Note Trustee, the Principal Paying Agent, the Registrar nor any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

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

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

General market volatility and post-UK referendum uncertainty

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 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 Seller, the Interim Servicer, the Long-Term Servicer and/or the Issuer Account Bank) and/or any borrower in respect of the underlying loans.

In particular, prospective investors should note that, pursuant to a referendum held in June 2016, the UK has voted to leave the European Union. As a result, there are a number of areas of uncertainty in connection with the future of the UK and its relationship with the European Union and the negotiation of the UK's exit terms and related matters may take several years. Given this uncertainty and the range of possible outcomes, it is not currently possible to determine the impact that the referendum, the UK's departure from the European Union and/or any related matters may have on general economic conditions in the UK, including the performance of the UK housing market. It is also not possible to determine the impact that these matters will have on the business of the Issuer (including the performance of the underlying loans), any other party to the transaction documents and/or any Borrower in respect of the Loans, or on the regulatory position of any such entity or of the transactions contemplated by the transaction documents under EU regulation or more generally (including whether or not the Retention Holder will continue to hold any permissions required under S.I. No. 60 of 2007, European Communities (Markets in Financial Instruments) Regulations 2007 (**MiFID**) in order to be a sponsor for the purposes of the EU Risk Retention Requirements).

No assurance can be given that any of the matters outlined above would not adversely affect the ability of the issuing entity to satisfy its obligations under the Notes and/or the market value or liquidity of the Notes.

CERTAIN REGULATORY RISKS

Change of law may adversely affect the compliance of the transaction with applicable law and regulation

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

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

The Basel III reform package (referred to as **Basel III**) (a regulatory capital and liquidity framework approved by the Basel Committee on Banking Supervision (the **Basel Committee**) 2011 has been

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

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

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

Effects of the Volcker Rule on the Issuer, the Notes and holders of the Notes

The enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the **Dodd-Frank Act**), which was signed into law on 21 July 2010, imposed a new regulatory framework over the U.S. financial services industry and the U.S. consumer credit markets in general. On 10 December 2013, U.S. regulators adopted final regulations to implement Section 619 of the Dodd-Frank Act. Section 619 of the Dodd-Frank Act added a new section 13 to the Bank Holding Company Act of 1956, commonly referred to as the “Volcker Rule”.

The Volcker Rule generally prohibits “banking entities” (broadly defined to include U.S. banks, bank holding companies and foreign banking organizations, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in, or sponsoring, a “covered fund” and (iii) entering into certain relationships with such funds, subject to certain exceptions and exclusions. See “The Volcker Rule” on the cover of this prospectus for information on the Issuer’s status under the Volcker Rule.

Significant questions remain regarding the proper interpretation of many of these regulations. In addition, there is also uncertainty regarding the nature and timing of additional regulations that are required under the Dodd Frank Act but have not yet been promulgated.

Given the broad scope and sweeping nature of these changes, the potential impact of these actions on the Issuer, any of the Notes or any owners of interests in the Notes is unknown, and no assurance can be made that the impact of such changes would not have a material adverse effect on the prospects of the Issuer or the value or marketability of the Notes. In particular, if existing transactions are not exempted from any such new rules or regulations, the costs of compliance with such rules and regulations could have a material adverse effect on the Issuer and the noteholders. Any prospective investor in the Notes or Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate

thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule.

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

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of both the asset-backed securities (**ABS**) and mortgage-backed securities (**MBS**) markets. 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 ABS/MBS securitisation exposures and/or the incentives for certain investors to such securities, and may thereby have a negative impact on such investors liquidity in such instruments. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Joint Lead Managers, the Co-Manager, the Arranger, the Seller, the Note Trustee, the Security Trustee, the Paying Agent, the Cash Manager, the Issuer Account Bank, the Registrar, the Servicer Facilitator, the Back-Up Servicer Facilitator, the Retention Holder, the Sponsor, the Interim Servicer or the Long-Term Servicer makes any representation to any prospective investor or purchaser of the Notes and/or the Certificates regarding the regulatory capital treatment of their investment on the Closing Date or at

In particular, investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU-regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and undertakings for the collective investment in transferable securities (**UCITS**) funds. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including the position of its note in the relevant priorities of payment, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5% in respect of certain specific credit risk tranches or asset exposures (in the case of the EU Retention Requirement). 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 risk retention and due diligence requirements described above and what is or will be required to demonstrate compliance to national regulators remain unclear. In particular, in the context of the requirements which apply in respect of EU regulated credit institution investors, investment firms and authorised alternative investment fund managers, coming legislative developments may result in changes to the corresponding interpretation materials which apply in respect of such requirements. No assurance can be provided that any such changes will not affect the compliance position of previously issued transactions and/or the requirements applying to relevant investors in general.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes and Certificates. Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes and/or Certificates. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance with the relevant EU risk retention and due diligence requirements should seek guidance from their regulator and/or independent advice on the issue. In this regard investors should be aware that although the Notes and Certificates to be held by the Retention Holder are transferable instruments,

the Retention Holder has covenanted to maintain its retention, on an on-going basis, of a net economic interest of not less than 5% in the securitisation constituted by the transaction. (See the section entitled "*EU Risk Retention Requirements*" for further details).

With respect to the commitment of the Retention Holder to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Issuer or another relevant party, please see the statements set out in the section of this Prospectus headed "*EU Risk Retention Requirements*". Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Servicer Facilitator, the Interim Servicer or the Long-Term Servicer, the Note Trustee, the Security Trustee, any Paying Agent, the Cash Manager, the Registrar, the Seller, the Arranger, the Co-Manager nor the Joint Lead Managers or any other party makes any representation that the information described above is sufficient in all circumstances for such purposes. In addition each prospective Noteholder should ensure that it complies with the implementing provisions in respect of Articles 405 to 410 of the CRR, Section 5 of the AIFMR and Article 256 of Solvency II Regulation 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.

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. In the U.S., on October 21, 2014, the Federal Deposit Insurance Corporation (the **FDIC**), the Federal Housing Finance Agency (the **FHFA**) and the Office of the Comptroller of the Currency (the **OCC**) adopted a final rule implementing the credit risk retention requirements of Section 941 of the Dodd-Frank Act for asset-backed securities (the **U.S. Credit Risk Retention Requirements**). The following day, the Board of Governors of the Federal Reserve System, the Securities and Exchange Commission (the **SEC**) and the Department of Housing and Urban Development (collectively with the FDIC, FHFA and OCC, the Joint Regulators) adopted the U.S. Credit Risk Retention Requirements. As required by the Dodd-Frank Act, the U.S. Credit Risk Retention Requirements generally require "securitizers" to retain not less than 5 per cent. of the credit risk of the Loans securitized 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. Credit Risk Retention Requirements became effective for residential mortgage-backed securities on December 24, 2015. As described under "*U.S. Credit Risk Retention Requirements and Regulatory Considerations*", the Retention Holder will hold the required credit risk by holding a minimum of 5 per cent. in respect of certain specific credit risk tranches or asset exposures issued by the Issuer. If the Retention Holder fails to retain credit risk in accordance with the U.S. Credit Risk Retention Requirements, the value and liquidity of the Notes may be adversely impacted.

In addition, on August 27, 2014, the SEC issued final rules, which became effective in June 2015, that require (i) issuers or underwriters of rated asset-backed securities to furnish a Form ABS-15G that contains the findings and conclusions of reports of third-party due diligence providers, (ii) third-party due diligence providers to provide a form with certain information to nationally recognized statistical rating organizations regarding their due diligence services, findings and conclusions, and a

certification as to their review and (iii) nationally recognized statistical rating organizations to make publicly available the forms provided by any third-party due diligence providers. As a rated transaction, the Issuer, the Joint Lead Managers and the Co-Manager are subject to the SEC final rule. See "*U.S. Credit Risk Retention Requirements and Regulatory Considerations – Rule 15Ga2*".

Prospective investors should make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of *individual* investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Impact of CRA Regulation

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

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

Aspects of the CRA Regulation came into force on 20 June 2013 including Article 8b. In summary, Article 8b of the CRA Regulation requires issuers, sponsors and originators of structured finance instruments such as the Notes to make detailed disclosures of information relating to such instruments. While it was intended that disclosures would start to be made under Article 8b from 1 January 2017 in respect of those structured finance instruments for which a reporting template has been specified and using a website to be set up by the European Securities and Markets Authority (ESMA) this website has not been set up. In this regard, ESMA issued a statement indicating that it has encountered several issues in preparing the set-up of the website and, given these issues, it does not expect to be in a position to receive disclosures. As a result, there is no mechanism by which relevant entities (including the Issuer) can currently comply with Article 8b in general. If the website for disclosure were to be set up by ESMA in the future, then the Issuer may incur additional costs and expenses to comply with the disclosure obligations under Article 8b.

Legal considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules. The Notes will not be "mortgage related securities" for purposes of the U.S. Secondary Mortgage Market Enhancement Act of 1984, as amended.

INFORMATION INCORPORATED BY REFERENCE

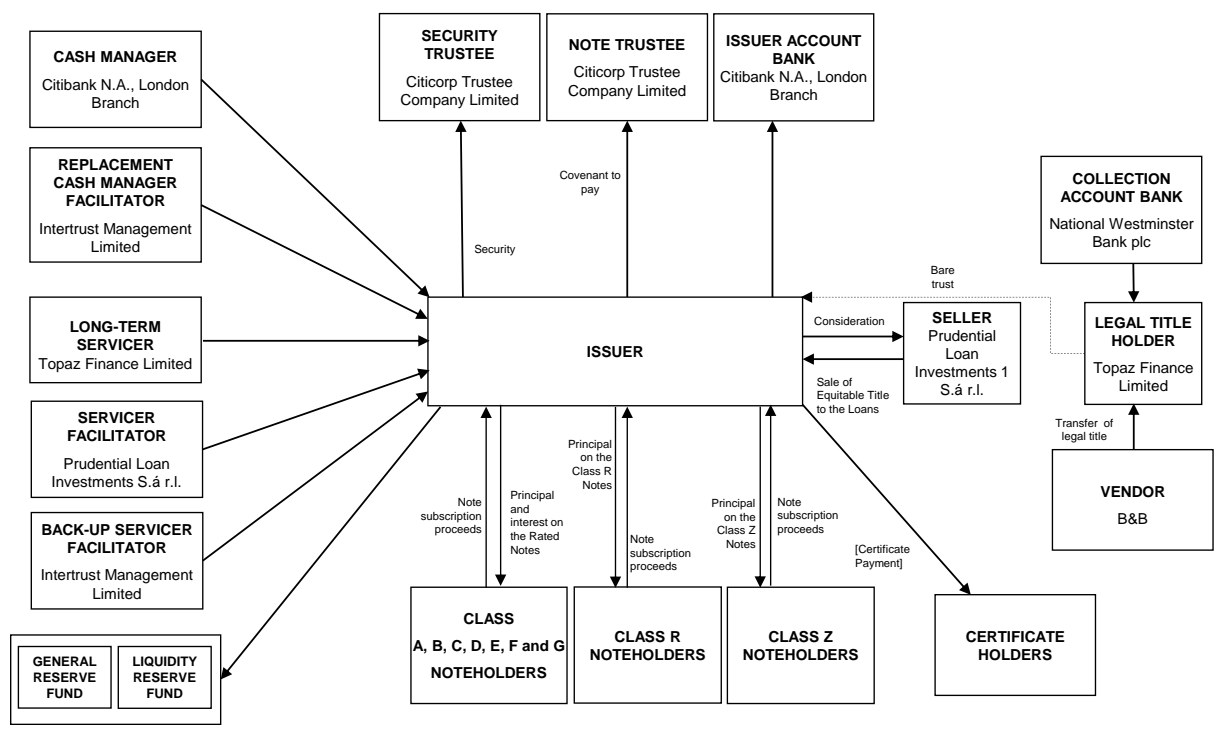
The following information shall be deemed to be incorporated in, and to form part of, this Prospectus:

- the file entitled "Harben 17-1 – Historic Data RMBS – Jan-17", which sets out certain historical data relating to the Wider BTL Pool (available, free of charge, at http://www.ise.ie/debt_documents/Harben171HistoricDataRMBSJan17_9b5ff581-29c7-4fec-a0d2-34204fee6c2b.pdf);
- the file entitled "Harben 17-1– MIA history – RMBS – Jan-17", which sets out historical arrears data in respect of and relating to the Provisional Portfolio (available, free of charge, at http://www.ise.ie/debt_documents/Harben171MIAhistoryRMBSJan17_cdd7991a-2c80-4a1c-af59-d3201b59d830.pdf);and
- the file entitled "Harben 17-1– Default Rates – Jan 17", which sets out historical default data in respect of and relating to the Wider BTL Pool (available, free of charge, at http://www.ise.ie/debt_documents/Financials_f386bd88-23e2-4416-863f-9c4234544ab1.pdf).

STRUCTURE DIAGRAMS

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION

Figure 1 – Transaction Structure Post Transfer Date



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

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION'S ONGOING CASHFLOWS

Figure 2 – Cashflow Structure: Interim Period

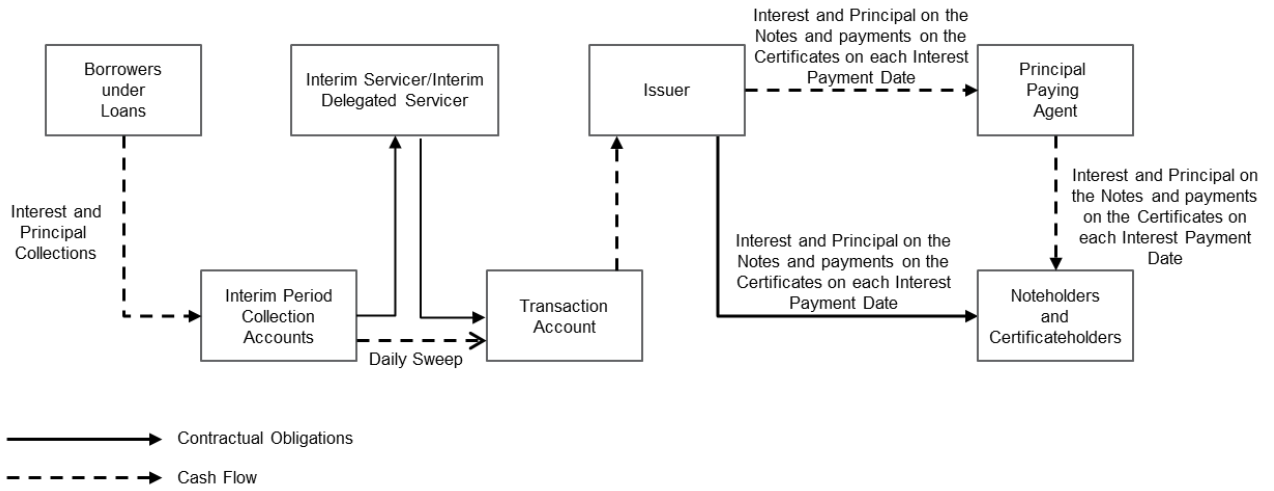
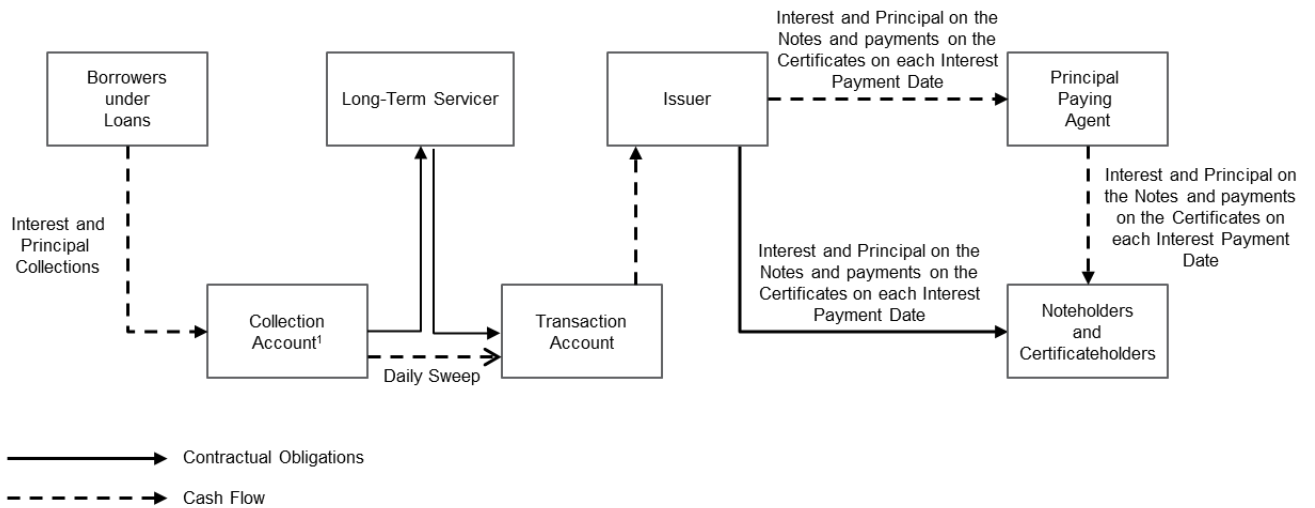


Figure 3 – Cashflow Structure: Post-Transfer Date



1 Held in the name of the Legal Title Holder.

OWNERSHIP STRUCTURE DIAGRAM OF THE ISSUER

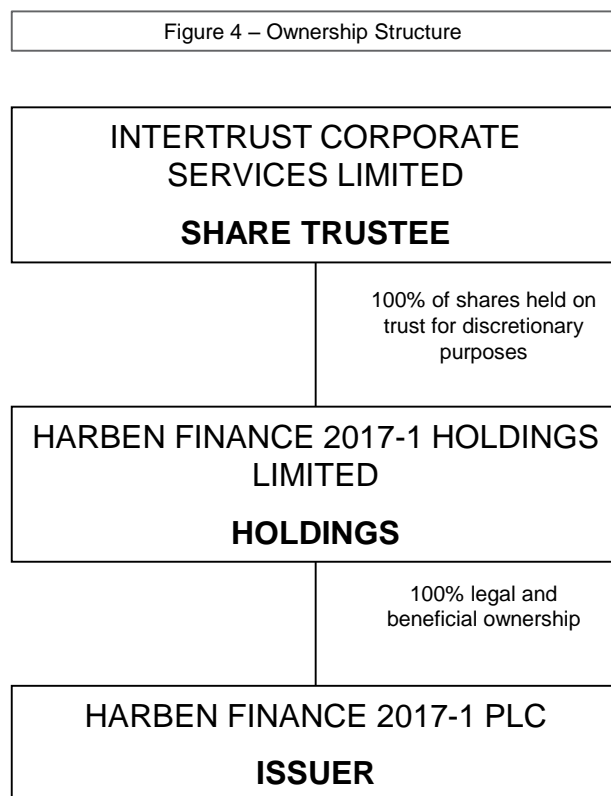


Figure 4 illustrates the ownership structure of the special purpose companies that are parties to the Transaction Documents, as follows:

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

TRANSACTION OVERVIEW - TRANSACTION PARTIES

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

You should read the entire Prospectus carefully, especially the risks of investing in the Notes and the Certificates discussed under "*Risk Factors*".

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

Details of the Originators have (for ease of reference) been set out in this section, however the Originators (in such capacity) are not Transaction Parties (but will be Transaction Parties in their capacities as Legal Title Holders).

Party	Name	Address	Document under which appointed/Further Information
Issuer	Harben Finance 2017-1 plc	35 Great St. Helen's, London EC3A 6AP	See the section entitled " <i>The Issuer</i> " for further information.
Holdings	Harben Finance 2017-1 Holdings Limited	35 Great St. Helen's, London EC3A 6AP	See the section entitled " <i>Holdings</i> " for further information.
Seller, Retention Holder and Servicer Facilitator	Prudential Loan Investments 1 S.à r.l	1, rue Hildegard von Bingen, L-1282, Luxembourg	See the section entitled " <i>The Seller, the Retention Holder and the Servicer Facilitator</i> " for further information.
Vendor	Bradford & Bingley plc (B&B)	Croft Road, Crossflatts, Bingley, West Yorkshire BD16 2UA	See the section entitled " <i>The Vendor and the Interim Servicer</i> " for further information.
Legal Title Holders	Prior to the Transfer Date: B&B and MX	Croft Road, Crossflatts, Bingley, West Yorkshire BD16 2UA	On and from the Closing Date to the Transfer Date, the Servicer Facilitator Agreement,
	Following the Transfer Date: Topaz Finance Limited	The Pavilions, Bridgwater Road, Bristol, BS13 8AE	See the section entitled " <i>The Legal Title Holders</i> ". On and from the Transfer Date, the Long-Term Servicing Agreement. See

Party	Name	Address	Document under which appointed/Further Information the section entitled " <i>The Legal Title Holders</i> ".
Interim Servicer	Bradford & Bingley plc (B&B)	Croft Road, Crossflatts, Bingley, West Yorkshire BD16 2UA	Interim Servicing Agreement. See the section entitled " <i>Summary of the Key Transaction Documents –</i> " for further information.
Long-Term Servicer	Topaz Finance Limited	The Pavilions, Bridgwater Road, Bristol, BS13 8AE	Long-Term Servicing Agreement. See the section entitled " <i>Summary of the Key Transaction Documents – Long-Term Servicing Agreement</i> " for further information.
Cash Manager	Citibank N.A., London Branch	Citigroup Centre Canada Square Canary Wharf London, E14 5LB	Cash Management Agreement. See the sections entitled " <i>Summary of the Key Transaction Documents – Cash Management Agreement</i> " " <i>The Cash Manager and the Issuer Account Bank</i> " for further information.
Replacement Cash Manager Facilitator	Intertrust Management Limited	35 Great St Helen's, London EC3A 6AP	Cash Management Agreement. See the sections entitled " <i>Summary of the Key Transaction Documents – Cash Management Agreement</i> " and " <i>The Cash Manager and the Issuer Account Bank</i> " for further information.
Back-Up Servicer Facilitator	Intertrust Management Limited	35 Great St Helen's, London EC3A 6AP	Servicer Facilitator Agreement. See the sections entitled " <i>Summary of the Key Transaction Documents – Servicer Facilitator Agreement</i> " and " <i>The Corporate Services Provider and the Replacement Cash Manager Facilitator and the Back-Up Servicer Facilitator</i> " for further information.

Party	Name	Address	Document under which appointed/Further Information
Issuer Account Bank	Citibank N.A., London Branch	Citigroup Centre Canada Square Canary Wharf London, E14 5LB	Bank Account Agreement. See the sections entitled " <i>Summary of the Key Transaction Documents – The Bank Account Agreement</i> " and " <i>The Cash Manager and the Issuer Account Bank</i> " for further information.
Collection Account Bank	National Westminster Bank plc	Not applicable	Vendor Collection Account Declaration of Trust. See the section entitled " <i>Summary of the Key Transaction Documents – The Collection Account Declaration of Trust</i> " for more information.
Security Trustee	Citicorp Trustee Company Limited	Citigroup Centre Canada Square Canary Wharf London, E14 5LB	Deed of Charge. See the sections entitled " <i>Terms and Conditions of the Notes</i> " and " <i>The Note Trustee and the Security Trustee</i> " for further information.
Note Trustee	Citicorp Trustee Company Limited	Citigroup Centre Canada Square Canary Wharf London, E14 5LB	Trust Deed. See the sections entitled " <i>Terms and Conditions of the Notes</i> " and " <i>The Note Trustee and the Security Trustee</i> " for further information.
Principal Paying Agent and Agent Bank	Citibank N.A., London Branch	Citigroup Centre Canada Square Canary Wharf London, E14 5LB	Agency Agreement. See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information.
Registrar	Citibank N.A., London Branch	Citigroup Centre Canada Square Canary Wharf London, E14 5LB	In respect of the Notes and Certificates, the Agency Agreement. See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information.
Corporate Services Provider	Intertrust Management Limited	35 Great St Helen's, London EC3A 6AP	Corporate Services Agreement. See the section entitled " <i>The Corporate Services Provider</i> " for

Party	Name	Address	Document under which appointed/Further Information further information.
Share Trustee	Intertrust Corporate Services Limited	35 Great St Helen's, London EC3A 6AP	Share Trust Deed.
Arranger	Citigroup Global Markets Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	Subscription Agreement. See the section entitled " <i>Subscription, Sale and Selling Restrictions</i> " for further information.
Joint Lead Managers	Citigroup Global Markets Limited	Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB	Subscription Agreement. See the section entitled " <i>Subscription, Sale and Selling Restrictions</i> " for further information.
	Merrill Lynch International	2 King Edward Street, London, EC1A 1HQ	
	Merrill Lynch, Pierce, Fenner Smith Incorporated	1 Bryant Park, New York, New York 10036, United States of America	
Co-Manager	AgFe Advisory Limited	55 Baker Street, London W1U 8EW	Subscription Agreement. See the section entitled " <i>Subscription, Sale and Selling Restrictions</i> " for further information.

The Originators (in their capacity as originators) are not a party to any of the Transaction Documents

Originators and each an Originator	B&B	Croft Road, Crossflatts, Bingley, West Yorkshire, BD16 2UA	See the section entitled " <i>The Legal Title Holders</i> " for further information.
	MX	PO BOX 88, Croft Road, Crossflatts, Bingley, West Yorkshire, BD16 2UA	

TRANSACTION OVERVIEW - PORTFOLIO AND SERVICING

DESCRIPTION OF THE PORTFOLIO

The section below sets out a description of the Loans and their Related Security comprising the Portfolio. On the Closing Date, the Seller will sell its equitable interest in the Loans and their Related Security comprising the Portfolio to the Issuer. Please refer to the sections entitled "Summary of the Key Transaction Documents – Mortgage Sale Agreement", "Characteristics of the Provisional Portfolio" and "The Loans" for further detail in respect of the characteristics of the Portfolio and the sale arrangements in respect of the Portfolio.

Portfolio: The Portfolio comprises buy-to-let Loans secured over residential properties located in England and Wales.

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

Each Loan and its Related Security comprising the Portfolio was originated by parties other than the Seller. As such, as at the date of this Prospectus the Seller has no direct contractual relationship with any of the Borrowers in respect of any Loan or its Related Security.

Sale of Portfolio: On 30 March 2017, pursuant to the Vendor Mortgage Sale Agreement, the Seller agreed to acquire from the Vendor a portfolio of loans and their related security which included the Loans and their Related Security comprising the Portfolio.

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

The sale by the Seller to the Issuer of each Loan and its Related Security comprising the Portfolio will initially be effected by way of an equitable assignment.

The terms **sale**, **sell** and **sold** when used in this Prospectus in connection with the Loans and their Related Security shall be construed to mean the equitable assignment of the transferor's right, title and interest in and to each relevant loan and its Related Security. The terms **repurchase** and **repurchased** when used in this Prospectus in connection with a Loan and its Related Security shall be construed to include the repurchase by the Seller of the equitable interest of the Issuer in respect of the relevant Loan and its Related Security under the Mortgage Sale Agreement.

Perfection and Notification: The following sets out certain perfection and notification steps which will be undertaken in respect of the Loans.

Notice of the sale of the Loans and their Related Security comprising the Portfolio will not be given to the relevant individual or individuals specified as borrowers in respect of a Loan or the individual or individuals (if any) from time to time assuming an obligation to repay (under a guarantee or otherwise) such Loan or any part of it

(collectively, the **Borrowers** and each a **Borrower**) and the Issuer will not apply to the Land Registry of England and Wales (the **Land Registry**) to register or record its equitable or beneficial interest in the Mortgages until the earlier of:

- (i) the occurrence of a Perfection Trigger Event (in which case, notice of the transfer of legal title to the Loans and their Related Security to the Issuer (or its nominee)) will be sent to the relevant Borrowers, and legal title to the Loans and their Related Security (subject to appropriate registration or recording at the Land Registry) will pass to the Issuer (or its nominee); and
- (ii) the Transfer Date (as to which see "*Transfer Date*" below).

Accordingly, the Issuer will hold only the equitable title in those Loans and their Related Security and will therefore be subject to certain risks as set out in the section entitled "*Risk Factors – The Legal Title Holders to retain legal title to the Loans and risks relating to set-off*".

Prior to the Transfer Date, the legal title to each Loan and its Related Security comprising the Portfolio will be held by the Vendor or MX (as applicable in respect of each Loan originated by it) on bare trust for the Seller who will in turn hold such interest upon trust for the Issuer. On the Transfer Date, notice of the transfer of legal title to the Loans and their Related Security to Topaz Finance Limited (**Topaz** in its capacity as Legal Title Holder) will be sent to the relevant Borrowers, and legal title to the Loans and their Related Security (subject to appropriate registration or recording at the Land Registry) will pass to Topaz as the Legal Title Holder.

Legal title to each Loan and its Related Security will be held on bare trust by Topaz (in its capacity as Legal Title Holder) on behalf of the Issuer.

Transfer Date

The Vendor or MX (as applicable) will perfect the transfer of the legal title to each Loan and its Related Security in respect of which it is Legal Title Holder to Topaz (as nominee of the Seller and in its capacity as Legal Title Holder) on the earlier to occur of (i) the date on which an Insolvency Event occurs in respect of the Vendor or MX (as applicable), (ii) the date falling 12 months after the Closing Date, and (iii) such other date agreed by the Vendor and the Seller in accordance with the Vendor Mortgage Sale Agreement (the **Transfer Date**).

See the sections entitled "*The Loans*", "*Characteristics of the Provisional Portfolio*" and "*Summary of the Key Transaction Documents - Mortgage Sale Agreement*" for further details.

Interim Period

The period of time from and including the Closing Date to but excluding the Transfer Date is referred to as the interim period (the **Interim Period**), during which the Vendor and/or MX (as applicable)

shall hold legal title in the Loans and their Related Security comprising the Portfolio.

Features of the Loans:

The following is a summary of certain features of the Loans comprising the Provisional Portfolio as at the Portfolio Reference Date and investors should refer to, and carefully consider, further details in respect of the Loans set out in the sections of this Prospectus entitled "*The Loans*" and "*Characteristics of the Provisional Portfolio*". The Loans comprise loans to Borrowers and are secured by first ranking charges over freehold and leasehold properties in England and Wales.

Number of Sub-Accounts in the Provisional Portfolio 17,081

	Average
Current Balance	£114,291
	Weighted average
Indexed Current Loan To Value	60.88 per cent.
Seasoning (years)*	11.10
Remaining Term (years)*	11.49

Consideration:

The consideration due to the Seller in respect of the sale of the equitable interest in the Loans and their Related Security comprising the Portfolio shall comprise (a) an amount equal to 98.223% of the Current Balance of the Loans and their Related Security as at the Cut-Off Date (the **Purchase Price**); and (b) deferred consideration consisting of the Certificate Payments, the right to such payment represented by the issue of the Certificates (the **Consideration**).

By no later than the date falling 2 Business Days after the Closing Date, the Seller shall pay to the Issuer an amount equal to the Closing Date Principal Collections and the Closing Date Revenue Collections (together, the **Closing Date Collections**).

On the date falling 10 Business Days after the Closing Date (the **True-up Date**), in order for the Issuer to confirm the calculation of the amount of the Closing Date Collections, the Cash Manager will (based on information made available to it by the Seller (based solely on information provided by the Interim Servicer)), calculate the difference (if any) between the Closing Date Collections and the Received Collections (the **True-up Amount**).

* As at the Portfolio Reference Date.

In order to address any potential error in the calculation of the Closing Date Collections, (i) to the extent that the Closing Date Collections exceeds the Received Collections (such that the True-up Amount is a positive amount), the Issuer shall transfer an amount equal to the True-up Amount to the Seller by no later than the date falling 10 Business Days after the True-up Date; or (ii) to the extent that the Closing Date Collections are less than the Received Collections (such that the True-up Amount is a negative amount) the Seller shall transfer to the Issuer an amount equal to the positive value of such True-up Amount by no later than the date falling 10 Business Days after the True-up Date. If the True-up Amount is negative, the Issuer shall apply the positive value of such True-up Amount on the first Interest Payment Date after the True-up Date in accordance with the relevant Priority of Payments.

Closing Date Collections means the aggregate of the Closing Date Principal Collections and the Closing Date Revenue Collections.

Closing Date Principal Collections means an amount representing an aggregate of all amounts referred to in the definition of Principal Receipts (to the extent applicable and, for the avoidance of doubt, other than item (f) of the definition of Principal Receipts) estimated as having been received in respect of the Mortgage Portfolio during the period between the Cut-Off Date and the Closing Date as determined by the Seller (based solely on information provided by the Interim Servicer) on the Closing Date.

Closing Date Revenue Collections means an amount representing an aggregate of all amounts referred to in the definition of Revenue Receipts (to the extent applicable) estimated as having been received in respect of the Mortgage Portfolio during the period from (and including) the Cut-off Date to (and including) the Closing Date as determined by the Seller (based solely on information provided by the Interim Servicer) on the Closing Date.

Received Collections means the aggregate of the Received Principal Collections and the Received Revenue Collections.

Received Principal Collections means an amount representing an aggregate of all amounts referred to in the definition of Principal Receipts (to the extent applicable and, for the avoidance of doubt, other than item (f) of the definition of Principal Receipts) received in respect of the Mortgage Portfolio during the period between the Cut-Off Date and the Closing Date as determined by the Seller (based solely on information provided by the Interim Servicer) and notified to the Cash Manager on the True-up Date.

Received Revenue Collections means an amount representing an aggregate of all amounts referred to in the definition of Revenue Receipts (to the extent applicable) received in respect of the Mortgage Portfolio during the period from (and including) the Cut-Off Date to (and including) the Closing Date as determined by Seller (based solely on information provided by the Interim Servicer) and notified

to the Cash Manager on the True-up Date.

The **Outstanding Principal Balance** in relation to a Loan at any given date (for the purposes of this definition, the **Calculation Date**), means the aggregate principal balance of the Loan at such date, including (but without double counting):

- (a) the Initial Advance and any further amount (including any Flexible Drawing or Further Advance) advanced on or before the given date to the relevant Borrower and secured or intended to be secured by the related Mortgage; and
- (b) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent or capitalised in accordance with the Relevant Servicer's normal charging practices and any applicable regulatory obligation and added to the amounts secured or intended to be secured by the related Mortgage,

taking into account any repayment or payment of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any Flexible Drawing committed to be made but not made by the end of the Business Day immediately preceding that given date.

The **Current Balance** for a Loan means, at any given date, the aggregate (but avoiding double counting) of:

- (a) the original principal amount advanced to the relevant Borrower and any further advances made on or before the given date to the relevant Borrower and secured or intended to be secured by the Related Security;
- (b) the amount of any re draw or further drawing made under the Mortgage Loan secured or intended to be secured by the Related Security (including, without limitation, any Further Advance or Flexible Drawing);
- (c) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been added to the Mortgage Loan account or charged to the relevant Borrower, including any Protective Advance but excluding any Conversion Interest; and
- (d) Accrued Interest and any other amount which is due or accrued (whether or not due) and which has not been paid as at the end of the Business Day immediately preceding that given date (but excluding any Conversion Interest),

in each case less any repayment or payment by the relevant Borrower of any of the foregoing.

For further information please refer to the section entitled "*The Loans*".

Representations and Warranties:

The Seller will make certain Loan Warranties to the Issuer regarding the Loans and Related Security comprised in the Portfolio on the Closing Date which include (but are not limited to) the following:

1. As of the Cut-Off Date, the information relating to each Loan in respect of the Current Balance of that Loan set out in the Mortgage Sale Agreement is true and accurate in all respects.
2. As of the Cut-Off Date, the information relating to the Loans in respect of origination brand, completion date, loan maturity date, interest rate type (including margin), current monthly subscription, arrears status / last 12 months payments and security postcode and main account number set out in the Mortgage Sale Agreement is true and accurate in all material respects.
3. Each Loan and the related Mortgage and, to the extent that a Guarantee was required under the Lending Criteria in relation to a Mortgage Loan, that Guarantee constitute(s) a legal, valid and binding obligation of the relevant Borrower (or, in respect of a Guarantee, the guarantor thereunder) enforceable in accordance with its terms (except that, but without prejudice to the effect of the warranty at paragraph 4 below, (1) enforceability may be limited by (i) the bankruptcy or insolvency of, or the commencement of voluntary or involuntary insolvency procedures by or in the name of the Borrower, (ii) laws of general applicability affecting the enforcement of creditors' rights generally, (iii) the court's discretion in relation to equitable remedies and (iv) (without prejudice to the statement at paragraph 24 below) the application of the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the **UTCCR**), the Unfair Contract Terms Act 1977, the Consumer Protection from Unfair Trading Regulations 2008 or the Consumer Rights Act 2015 and (2) no warranty is given in relation to any obligation of the Borrower to pay prepayment charges, mortgage administration fees, exit fees or charges payable in the event of Borrower default). Each related Mortgage secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower in respect of the relevant Mortgage Loan (other than, in relation to any prepayment charges).
4. Each Loan is at least secured by a valid and subsisting first ranking legal mortgage over the Mortgaged Property to which it relates.
5. Subject to completion of any registration or recording of a Mortgage relating to a Loan which may be pending, such

Mortgage constitutes a first valid and subsisting first ranking legal mortgage over the relevant Mortgaged Property and secures in priority to all other mortgages all monies owing under the Loan.

6. Immediately prior to the transfer of the Loans under the Mortgage Sale Agreement, the Seller was the absolute unencumbered beneficial owner of all of such Loans and the related Mortgages and the Related Security to be sold to the Issuer thereunder at the Closing Date, and the Seller has not assigned (whether by way of absolute assignment or by way of security only), transferred, charged, released, disposed of or dealt with the benefit of any of the Loans or their related Mortgages, the Related Security or any of the property, rights, title, interest or benefit to be sold or assigned pursuant to the Mortgage Sale Agreement in any way whatsoever other than pursuant to the Mortgage Sale Agreement.
7. The Legal Title Holders are the legal title holders of all Loans, the related Mortgages and the Related Security, subject to the relevant Borrower's right of redemption.
8. In relation to each Mortgage the Borrower has good and marketable title to the relevant Mortgaged Property (subject to registration of the title at the Land Registry).
9. Save for title deeds held at the Land Registry and title deeds existing in dematerialised form, the customer file, the deed constituting the relevant Mortgage (if any) and any documents of title to the relevant Mortgaged Property for each Loan and all other Title Deeds and mortgage documentation necessary to transfer the relevant Mortgage is held by or to the order (or is in the process of being arranged to be held to the order) of the Seller.
10. The amount of each Loan has been fully advanced to the Borrower and the mortgage documentation contain no obligation to make any further advance other than those Loans which contain terms entitling the Borrowers to redraw funds if the Borrowers have previously made overpayments.
11. Each Loan is denominated in, and all amounts in respect of such Loan are payable in, sterling and may not be changed by the relevant Borrower to any other currency.
12. Each Loan was made on and remains on materially the same terms as are set out in the Standard Documentation or, where there have been any material changes to those terms, those changes would have been acceptable to a Reasonable Prudent Mortgage Lender.
13. Not more than 12 months prior to the execution of each

Mortgage (or such longer period as would be acceptable to a Reasonable Prudent Mortgage Lender), the relevant Originator received a Valuation Report on the relevant Mortgaged Property (or another form of report concerning the valuation of the relevant Mortgaged Property as would be acceptable to Reasonable Prudent Mortgage Lender), the contents of which were such as would be acceptable to a Reasonable Prudent Mortgage Lender.

14. To the best of the Seller's knowledge and belief after having made due and careful enquiries appropriate to a Reasonable Prudent Mortgage Lender, no Borrower is in breach of any material obligation owed in relation to that Loan and/or its related Mortgage (other than in relation to any payment default in respect of those Loans (including any failure to pay any ground rent or service charge in relation to the relevant Mortgaged Property) and other than any breaches that are being handled by such ordinary course enforcement actions as would be taken by a Reasonable Prudent Mortgage Lender).
15. No lien or right of set-off or counterclaim has been created or arisen between the Borrower and the relevant Legal Title Holder or the Seller which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Loan.
16. Other than where required to comply with any applicable law, regulation or requirement of any governmental, tax or regulatory body, none of the Seller, (and to the best of the Seller's knowledge and belief after having made due and careful enquiries appropriate to a Reasonable Prudent Mortgage Lender), the relevant Originator or either Legal Title Holder has, in writing, waived or acquiesced in any breach of any of its rights in respect of a Loan or its related Mortgage which would materially reduce the value of a Loan, other than in relation to any payment default in respect of those Loans, or waivers and acquiescence such as a Reasonable Prudent Mortgage Lender might make on a case by case basis.
17. The Relevant Servicer (or, to the best of the Seller's knowledge and belief after having made due and careful enquiries appropriate to a Reasonable Prudent Mortgage lender, the Relevant Servicer's delegate) keeps full and proper accounts, books, and records, showing all material transactions, receipts and proceedings relating to each Loan, and the same are up to date and accurate in all material respects and in the possession of the Seller or the relevant Legal Title Holder or held to their order.
18. All Loans and Related Security are freely assignable and no formal approvals, consents or other steps are necessary to permit a legal or an equitable or beneficial transfer of the

Loans and Related Security, no notification to any Borrower is required to effect any equitable or beneficial transfer of the Loans and Related Security to the Issuer pursuant to the Mortgage Sale Agreement and the Loans and Related Security are not subject to any contractual confidentiality restrictions which may restrict the ability of the Issuer to acquire or dispose of the same or exercise its rights or discharge its obligations under the Transaction Documents.

19. As of the Portfolio Reference Date, no Loan has an arrears balance which is one or more Monthly Subscriptions (where **Monthly Subscription** means, in relation to any Loan, the amount in the ordinary course of administration of that Loan due to be paid by the relevant Borrower on each scheduled payment date, comprising interest and, where applicable, contractual repayments of principal and other sums, as determined in accordance with the terms and conditions of that Loan, without regard for any discounted or additional payment arrangements agreed with the relevant Borrower).
20. The Seller and (to the best of the Seller's knowledge and belief after having made due and careful enquiries appropriate to a Reasonable Prudent Mortgage Lender), the Legal Title Holders, the Originator, the Relevant Servicer or the Relevant Servicer's delegate has not received written notice of any litigation or claim (in each case, pending, subsisting or threatened, which would be reasonably likely to be upheld in favour of a Borrower and which, if so upheld, would materially reduce the value of a Loan) in respect of any Borrower, Mortgaged Property, Loan or Related Security calling into question in any material way the legal and/or beneficial title to any Loan or Mortgaged Property, the related Mortgage or Related Security of the relevant Legal Title Holder or the Seller (as the case may be) or their ability to fully and effectively enforce the same.
21. Other than Conversion Interest, interest on each Loan has been charged in accordance with the provisions of the Loan and its related Mortgage as validly amended from time to time (in the ordinary course of servicing of the Loans) in arrears.
22. In respect of a Loan in respect of which the Borrower is a corporate borrower, such Borrower is a private company incorporated with limited liability in England and Wales.
23. Unless a Borrower is a corporate borrower and the requirements in paragraph 22 are satisfied each Borrower was a natural person aged 18 years or older at the time of execution of the relevant Loan.
24. To the extent that any Loan and related Mortgage is subject to the UTCCR, no action whether formal or informal has been taken by the Competition and Markets Authority, the

FOS, the FCA or a qualifying body as defined in the UTCCR, against the Seller or the relevant Legal Title Holder or the relevant Originator pursuant to the UTCCR or other applicable legislation which might restrict or prevent the operation of any material term of any Loan and related Mortgage or the enforcement thereof.

25. To the best of the Seller's knowledge and belief after having made due and careful enquiries appropriate to a Reasonable Prudent Mortgage Lender, no Property has been let or sub-let otherwise than by way of: (a) an assured shorthold tenancy which meets the requirements of Section 19A or Section 20 of the Housing Act 1988; or (b) any other tenancy which would be acceptable to a Reasonable Prudent Mortgage Lender.
26. At origination, the applicable Lending Criteria required that each Mortgaged Property be insured under: (a) a buildings insurance policy arranged by the Borrower in accordance with the relevant Mortgage Conditions; or (b) a buildings insurance policy arranged by the relevant Originator; or (c) in the case of a leasehold property or a commonhold property, a buildings insurance policy arranged by the relevant landlord or property management company and in all cases against risks usually covered when advancing money on the security of property of the same nature to an amount not less than the full reinstatement value thereof.
27. Each Mortgaged Property is located in England or Wales.
28. 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; (ii) a "regulated mortgage contract" under Article 61 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001; (iii) 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); or (iv) a "Consumer Buy-to-Let Mortgage Contract" as defined in the Mortgage Credit Directive Order 2015.
29. Neither the Seller, the relevant Legal Title Holder or the relevant Originator has sold (nor has any person or entity sold on their behalf) any payment protection insurance to a Borrower in respect of any Loan Agreement.
30. All the Loans in respect of Mortgaged Properties are governed by English law.
31. No Loan advanced to a Borrower (other than a Loan advanced to a Borrower that is an individual) carries or has carried:

- (a) a right of conversion (exercisable at any time) into shares or other securities, or to the acquisition of shares or other securities, including a similar loan;
 - (b) a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the Loan;
 - (c) a right to interest, the amount of which falls or has fallen to be determined by reference to the results of, or of part of, a business or to the value of any property; or
 - (d) a right of repayment to an amount which exceeds the nominal amount of the Loan.
32. None of the Loans or Related Security (other than the Loans advanced to Borrowers that are not individuals) consist of stock or a marketable security within the meaning of section 125 Finance Act 2003 or “chargeable securities” for the purposes of section 99 of the Finance Act 1986, and none of the Loans or Related Security consists of or includes a chargeable interest (as such term is defined for the purposes of section 48 of the Finance Act 2003).
33. The Originator and the Servicer (and to the best of the Seller’s knowledge and belief after having made due and careful enquiries appropriate to a Reasonable Prudent Mortgage Lender, the Servicer’s delegate) have complied with their obligations under, and have exercised their rights in accordance with, each of the Loans and the Related Security and have administered the Loans and the Related Security in accordance with the relevant contractual terms and Applicable Laws in all material respects and in a manner consistent with the practice of a Reasonable Prudent Mortgage Lender.
34. Each Loan and its Related Security was originated in accordance with all Applicable Laws (save for the UTCCR, as to which no statement is made in this paragraph and provided that Applicable Laws, in this context, do not include the CCA on the basis of and without prejudice to the statement made in the warranty at paragraph 28 above) and the relevant Originator's internal policies and procedures in force, and as interpreted, at the relevant time.
35. In respect of each Loan at origination, each Borrower was then incorporated, or in the case of natural persons, resident in the EEA.
36. No Automatic Capitalisation has occurred in respect of the Loans, for which purpose **Automatic Capitalisation** means, in respect of a Loan, the capitalisation of any amount of

interest and/or principal due but unpaid in respect of such Loan where:

- (a) the relevant Borrower has not consented to such capitalisation; and
- (b) notwithstanding such capitalisation, the capitalised amount continues to be treated as immediately due and payable,

which results in detriment to the relevant Borrower.

37. In respect of each Loan in respect of which B&B or MX paid to a third party or intermediary appointed by a Borrower in respect of such Loan a procurement, broker's or finder's fee or commission, the existence and amount of such payment was disclosed to the Borrower before the Loan was originated. For the purposes of this warranty, a decision of a court of England and Wales, the Financial Ombudsman Service, the Issuer or the Legal Title Holder acting reasonably (including without limitation in dealing with complaints and treating customers fairly) in respect of the relevant Loan that the existence and amount of a broker's or finder's fee or commission was not disclosed to the Borrower before the Loan was originated shall be determinative of that fact.

Guarantee means each guarantee in support of the obligations of a Borrower under a Loan, and **Guarantees** means any or all of the guarantees.

Reasonable Prudent Mortgage Lender means a reasonably prudent FCA-authorized buy-to-let mortgage lender operating in the market at the time that the relevant determination was made and lending to borrowers in England and Wales, where the Loan is secured over residential property.

Lending Criteria means the relevant lending criteria applied by B&B or MX, as applicable, in respect of the Loans and their Related Security comprising the Portfolio in each case as such criteria applies as at the date in which the relevant Loan was made.

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

Seller's repurchase obligation in relation to the Loans and Related Security:

Upon a breach of the Loan Warranties in respect of a Loan and/or its Related Security which is not capable of remedy or, if capable of remedy, which is not remedied within the agreed grace period, the Seller shall be required to: (i) repurchase the relevant Loan and its Related Security (together with any other Loan secured by, or intended to be secured by, such Related Security or any part of it) or (ii) make an indemnity payment in lieu thereof (as further described below).

Indemnity payment in relation to the Loans and Related Security:

Upon a breach of the Loan Warranties in respect of a Loan and/or its Related Security which is not capable of remedy or, if capable of remedy, which is not remedied within the agreed grace period, the Seller may elect to make an indemnity payment to the Issuer in respect of the affected Loan rather than repurchase such Loan and its Related Security (together with any other Loan secured by, or intended to be secured by, such Related Security or any part of it) in the manner described above. If the Seller makes such an election, instead of effecting a repurchase of the relevant Loan, it shall indemnify on an after-tax basis and keep indemnified the Issuer against all Liabilities relating to the breach of the Loan Warranty.

Consideration for repurchase:

Other than in respect of a repurchase by the Seller of the Portfolio to effect a redemption of the Notes pursuant to Condition 8.4 (*Optional Redemption of the Notes in full*), or the exercise by the Portfolio Option Holder of the Portfolio Purchase Option the consideration payable by the Seller in respect of the repurchase of an affected Loan and its Related Security (together with any other Loan secured or intended to be secured by such Related Security or any part of it) shall be an amount equal to the Current Balance of such Loan(s) as at the date of such repurchase prior to any deductions or downward balance adjustment or payments that may have been applied or made in respect of remediation, claims or set-off related to the relevant Loan Warranty for which the affected Loan and its Related Security (together with any other Loan secured or intended to be secured by such Related Security or any part of it) is being repurchased, plus the Issuer's costs and expenses (if any) associated with the repurchase (the **Repurchase Price**). See the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*" for further information.

Limit on indemnity amount:

The amount payable by the Seller pursuant to an indemnity in respect of Relevant Liabilities will not exceed the amount that would have been payable by the Seller if it had repurchased the affected Loan and its Related Security (together with any other Loan secured or intended to be secured by such Related Security or any part of it).

Flexible Drawings, Further Advances, Payment Holidays and Authorised Underpayments

Where the Relevant Servicer, on behalf of the Issuer, agrees that a Flexible Drawing must be made to a Borrower as a result of, *inter alia*, the Relevant Servicer having determined that the conditions under the relevant Mortgage Conditions for the advancing of the Flexible Drawing have been satisfied by the relevant Borrower, (i) the Interim Servicer shall notify the Seller (including the amount required to be paid by the Issuer) by way of delivery of the Servicer Report in accordance with the terms of the Interim Servicing Agreement and the Seller shall in turn notify the Issuer and the Cash Manager; or (ii) the Long-Term Servicer shall notify the Seller, the Cash Manager and the Issuer, as applicable, in writing, on the relevant Drawings Date, of the details of such Flexible Drawing (including the amount required to be paid by the Issuer) by delivery of the Servicer Report and the Flexible Drawing Notice (**Flexible Drawing Notice** being the relevant notice prepared and delivered by the Relevant Servicer to the Issuer and

Cash Manager in accordance with the terms of the Mortgage Sale Agreement, Relevant Servicing Agreement and Cash Management Agreement in connection with such Flexible Drawing) to the Issuer with a copy to the Seller and the Cash Manager.

The equitable interest in any Flexible Drawings will be sold by the Seller to the Issuer and will form part of the Portfolio. Any such Flexible Drawing will be purchased by the Issuer (to the extent of Principal Receipts available (i) in the Interim Period Collection Accounts or the Collection Account (as the case may be) and (ii) in the event of a shortfall therein, Principal Receipts standing to the credit of the Transaction Account). The Relevant Servicer will provide to the Issuer, Seller and Cash Manager the Servicer Report and (only in respect of the Long-Term Servicer) the Flexible Drawing Notice detailing the amount of Principal Receipts retained by the Relevant Servicer in the Interim Period Collection Accounts or Collection Account, as the case may be, to purchase such Flexible Drawing and any amount required to be paid by the Issuer. Based on the information contained in the Servicer Report, the Cash Manager shall, to the extent available, purchase any shortfall by debiting the Principal Receipts standing to the credit of the Transaction Account, and transfer such amount to the Relevant Servicer. Flexible Drawings will be purchased in the order approved. In the event that the Issuer does not have sufficient funds available to fund any amount to be advanced to a Borrower as a Flexible Drawing (and there are insufficient Principal Receipts available in the Interim Period Collection Accounts or the Collection Account (as the case may be) to otherwise do so), then the Seller shall be obliged to repurchase the relevant Loan and its Related Security together with any other Loan secured or intended to be secured by such Related Security or any part of it, in accordance with the Mortgage Sale Agreement, for a consideration equal to the Repurchase Price.

If the Relevant Servicer receives an application from a Borrower requesting, a Payment Holiday or an Underpayment, it will agree to such request provided that in the case of an Underpayment, it is an Authorised Underpayment.

The Mortgage Conditions do not contain any contractual obligations requiring the relevant Legal Title Holders to agree to a Further Advance, a Product Switch, an Unauthorised Payment Holiday or an Unauthorised Underpayment.

If, at any time, a Borrower requests a Further Advance or a Product Switch and the Relevant Servicer agrees to such request, (i) the Interim Servicer shall notify the Seller by way of delivery of the Servicer Report in accordance with the terms of the Interim Servicing Agreement and the Seller shall in turn notify the Issuer and the Security Trustee and, upon the Issuer's instruction (or the Corporate Services Provider on behalf of the Issuer), the Interim Servicer shall provide such assistances and enter into such documents as may be reasonably required to ensure that the Issuer requests the repurchase and the Seller repurchases each relevant Loan, in accordance with and

subject to the terms of the Mortgage Sale Agreement; or (ii) the Long-Term Servicer shall promptly notify the Issuer, and the Servicer Facilitator and provide such assistances and enter into such documents as may be reasonably required (including, if the terms of the Mortgage Sale Agreement so require it, serving the Loan Repurchase Notice on behalf of the Issuer) to ensure that the Issuer requests the repurchase and the Seller repurchases each relevant Loan, in accordance with and subject to the terms of the Mortgage Sale Agreement. The Long-Term Servicer has agreed not to consent to a request for a Further Advance or a Product Switch which it is not obliged to make under the relevant Mortgage Conditions without first obtaining the consent of the Servicer Facilitator.

Further Advance means, in relation to a Loan and its Related Security, any advance of further monies by the relevant Legal Title Holder to the relevant Borrower following a request from the relevant Borrower and which is secured by the same Related Security as the Loan where the relevant Legal Title Holder has a discretion as to whether to accept that request, but excluding, for the avoidance of doubt (i) the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage (ii) any Flexible Drawing and (iii) any Protective Advance.

Flexible Drawing means in relation to a Flexible Loan, any further drawing of moneys made by a Borrower under that Flexible Loan which the Borrower is contractually entitled to demand but only to the extent of any previous Overpayments made in respect of such Flexible Loan.

Product Switch means a variation to the financial terms and conditions of any Loan but excluding:

- (a) any variation agreed with a Borrower to control or manage arrears on a Loan;
- (b) any variation imposed by statute;
- (c) a change from interest-only to repayment loans (or an extension of the maturity date of the relevant Loan in connection with a change from interest only to repayment, provided that the new final maturity date of the relevant Loan following such extension falls on or before two years prior to the Final Maturity Date);
- (d) a transfer of equity; and/or
- (e) a release of a party to a Loan provided that at least one party to that Loan remains unreleased.

Protective Advance means a payment of ground rent, service charges, insurance premia and similar items made by or on behalf of the relevant Legal Title Holder to protect the security for the Loan, which is deemed to be a further advance made by the relevant Legal Title Holder to the relevant Borrower.

Authorised Underpayment means a payment by a Borrower in respect of a Loan on a Monthly Payment Date where:

- (a) the amount paid (the **underpayment**) is less than the relevant Contractual Monthly Payment (the difference between the underpayment and such Contractual Monthly Payment being the **underpaid amount**);
- (b) the amount of such underpayment has been agreed between the Borrower and the relevant Legal Title Holder; and
- (c) the underpaid amount does not exceed, when aggregated with the amount of all previous Authorised Underpayments, the aggregate Overpayments made by the Borrower in respect of such Loan.

Payment Holidays means in respect of any Loan, a period of one or more Monthly Payment Dates for a maximum of six months (and limited to six months per annum) or a longer period agreed to by the lender when the relevant Borrower under such Loan is permitted by the lender in accordance with the relevant Mortgage Conditions not to make its regular Monthly Payment until the accrued Overpayments have been depleted.

**Perfection Trigger Events
in respect of the Loans:**

The Issuer (or, following the delivery of an Enforcement Notice, the Security Trustee) may by notice in writing (a **Perfection Notice**) to each Legal Title Holder (with a copy to the Seller and the Security Trustee) require each Legal Title Holder to complete the transfer by way of the assignment to the Issuer (or to its nominee, which will initially be Topaz in its capacity as Legal Title Holder where the Perfection Trigger Event has occurred in respect of the Vendor and/or MX, prior to the end of the Interim Period, provided that no Perfection Trigger Event has occurred in respect of Topaz) of the legal title to the Loans and their Related Security as soon as reasonably practicable, following the occurrence of any of the following events (each a **Perfection Trigger Event**) where:

- (i) an Enforcement Notice has been delivered by the Note Trustee following the occurrence of an Event of Default which is continuing;
- (ii) a Legal Title Holder is required to perfect the Issuer's legal title to the Loans by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Legal Title Holder;
- (iii) it becomes necessary by law or regulation to do any or all of the acts referred to in paragraph (ii) above;
- (iv) the security created under or pursuant to the Deed of Charge or any material part of that security is, in the opinion of the Security Trustee, in danger of being seized or sold under any form of distress, attachment, execution or other legal process

or otherwise in jeopardy; and

- (v) the occurrence of any Relevant Servicer Termination Event in circumstances where all applicable grace periods have expired and:
 - (i) no replacement Relevant Servicer has been appointed pursuant to the Relevant Servicing Agreement; or
 - (ii) any Replacement Servicer that has been or is to be appointed pursuant to a Relevant Servicing Agreement is not the Legal Title Holder; or
- (vi) there is an Insolvency Event in relation to a Legal Title Holder or any other entity in which legal title to any Loan is vested.

See the section entitled "*Transaction Overview - Triggers Tables – Non-Rating Triggers Table - Perfection Trigger Events*".

**Servicing of the Portfolio -
Servicer Facilitator:**

The Servicer Facilitator is required to procure the appointment, on behalf of the Issuer, of the Long-Term Servicer to perform the Long-Term Services if the appointment of the Interim Servicer is terminated prior to the Long-Term Servicer Effective Date and of a replacement long-term servicer if the Long-Term Servicer's appointment is terminated. After the Interim Period, the Servicer Facilitator will also provide certain directions to the Legal Title Holder in respect of the exercise of discretions reserved to it at law as legal title holder of the Loans and Related Security. The appointment of the Servicer Facilitator may be terminated by the Issuer and/or the Security Trustee upon the occurrence of a Servicer Facilitator Termination Event (see further "*Summary of the Key Transaction Documents – Servicer Facilitator Agreement*").

**Servicing of the Portfolio -
Interim Servicer:**

The servicing standard during the Interim Period shall be the performance of the Interim Services to substantially the same standard and in substantially the same manner as the Interim Services have been performed or received by the Legal Title Holders during the twelve-month period immediately prior to the Closing Date, subject to any updates as may be required to comply with Applicable Laws. The appointment of the Interim Servicer may be terminated by the Issuer and/or following the service of an Enforcement Notice the Security Trustee upon the occurrence of an Interim Servicer Termination Event or an Automatic Termination Event, or by the Interim Servicer upon the occurrence of an Interim Servicer Termination Event where the Issuer is the defaulting party.

The Interim Servicer will delegate performance of the Interim Services to the Interim Delegated Servicer but remains fully liable for the performance of its obligations in accordance with the terms of the Interim Servicing Agreement. The liability of the Interim Servicer shall be limited to an amount equal to the aggregate of (i) the fees payable to the Interim Servicer under the Interim Servicing Agreement and (ii) any costs and expenses reimbursed, in each case

during the relevant twelve-month period. (See further "*Summary of the Key Transaction Documents – Interim Servicing Agreement*".)

Servicing of the Portfolio – Long-Term Servicer:

On or about the Closing Date the Issuer will appoint Topaz as **Long-Term Servicer** and to enter into the Long-Term Servicing Agreement with the Long-Term Servicer.

The appointment of the Long-Term Servicer may be terminated by the Issuer and/or, following the service of an Enforcement Notice the Security Trustee, upon the occurrence of a Long-Term Servicer Termination Event and provided that a Successor Servicer has been appointed.

The Long-Term Servicer may resign by giving not less than 12 months' notice to the Issuer and the Security Trustee and subject to, *inter alia*, a replacement servicer having been appointed.

The terms of the Long-Term Servicing Agreement which will replace the Interim Servicing Agreement are summarised in "*Summary of the Key Transaction Documents – Long-Term Servicing Agreement*". In addition, Noteholders should note the section entitled in "*Risk Factors – Servicing and Third Party Risk*" above.

Purchase of Portfolio by Portfolio Option Holder:

The Portfolio Option Holder may, by giving of a written notice to the Issuer with a copy to the Note Trustee, the Security Trustee, the Seller, the Legal Title Holder and each of the Rating Agencies, purchase all (but not part) of the Issuer's interest in the Loans and their Related Security on any Interest Payment Date on and following the First Optional Redemption Date.

In connection with the exercise of the Portfolio Purchase Option, the Portfolio Option Holder will be required to deposit the Portfolio Purchase Option Purchase Price into the Transaction Account, no later than on the day falling two Business Days prior to the Interest Payment Date on which the Notes are to be redeemed, or such later date as may be agreed with the Note Trustee and the Security Trustee or take such other action agreed with the Security Trustee.

The Portfolio Option Holder, when exercising the Portfolio Purchase Option, will be required to accede to if it is not already a party thereto and comply with the terms of the Servicer Facilitator Agreement.

See the section entitled "*Early Redemption of the Notes Pursuant to the Portfolio Purchase Option, Regulatory Change Event or Optional Redemption for Tax and Other Reasons - Portfolio Purchase Option*" for further details.

Consideration for purchase by Portfolio Option Holder:

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

- (a) the aggregate Principal Amount Outstanding of the Notes plus accrued and unpaid interest thereon calculated as at the Interest Payment Date on which the Portfolio Purchase

Option is expected to be completed; plus

- (b) any fees, costs, amounts and expenses of the Issuer payable senior to the Certificates in the relevant Priority of Payments; less
- (c) any amounts standing to the credit of the Transaction Account as at the most recent Servicer Report (but disregarding any amounts standing to the credit of the Issuer Profit Ledger) as at the date of the most recent Servicer Report,

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

For the avoidance of doubt, projected future payments are not discounted for this purpose.

To the extent that the Portfolio Option Holder holds any of the Notes, it may set-off from the Portfolio Purchase Option Purchase Price an amount equal to the amounts due to it as Noteholder on the Interest Payment Date on which the Notes are to be redeemed.

See the section entitled "*Early Redemption of the Notes Pursuant to the Portfolio Purchase Option, Regulatory Change Event or Optional Redemption for Tax and Other Reasons*" for further details.

Portfolio Option Holder:

The **Portfolio Option Holder** is the holder of all of the Certificates or an entity representing the holder of all of the Certificates (for the avoidance of doubt, including those Certificates held directly or indirectly by or on behalf of the Retention Holder).

Optional Redemption of the Notes in full:

The Issuer may redeem the Notes on any Optional Redemption Date which is (A) the First Optional Redemption Date or any Interest Payment Date thereafter or (B) any Interest Payment Date on which the aggregate Principal Amount Outstanding of the Notes (as at the immediately preceding Calculation Date) is less than or equal to 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date (as fully set out in Condition 8.4 (*Optional Redemption of the Notes in full*)).

Optional Redemption of the Notes for Tax and other Reasons:

The Seller may, pursuant to the terms of the Mortgage Sale Agreement, purchase the Issuer's interest in the Loans and their Related Security in respect of any optional redemption of the Notes pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*). The consideration payable by the Seller shall be an amount equal to the Option Repurchase Price as at the close of business on the immediately preceding Business Day. For these purposes, **Option Repurchase Price** means an amount equal to: (a) the aggregate Principal Amount Outstanding of the Notes plus accrued and unpaid interest thereon calculated as at the Optional Repurchase Date; plus (b) any fees, costs and expenses of the Issuer payable senior to the Notes in the Pre-Enforcement Revenue Priority of Payments; less (c) the balance standing to the credit of the General Reserve Fund or the Liquidity Reserve Fund on the Optional

Repurchase Date, provided that such Option Repurchase Price may be set off against any amounts owing to the Seller in respect of the Notes held by the Seller as at such Optional Repurchase Date.

Risk Retention Regulatory Change:

The Seller and/or the Retention Holder (or their delegate) shall have the right (but not any obligation) to acquire or re-acquire the entire beneficial, as applicable, interest of the Issuer in the Portfolio upon the occurrence of a Risk Retention Regulatory Change Event in accordance with the terms of Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*). The price payable by or on behalf of the Seller and/or the Retention Holder to the Issuer to acquire the beneficial interest of the entire Portfolio from the Issuer shall be a price equal to the Portfolio Purchase Option Purchase Price as calculated three Business Days prior to re-acquisition.

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

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

The purchaser of the Loans comprising the Portfolio will be required to deposit the Portfolio Purchase Option Purchase Price in the Transaction Account on the date no later than the day falling two Business Days immediately preceding the Interest Payment Date on which the Notes are to be redeemed or take such other action agreed with the Security Trustee.

To the extent that the Seller and/or Retention Holder (as applicable) holds any of the Notes, it may set off from the Portfolio Purchase Option Purchase Price an amount equal to the amounts due to it as Noteholder on the Interest Payment Date on which the Notes are to be redeemed.

The purchaser of the Loans comprising the Portfolio will also be required to accede to the Servicer Facilitator Agreement (if not already a party) and comply with the terms of that Servicer Facilitator Agreement.

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

maintain compliance with the Risk Retention Requirements.

Risk Retention Regulatory Change Option means the option of the Seller and/or the Retention Holder (or their delegate) to acquire all but not some of the Portfolio, following a Risk Retention Regulatory Change Event.

TRANSACTION OVERVIEW - SUMMARY OF THE TERMS AND CONDITIONS OF THE NOTES

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

FULL CAPITAL STRUCTURE OF THE NOTES AND CERTIFICATES

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class G Notes	Class R Notes	Class Z Notes	Certificates	
Principal Amount:	£1,493,326,000	£125,247,000	£120,429,000	£57,807,000	£4,817,000	£19,268,000	£19,269,000	£40,465,000	£86,710,000	N/A	
Credit enhancement features:	Over collateralisation funded by other Notes, excess Available Revenue Receipts and, following service of an Enforcement Notice, all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund applied as Available Principal Receipts	Over collateralisation funded by other Notes (other than the Class A Notes), excess Available Revenue Receipts and, following service of an Enforcement Notice, all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund applied as Available Principal Receipts	Over collateralisation funded by other Notes (other than the Class A Notes and the Class B Notes), excess Available Revenue Receipts and, following service of an Enforcement Notice, all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund applied as Available Principal Receipts	Over collateralisation funded by other Notes (other than the Class A Notes, the Class B Notes and the Class C Notes), excess Available Revenue Receipts and, following service of an Enforcement Notice, all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund applied as Available Principal Receipts	Over collateralisation funded by other Notes (other than the Class A Notes, the Class B Notes and the Class C Notes and the Class D Notes) excess Available Revenue Receipts, following service of an Enforcement Notice, all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund applied as Available Principal Receipts	Over collateralisation funded by other Notes (other than the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes), excess Available Revenue Receipts, following service of an Enforcement Notice, all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund applied as Available Principal Receipts	Over collateralisation funded by other Notes (other than the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and Class F Notes), excess Available Revenue Receipts, prior to the service of an Enforcement Notice, all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund applied as Available Principal Receipts and, following service of an Enforcement Notice, all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund applied as Available Principal Receipts	Over collateralisation funded by other Notes (other than the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and Class F Notes), excess Available Revenue Receipts, prior to the service of an Enforcement Notice, all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund applied as Available Principal Receipts and, following service of an Enforcement Notice, all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund applied as Available Principal Receipts	Excess Available Revenue Receipts, prior to the service of an Enforcement Notice following redemption of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, all amounts standing to the credit of the General Reserve Fund applied as Available Principal Receipts	Excess Available Revenue Receipts, prior to the service of an Enforcement Notice following redemption of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, all amounts standing to the credit of the General Reserve Fund applied as Available Principal Receipts	Excess Available Revenue Receipts
Liquidity support features:	Subordination in payment of the Class B Notes, the Class C Notes, the Class D Notes, the	Subordination in payment of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the	Subordination in payment of the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the	Subordination in payment of the Class E Notes, the Class F Notes, the Class G Notes, the Class R Notes, the	Subordination in payment of the Class F Notes, the Class G Notes, the Class R Notes, the Class Z Notes	Subordination in payment of the Class G Notes, Class R Notes, the Class Z Notes and the Certificates	Subordination in payment of the, Class R Notes, the Class Z Notes and the Certificates	Subordination in payment of the, Class R Notes, the Class Z Notes and the Certificates	Subordination in payment of the Certificates	Subordination in payment of the Class R Notes and the Certificates	N/A

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class G Notes	Class R Notes	Class Z Notes	Certificates
	Class E Notes, the Class F Notes, the Class G Notes, the Class R Notes, the Class Z Notes and the Certificates, Available Principal Receipts applied as Principal Addition Amounts to cure any Revenue Shortfall and all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund applied as Available Revenue Receipts	Class G Notes, the Class R Notes, the Class Z Notes and the Certificates, Available Principal Receipts applied as Principal Addition Amounts to cure any Revenue Shortfall and all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund applied as Available Revenue Receipts	Class R Notes, the Class Z Notes and the Certificates, Available Principal Receipts applied as Principal Addition Amounts to cure any Revenue Shortfall and all amounts standing to the credit of the General Reserve Fund applied as Available Revenue Receipts	Class Z Notes and the Certificates, Available Principal Receipts applied as Principal Addition Amounts to cure any Revenue Shortfall and all amounts standing to the credit of the General Reserve Fund applied as Available Revenue Receipts	s and the Certificates Available Principal Receipts applied as Principal Addition Amounts to cure any Revenue Shortfall and all amounts standing to the credit of the General Reserve Fund applied as Available Revenue Receipts	Available Principal Receipts applied as Principal Addition Amounts to cure any Revenue Shortfall and all amounts standing to the credit of the General Reserve Fund applied as Available Revenue Receipts				
Issue Price:	100.181 per cent.	99.079 per cent.	98.181 per cent.	97.527 per cent.	96.250 per cent.	94.791 per cent.	75.000 per cent.	100.000 per cent.	69.818 per cent.	N/A
Reference Rate:	Three Month GBP LIBOR	Three Month GBP LIBOR	Three Month GBP LIBOR	Three Month GBP LIBOR	Three Month GBP LIBOR	Three Month GBP LIBOR	N/A (Zero Coupon)	N/A (Zero Coupon)	N/A (Zero Coupon)	N/A
Margin Payment (per annum):	0.80 per cent.	1.20 per cent.	1.50 per cent.	1.80 per cent.	1.80 per cent.	2.25 per cent.	N/A	N/A	N/A	Certificate Payment
Coupon:	Reference Rate + Margin/Step-Up Margin (as applicable)	Reference Rate + Margin/Step-Up Margin (as applicable)	Reference Rate + Margin/Step-Up Margin (as applicable)	Reference Rate + Margin/Step-Up Margin (as applicable)	Reference Rate + Margin/Step-Up Margin (as applicable)	Reference Rate + Margin/Step-Up Margin (as applicable)	N/A	N/A	N/A	N/A
Step-Up Margin (payable on and from the First Optional Redemption Date):	1.75 per cent. per annum	2.40 per cent. per annum	3.25 per cent. per annum	4.25 per cent. per annum	4.25 per cent. per annum	5.00 per cent.	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)	N/A	N/A	N/A	N/A
Interest Payment Dates:	20th day of February, May, August and November in each year	20th day of February, May, August and November in each year	20th day of February, May, August and November in each year	20th day of February, May, August and November in each year	20th day of February, May, August and November in each year	20th day of February, May, August and November in each year	N/A	N/A	N/A	N/A
First Interest Payment Date:	The Interest Payment Date falling in August 2017	The Interest Payment Date falling in August 2017	The Interest Payment Date falling in August 2017	The Interest Payment Date falling in August 2017	The Interest Payment Date falling in August 2017	The Interest Payment Date falling in August 2017	N/A	N/A	N/A	N/A
Final Redemption Date/Final Maturity Date:	The Interest Payment Date falling in August	The Interest Payment Date falling in August 2056	The Interest Payment Date falling in August 2056	The Interest Payment Date falling in August 2056	The Interest Payment Date falling in August 2056	The Interest Payment Date falling in August 2056	The Interest Payment Date falling in August 2056	N/A	The Interest Payment Date falling in August 2056	N/A

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class G Notes	Class R Notes	Class Z Notes	Certificates
	2056									
First Optional Redemption Date:	The Interest Payment Date falling in February 2022	The Interest Payment Date falling in February 2022	The Interest Payment Date falling in February 2022	The Interest Payment Date falling in February 2022	The Interest Payment Date falling in February 2022	The Interest Payment Date falling in February 2022	The Interest Payment Date falling in February 2022	The Interest Payment Date falling in February 2022	The Interest Payment Date falling in February 2022	N/A
Application for Exchange Listing:	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	Irish Stock Exchange	N/A	Irish Stock Exchange	N/A
Reg S ISIN:	XS 1593589333	XS 1593589507	XS 1593589846	XS 1593590000	XS 1593590422	XS 1593591156	XS 1593591586	XS 1593592048	XS 1593592634	XS 1593595223
Common Code:	159358933	159358950	159358984	159359000	159359042	159359115	159359158	159359204	159359263	159359522
Rule 144A ISIN:	XS 1593589416	XS 1593589762	XS 1593589929	XS 1593590349	XS 1593590935	XS 1593591313	XS 1593591743	XS 1593592394	XS 1593592717	XS 1593595579
Rule 144A Common Code:	159358941	159358976	159358992	159359034	159359093	159359131	159359174	159359239	159359271	159359557
Ratings (S&P/Moody's/Fitch):	AAA (sf)/Aaa (sf)/AAA (sf)	AA (sf)/Aa1 (sf)/NR	A+ (sf)/A1 (sf)/NR	BBB+ (sf)/Baa1 (sf)/NR	BBB+ (sf)/Baa3 (sf)/NR	BBB- (sf)/Ba1 (sf)/NR	BB (sf)/Caa1 (sf)/NR	NR/NR/NR	NR/NR/NR	NR/NR/NR
Reg S Minimum Denomination:	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	N/A
Rule 144A Minimum Denomination:	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	N/A
Governing law of the Notes:	English	English	English	English	English	English	English	English	English	English

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

TRANSACTION OVERVIEW - OVERVIEW OF THE CHARACTERISTICS OF THE NOTES AND CERTIFICATES

Ranking and Form of the Notes:

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

- Class A Mortgage Backed Floating Rate Notes due August 2056 (the **Class A Notes**);
- Class B Mortgage Backed Floating Rate Notes due August 2056 (the **Class B Notes**);
- Class C Mortgage Backed Floating Rate Notes due August 2056 (the **Class C Notes**);
- Class D Mortgage Backed Floating Rate Notes due August 2056 (the **Class D Notes**);
- Class E Mortgage Backed Floating Rate Notes due August 2056 (the **Class E Notes**);
- Class F Mortgage Backed Floating Rate Notes due August 2056 (the **Class F Notes**);
- Class G Mortgage Backed Zero Rate Notes due August 2056 (the **Class G Notes**);
- Class R Mortgage Backed Zero Rate Notes due August 2056 (the **Class R Notes**);
- Class Z Mortgage Backed Zero Rate Notes due August 2056 (the **Class Z Notes**); and

and the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes are together the **Rated Notes**. The Rated Notes together with the Class R Notes and the Class Z Notes are the **Notes** and the holders thereof, the **Noteholders**.

The Rated Notes will be issued in global registered form. Each Class of Notes will be issued pursuant to Regulation S and/or Rule 144A and will be cleared through Euroclear and/or Clearstream, Luxembourg, as set out in "*Description of the Global Notes*" below.

Certificates:

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

The Certificates will be issued in registered form. The Certificates will be issued pursuant to Regulation S and/or Rule 144A and will be cleared through Euroclear and/or Clearstream, Luxembourg, as set out in "Description of the Global Certificates" below.

Sequential Order:

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

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

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

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

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

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

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

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

The Class Z Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of principal at all times, but subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes and the Class R Notes as provided in the Conditions and the Transaction Documents.

The Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of the Certificate Payment amount at all times, but subordinate to the Notes as provided in the Conditions and the Transaction Documents.

Payments of principal in relation to all Classes of Notes will be subordinate to payments of Principal Addition Amounts.

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

Security:

Pursuant to a deed of charge made between, among others, the Issuer and the Security Trustee (the **Deed of Charge**), the Notes and the Certificates will all share the same Security. Certain other amounts, being the amounts owing to the other Secured Creditors, will also be secured by the Security.

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

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in and to the Transaction Documents (including, without limitation the Seller Deed of Charge) (other than the Trust Deed and the Deed of Charge) and any sums derived therefrom;
- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge) the Issuer's interest in the Loans and their Related Security and other related rights comprising the Portfolio and any sums derived therefrom;
- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit to and under the Insurance Contracts;
- (d) a charge by way of first fixed charge over the Issuer's interest in its bank and/or rights, title, interest and benefit, present and future, in and to monies standing to the credit of the Issuer Accounts and each other account (if any) (including any securities accounts and any securities standing to the credit thereto) (including the Transaction Account) maintained with the Issuer Account Bank and any other bank or custodian and any sums or securities standing to the credit thereof;

- (e) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit under the Collection Account Trust (created pursuant to the Collection Account Declaration of Trust);
- (f) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit under the Vendors Trust (created pursuant to the Vendor Collection Account Declaration of Trust);
- (g) an assignment by way of first fixed security (and to the extent not assigned, charges by way of first fixed charge) (but subject to the right of reassignment) all of its rights, title, interest and benefit, present and future, under or in respect of each and every trust constituted by the Mortgage Sale Agreement, the Servicer Facilitator Agreement and the Relevant Servicing Agreement;
- (h) a charge by way of first fixed charge over the Issuer's interest in all Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf; and
- (i) a floating charge over all assets of the Issuer, including any fixed charges which may take effect as floating charges, not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security.

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

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

Deferral: Interest due and payable but unpaid on the Rated Notes (other than the Most Senior Class of Notes) may be deferred in accordance with Condition 17 (*Subordination by Deferral*). Payments in respect of the Certificates are not deferrable as in circumstances where the Issuer has insufficient proceeds available to meet its obligations ranking senior to the Certificates, the amount due under the Certificates shall be zero.

Gross-up: None of the Issuer or any Paying Agent or any other person will be obliged to pay any additional amounts to the Noteholders or the Certificateholders if there is any withholding or deduction for or on account of taxes from a payment made under the Notes or the Certificates (as applicable).

Redemption of the Notes and Cancellation of Certificates: The Notes and Certificates are subject to the following redemption and cancellation events:

1. mandatory redemption in respect of the Notes in whole, and cancellation of the Certificates, on the Interest Payment Date falling in August 2056 (the **Final Redemption Date**), as fully set out in Condition 8.1 (*Redemption at Maturity*);

2. mandatory redemption in part on any Interest Payment Date commencing on the first Interest Payment Date prior to the service of an Enforcement Notice subject to availability of Available Principal Receipts (to the extent not applied to cover any Revenue Shortfall) as fully set out in Condition 8.2 (*Mandatory Redemption*);
3. optional redemption exercisable by the Issuer in whole for tax or other reasons (including if it becomes unlawful for the Issuer to allow to remain outstanding any of the Notes) on any Interest Payment Date following the date on which there is a change in tax law or other law, as fully set out in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*);
4. optional redemption of the Notes exercisable by the Issuer in whole on any Interest Payment Date on which the aggregate Principal Amount Outstanding of the Notes (as of the immediately preceding Calculation Date) at such time is less than or equal to 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, as fully set out in Condition 8.4(a) (*Optional Redemption of the Notes in full*); and
5. optional redemption of the Notes exercisable by the Issuer in whole on each Interest Payment Date from (and including) the First Optional Redemption Date and on each Interest Payment Date thereafter, as fully set out in Condition 8.4(a) (*Optional Redemption of the Notes in full*).
6. mandatory redemption in respect of the Notes in whole, and cancellation of the Certificates following the exercise by the Portfolio Option Holder of the Portfolio Purchase Option as fully set out in Condition 8.5 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*); and
7. mandatory redemption in respect of the Notes in whole, and cancellation of the Certificates following the exercise by the Retention Holder of the Risk Retention Regulatory Change Option as fully set out in Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*).

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

Upon all of the Notes being redeemed in full and the determination by the Security Trustee that no amounts are available to be paid in respect of the Security, the Notes will be cancelled.

Upon all of the Notes being redeemed in full or cancelled and the determination by the Security Trustee that no amounts are available to be paid in respect of the Security, the Certificates will be cancelled.

Expected Average Lives of the Notes:

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

Event of Default:

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

- non-payment of interest and/or principal in respect of the Most Senior Class of Rated Notes where such non-payment continues for a period of fourteen Business Days in the case of interest and seven Business Days in the case of principal (including non-payment of any Step-Up Margins in respect of the Most Senior Class of Rated Notes);
- breach of any contractual obligations by the Issuer under the Transaction Documents which, in the opinion of the Note Trustee, is materially prejudicial to the interests of the holders of the Most Senior Class if such breach is incapable of remedy or, if it is capable of remedy, has not been remedied within the applicable grace period;
- any material representation made by the Issuer is incorrect when given if the matters giving rise to such misrepresentation are in the opinion of the Note Trustee materially prejudicial to the interests of the holders of the Most Senior Class, and the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of remedy or, if capable of remedy, such matters are not remedied within the applicable grace period; and
- the occurrence of certain insolvency-related events in relation to the Issuer.

Following the occurrence of an Event of Default, the Note Trustee may (or if so directed by an Extraordinary Resolution of the Most Senior Class or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class, shall) serve an Enforcement Notice on the Issuer that all Classes of Notes are immediately due and payable, provided that, in each case, the Note Trustee is indemnified and/or pre-funded and/or secured to its satisfaction. Following service of an Enforcement Notice to the Issuer, the Security Trustee may enforce the Security.

Non-payment of any Step-Up Margins (other than in respect of the Most Senior Class of Rated Notes) will not constitute an Event of Default unless such amounts remain unpaid on the Final Redemption Date.

Non-payment of interest in respect of any Notes (other than the Most Senior Class of Rated Notes) will not constitute an Event of Default.

Limited Recourse and Non-Petition:

The Notes and the Certificates are limited recourse obligations of the Issuer, and, if not repaid in full, amounts outstanding are subject to a final write-off,

which is described in more detail in Condition 12.4 (*Limited Recourse*) and Certificate Condition 11.4 (*Limited Recourse*). In accordance with Condition 12.3 (*Limitations on Enforcement*), no Noteholder or Certificateholder may proceed directly against the Issuer unless the Note Trustee or the Security Trustee, having become bound to do so, fails to do so within a reasonable period of time and such failure is continuing.

**Eurosystem
Eligibility:**

The Notes and the Certificates are intended upon issue to be held in a manner which will allow Eurosystem eligibility. This means that the Notes and the Certificates are intended to be deposited with one of the ICSDs as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that the Notes and the Certificates will be recognised as eligible collateral for Eurosystem monetary policy and intra-day operations by the Eurosystem either upon issue or at any of all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility has been met. See "*Risk Factors – Eligibility for Central Bank Schemes*" above. Such recognition will depend upon the ECB being satisfied that all Eurosystem eligibility has been met (and, for the avoidance of doubt, such Eurosystem eligibility are not, as at the Closing Date, expected to be satisfied by any Notes or Certificates that give rise to rights to principal and/or interest that are subordinated to the rights of holders of any other Notes or Certificates).

Governing Law:

English law.

**ERISA
Considerations:**

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be ERISA-Eligible Notes (as defined herein). Any Note that is an ERISA-Eligible Note may not be purchased or held by an "employee benefit plan" as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), which is subject thereto, or a "plan" as defined in Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**) to which Section 4975 of the Code applies, or by a person any of the assets of which are, or are deemed for purposes of ERISA or Section 4975 of the Code to be, assets of such an "employee benefit plan" or "plan", or any governmental, church or non-U.S. plan which is subject to any state, local, other federal law of the United States or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (**Similar Law**) unless the acquisition, holding and transfer or other disposition of such Note will not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation of Similar Law. Each purchaser of such Note or Certificate will be deemed to have represented, warranted and agreed that (i) it is not, and for so long as it holds such Note or Certificate will not be, such an "employee benefit plan", "plan", person or governmental, church or non-U.S. plan subject to Similar Law, or (ii) its acquisition, holding and transfer or other disposition of such Notes will not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation of Similar Law. Each purchaser of a Note that is not an ERISA-Eligible Note will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds such a Note will not be, such an "employee benefit plan", "plan",

person or governmental, church or non-U.S. plan subject to Similar Law or, if it is a governmental, church or non-U.S. plan, its acquisition, holding and transfer or other disposition of such Note will not result in a violation of Similar Law. See "*ERISA Considerations for Investors*".

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

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

Prior to an Event of Default:

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

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

Following an Event of Default:

Following the occurrence of an Event of Default which is continuing, Noteholders and/or Certificateholders may, if they hold not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class, or if an Extraordinary Resolution of the holders of the Most Senior Class is passed, direct the Note Trustee to give an Enforcement Notice to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued (but unpaid) interest. The Note Trustee shall not be bound to take any such action unless first indemnified and/or pre-funded and/or secured to its satisfaction. In addition, Noteholders and/or Certificateholders holding not less than 10 per cent. of the Principal Amount Outstanding of the Notes and/or Certificates are entitled to convene a Noteholders' and/or Certificateholders' meeting, as applicable.

Noteholders' and/or Certificateholders' Meeting provisions:

	<i>Initial meeting</i>	<i>Adjourned meeting</i>
Notice period:	At least 21 clear days	Not less than 13 clear days or more than 42 clear days
Quorum:	Subject to more detailed provisions of the Trust Deed, one or more persons present and representing in aggregate not less than 25 per cent. of	Subject to more detailed provisions of the Trust Deed, (a) for an Ordinary Resolution, one or more persons

the Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable, for transaction of business including the passing of an Ordinary Resolution. The quorum for passing an Extraordinary Resolution (other than a Basic Terms Modification) shall be one or more persons present and representing in the aggregate not less than 50 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable. The quorum for passing a Basic Terms Modification shall be one or more persons eligible to attend and vote at such meeting holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable

present and holding or representing not less than 10 per cent of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable; or

(b) for an Extraordinary Resolution, one or more persons present and holding or representing in the aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes and/or Certificates of the relevant Class the outstanding or in issue, as applicable; and

(c) for a Basic Terms Modification, one or more persons present and holding or representing not less than 75 per cent. of the aggregate Principal Amount Outstanding of the Notes and/or

Certificates of the relevant Class then outstanding or in issue, as applicable.

Required majority for Ordinary Resolution: A clear majority of persons eligible to attend and vote at such meeting and voting upon a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the Notes and/or Certificates held by such eligible person) (an **Ordinary Resolution**).

Required majority for Extraordinary Resolution: Majority consisting of not less than 75 per cent of persons eligible to attend and vote at such meeting and voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll (Calculated on the basis of the aggregate Principal Amount Outstanding of the Notes and/or Certificates held by such eligible person) (an **Extraordinary Resolution**).

Required majority for a written resolution: Not less than 75 per cent. in aggregate of the Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable. A written

resolution has the same effect as an Extraordinary Resolution.

Matters requiring Extraordinary Resolution:

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

- to sanction or to approve a Basic Terms Modification;
- to sanction any compromise or arrangement proposed to be made between, among others, the Issuer or any other party to any Transaction Document;
- to sanction any abrogation, modification, compromise or arrangement in respect of the rights of, among others, the Note Trustee or any other party to any Transaction Document against any other or others of them or against any of their property whether such rights arise under the Trust Deed, any other Transaction Document or otherwise;
- to approve the substitution of any person for the Issuer as principal debtor under the Notes other than in accordance with Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) or Condition 13.20 (*Issuer Substitution Condition*);
- to assent to any modification of the Trust Deed or any other Transaction Document which is proposed by the Issuer or any other party to any Transaction Document or any Noteholder or Certificateholder, other than those modifications which are sanctioned by the Note Trustee without the consent or sanction of the Noteholders in accordance with the terms of the Trust Deed;
- to direct the Note Trustee to serve an Enforcement Notice;
- to remove the Note Trustee and/or the Security Trustee;
- to approve the appointment of a new Note Trustee and/or Security Trustee;
- to authorise the Note Trustee, the Security Trustee and/or any Appointee to execute all documents and do all things necessary to give effect to any Extraordinary Resolution;
- to discharge or exonerate the Note Trustee, Security Trustee and/or any Appointee from any liability in respect of any act or omission for which it may become responsible under the Trust Deed or the Notes;
- to appoint any persons as a committee to represent the interests of the Noteholders or the Certificateholders and to confer upon such committee any powers which the Noteholders or the Certificateholders could themselves exercise by Extraordinary Resolution;

- to sanction any scheme or proposal for the exchange, sale, conversion or cancellation of the Notes or the Certificates for or partly or wholly in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company or partly or wholly in consideration of cash;
- the amendment of any rating agency trigger levels provided for in any of the Transaction Documents; and
- to give any other authorisation or sanction which under the Trust Deed or any other Transaction Document is required to be given by Extraordinary Resolution.

See Condition 12 (*Enforcement*) for more detail.

Principal Amount Outstanding of the Certificates:

The Certificates will not have a Principal Amount Outstanding. However, for the purposes of the voting and quorum provisions set out in the Conditions, the Certificates Conditions and the Trust Deed any reference to the Principal Amount Outstanding of the Certificates shall be deemed to be a reference to at all times to £10,000.

Relationship between Classes of Noteholders and Certificateholders:

Subject to the provisions governing a Basic Terms Modification, an Extraordinary Resolution of a relevant Class of Notes or Certificates shall be binding on all other Classes of Notes or Certificates which are subordinate to such Class of Notes or Certificates in the Pre-Enforcement Revenue Priority of Payments, irrespective of the effect upon them. No Extraordinary Resolution of any other Class of Noteholders or of any Class of Certificateholders shall take effect for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the holders of the Most Senior Class or the Note Trustee is of the opinion it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

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

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

Relationship between Noteholders, Certificateholders and other Secured Creditors:

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

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

**Relevant Person as
Noteholder or
Certificateholder:**

For certain purposes, including the determination as to whether Notes are deemed outstanding or Certificates are deemed still to be in issue, for the purposes of convening or voting at 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 the Retention Holder or any direct or indirect Subsidiary or Holding Company thereof (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, except where all of the Notes of any Classes or all of the Certificates or any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Classes of Notes or Certificates (the **Relevant Class of Notes** or the **Relevant Class of Certificates**, as applicable) shall be deemed to remain outstanding or in issue (as the case may be). See above risk factor "*Risk Factors – Conflict between Classes of Noteholders or Certificateholders*".

**Provision of Information
to the Noteholders and
Certificateholders:**

The Cash Manager will publish (i) a monthly investor report detailing, among other things, certain aggregated loan file data in relation to the Portfolio (the **Monthly Investor Report**) and (ii) a quarterly investor report detailing, among other things, certain aggregated loan file data in relation to the Portfolio and information concerning payment priorities for the relevant Interest Payment Date (the **Quarterly Investor Report**, and **Investor Report** shall mean (as the context may require) the Monthly Investor Report and/or the Quarterly Investor Report). Each Investor Report will be prepared by the Cash Manager based on information contained in the Servicer Report. Each Investor Report will be published on the website at <https://sf.citidirect.com>. The website <https://sf.citidirect.com> and the contents thereof do not form part of the Prospectus.

**Communication with
Noteholders and
Certificateholders:**

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

- (a) Subject to paragraph (d) below, any notice to Noteholders and/or Certificateholders shall be validly given if published in the *Financial Times*, or, if such newspaper shall cease to be published or, if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note

Trustee shall approve in advance having a general circulation in the United Kingdom, provided that if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders and Certificateholders (in each case a **Relevant Screen**), or (ii) paragraph (c) below applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice.

- (b) In respect of Notes and/or Certificates in definitive form, notices to Noteholders or Certificateholders will be sent to them by first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail at the respective addresses on the Register. Any such notice will be deemed to have been given on the fourth day after the date of posting.
- (c) While the Notes and/or Certificates are represented by Global Notes or Global Certificates, as applicable, notices to Noteholders and/or Certificateholders will be valid if published as described above, or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders and/or Certificateholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid, shall be deemed to have been given on the day of such delivery.
- (d) In relation to the Notes and Noteholders, so long as the relevant Notes are admitted to trading on, and listed on the official list of, the Irish Stock Exchange all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of the Irish Stock Exchange (which includes delivering a copy of such notice to the Irish Stock Exchange) and any such notice will be deemed to have been given on the date sent to the Irish Stock Exchange.

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

TRANSACTION OVERVIEW - CREDIT STRUCTURE AND CASHFLOW

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

Available Funds of the Issuer: Prior to an Enforcement Notice being served on the Issuer, the Cash Manager on behalf of the Issuer will apply Available Revenue Receipts and Available Principal Receipts on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments respectively, as set out below.

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

- (a) Revenue Receipts received (i) by or on behalf of the Issuer during the immediately preceding Quarterly Collection Period or (ii) if representing amounts received in respect of any indemnity payments made by the Seller pursuant to the Mortgage Sale Agreement from (but excluding) the Calculation Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to (and including) the immediately preceding Calculation Date; or (iii) in respect of the exercise of the Portfolio Purchase Option, amounts received from the Portfolio Option Holder to be applied as Revenue Receipts including Accrued Interest, fees, costs and expenses for the Issuer and other amounts to be applied as revenue to effect a redemption in full of the Notes pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), Condition 8.4 (*Optional Redemption of the Notes in full*), Condition 8.5 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*) or Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*), within two Business Days prior to such Interest Payment Date or such later date as may be agreed with the Security Trustee;
- (b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Quarterly Collection Period and income from any Authorised Investments to be received on or prior to the Calculation Date;
- (c) any amounts standing to the credit of the Transaction Account that do not represent Principal Receipts and excluding all amounts standing to the credit of the Issuer Profit Ledger, the Liquidity Reserve Ledger and the General Reserve Ledger and any amounts in respect of Certificate Payments withheld by the Paying Agent on a previous Interest Payment Date in accordance with the Agency Agreement;
- (d) other net income of the Issuer received during the immediately preceding Quarterly Collection Period, excluding any Principal

Receipts;

- (e) Principal Addition Amounts to be applied as Available Revenue Receipts in accordance with paragraph (a) of the Pre-Enforcement Principal Priority of Payments;
- (f) on each Interest Payment Date, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 6.10 (*Determinations and Reconciliation*);
- (g) any amounts standing to the credit of the General Reserve Fund, but only to the extent necessary (after applying all other Available Revenue Receipts (other than items (e), (h) and (i) of the definition of Available Revenue Receipts) to do so) to make a General Reserve Fund Payment;
- (h) any amounts standing to the credit of the Liquidity Reserve Fund, but only to the extent necessary (after applying all other Available Revenue Receipts (other than item (e) and (i) of the definition of Available Revenue Receipts) to do so) to pay Senior Revenue Amounts;
- (i) subject to the Liquidity Reserve Fund Excess Amount being applied in accordance with the definition of item (f) of Available Principal Receipts, after the application of any amounts standing to the credit of the Liquidity Reserve Fund in accordance with item (h) above and the application of Available Revenue Receipts to pay items (a) to (i) of the Pre-Enforcement Revenue Priority of Payments, all amounts equal to the Liquidity Reserve Fund Excess Amount; and
- (j) any Available Principal Receipts to be applied as Available Revenue Receipts pursuant to item (k) of the Pre-Enforcement Principal Priority of Payments;

less

- (k) amounts applied from time to time during the immediately preceding Quarterly Collection Period in making payment of certain monies in connection with the acquisition, disposal, holding and/or servicing of the Loans which properly belong to third parties (including the Seller) such as (but not limited to):
 - (i) certain costs and expenses charged by the Relevant Servicer in respect of its servicing of the Loans and the Related Security comprising the Portfolio, costs or expenses incurred in relation to any audit in respect of title and security, other than any amounts payable by way of the Interim Servicing Fees and Long-Term Servicing Fees in accordance with items (b)(iv) and (b)(v) of the Pre-Enforcement Revenue Priority of Payments and not otherwise covered by the items below;
 - (ii) payments of certain insurance premiums in respect of the Insurance Contracts (to the extent referable to the Loans);

- (iii) amounts under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited and such other amounts that have been paid in error or otherwise recalled or is required by the Collection Account Bank to be credited to a reserve which will set aside an amount for such payments in the collection account of the Seller or Legal Title Holder, as applicable; and
- (iv) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower,

(items within this paragraph (k) being collectively referred to herein as **Permitted Withdrawals**);

- (l) any tax payments paid or payable by the Issuer during the immediately preceding Quarterly Collection Period to the extent not funded from amounts standing to the credit of the Issuer Profit Ledger;
- (m) (taking into account any amount paid by way of Permitted Withdrawals) amounts to remedy any overdraft in relation to the Collection Accounts of the Legal Title Holder, or to pay any amounts due to the Collection Account Bank in respect of the Loans; and
- (n) any True-up Amount (representing revenue) owed by the Issuer to the Seller pursuant to the terms of the Mortgage Sale Agreement.

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

- (a) all Principal Receipts (i) received by or on behalf of the Issuer during the immediately preceding Quarterly Collection Period and (ii) if representing amounts received in respect of any indemnity payments made by the Seller pursuant to the Mortgage Sale Agreement received by the Issuer from (but excluding) the Calculation Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to (and including) the immediately preceding Calculation Date;
- (b) the amounts (if any) calculated on the Calculation Date preceding that Interest Payment Date pursuant to the Pre-Enforcement Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class B Principal Deficiency Sub-Ledger and/or the Class C Principal Deficiency Sub-Ledger and/or the Class D Principal Deficiency Sub-Ledger and/or the Class E Principal Deficiency Sub-Ledger and/or the Class F Principal Deficiency Sub-Ledger and/or the Class G Principal Deficiency Sub-Ledger

and/or the Class Z Principal Deficiency Sub-Ledger is to be reduced on that Interest Payment Date by the application of Available Revenue Receipts;

- (c) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 6.10 (*Determinations and Reconciliation*);
 - (d) principal from any Authorised Investments to be received on or prior to the Calculation Date;
 - (e) following redemption in full of the Floating Rate Rated Notes, amounts standing to the credit of the General Reserve Fund or in the event of a redemption of the Notes in accordance with Condition 8.3 or 8.4 on the relevant Interest Payment Date, amounts standing to the credit of the General Reserve Fund after application of the General Reserve Fund pursuant to item (g) of the definition of Available Revenue Receipts;
 - (f) if all Notes are being redeemed in accordance with Condition 8.3 or Condition 8.4 on the relevant Interest Payment Date, then all amounts standing to the credit of the Liquidity Reserve Fund after the application of item (h) in the definition of Available Revenue Receipts; and
 - (g) any Remediation Receipts payable to the Issuer and received in the immediately preceding Quarterly Collection Period,
- less*
- (h) any True-up Amount (representing principal) owed by the Issuer to the Seller pursuant to the terms of the Mortgage Sale Agreement.

Summary of Priorities of Payments:

Below is a summary of the relevant payment priorities. Full details of the payment priorities are set out in the section entitled "*Cashflows*".

<u>Pre-Enforcement Revenue Priority of Payments:</u>	<u>Pre-Enforcement Principal Priority of Payments:</u>	<u>Post-Enforcement Priority of Payments:</u>
(a) Amounts due to the Note Trustee and Security Trustee (in their personal capacity as such) including fees, costs, charges, liabilities and expenses	(a) Principal Addition Amounts to be applied to meet any Revenue Shortfall	(a) Amounts due to the Note Trustee and Security Trustee (in their personal capacity as such), Receiver and any Appointee (in its personal capacity as such) including fees, costs, charges, liabilities and
(b) <i>Pro rata</i> and <i>pari passu</i> : Amounts due to the Agent Bank, the	(b) <i>Pro rata</i> and <i>pari passu</i> , of principal amounts outstanding on the Class A Notes	
	(c) <i>Pro rata</i> and <i>pari passu</i> ,	

	Registrar, the Paying Agent, the Cash Manager, the Replacement Cash Manager Facilitator, the Interim Servicer, the Long-Term Servicer, the Servicer Facilitator, the Corporate Services Provider, the Issuer Account Bank, the Collection Account Bank, the Back-Up Servicer Facilitator, in each case including all fees and costs		of principal amounts outstanding on the Class B Notes;		expenses
(c)	Third party expenses			(b)	<i>Pro rata and pari passu</i> : Amounts due to the Agent Bank, the Registrar, the Paying Agent, the Cash Manager, the Replacement Cash Manager Facilitator, the Interim Servicer, the Long-Term Servicer, the Servicer Facilitator, the Corporate Services Provider, the Issuer Account Bank, the Collection Account Bank, the Back-Up Servicer Facilitator, in each case including all fees and costs
(d)	Issuer Profit Amount				
(e)	<i>Pro rata and pari passu</i> , interest due and payable on the Class A Notes	(d)	<i>Pro rata and pari passu</i> , of principal amounts outstanding on the Class C Notes		
(f)	Amounts to be credited the Class A Principal Deficiency Sub-Ledger	(e)	<i>Pro rata and pari passu</i> , of principal amounts outstanding on the Class D Notes		
(g)	<i>Pro rata and pari passu</i> , interest due and payable on the Class B Notes	(f)	<i>Pro rata and pari passu</i> , of principal amounts outstanding on the Class E Notes		
(h)	Amounts to be credited the Class B Principal Deficiency Sub-Ledger	(g)	<i>Pro rata and pari passu</i> , of principal amounts outstanding on the Class F Notes	(c)	<i>pro rata and pari passu</i> , amounts of interest and secondly, to the amount of any principal due and payable on the Class A Notes
(i)	Amounts to credit the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount	(h)	<i>Pro rata and pari passu</i> , of principal amounts outstanding on the Class G Notes	(d)	<i>Pro rata and pari passu</i> , amounts of interest and secondly, to the amount of any principal due and payable on the Class B Notes
(j)	<i>Pro rata and pari passu</i> , interest due and payable on the Class C Notes	(i)	<i>Pro rata and pari passu</i> , on the principal amounts outstanding on the Class R Notes	(e)	<i>Pro rata and pari passu</i> , amounts of interest and secondly, to the amount of any principal due and payable on the Class C Notes
(k)	Amounts to be credited the Class C Principal Deficiency Sub-Ledger	(j)	<i>Pro rata and pari passu</i> , on the principal amounts outstanding on the Class Z Notes	(f)	<i>Pro rata and pari passu</i> , amounts of interest and secondly, to the amount of any principal due and payable on the Class D Notes
(l)	<i>Pro rata and pari passu</i> , interest due and payable on the Class D Notes	(k)	Any excess in or towards application as Available Revenue Receipts.		

- | | | | |
|-----|---|-----|---|
| (m) | Amounts to be credited the Class D Principal Deficiency Sub-Ledger | (g) | <i>Pro rata</i> and <i>pari passu</i> , amounts interest and secondly, to the amount of any principal due and payable on the Class E Notes |
| (n) | <i>Pro rata</i> and <i>pari passu</i> , interest due and payable on the Class E Notes | (h) | <i>Pro rata</i> and <i>pari passu</i> , amounts of interest and secondly, to the amount of any principal due and payable on the Class F Notes |
| (o) | Amounts to be credited the Class E Principal Deficiency Sub-Ledger | (i) | <i>Pro rata</i> and <i>pari passu</i> amounts of any principal due and payable on the Class G Notes |
| (p) | <i>Pro rata</i> and <i>pari passu</i> , interest due and payable on the Class F Notes | (j) | <i>Pro rata</i> and <i>pari passu</i> , amounts of any principal due and payable on the Class R Notes |
| (q) | Amounts to be credited the Class F Principal Deficiency Sub-Ledger | (k) | <i>Pro rata</i> and <i>pari passu</i> , amounts of any principal due and payable on the Class Z Notes |
| (r) | Amounts to credit the General Reserve Fund up to the General Reserve Fund Required Amount | (l) | Third party expenses |
| (s) | Amounts to be credited the Class G Principal Deficiency Sub-Ledger | (m) | Issuer Profit Amount |
| (t) | Amounts to be credited the Class Z Principal Deficiency Sub-Ledger | (n) | <i>Pro rata</i> and <i>pari passu</i> any Certificate Payment |
| (u) | Costs and expenses of the Issuer which remain unpaid following the application of Available Revenue Receipts pursuant to paragraph (c) above | | |
| (v) | Any amounts due on the Certificate Payment on the Certificates (which shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations under paragraphs (a) to (u) above). | | |

General Credit Structure:

The credit structure of the transaction includes the following

elements:

1. On the Closing Date, the Liquidity Reserve Fund will be funded up to the Initial Liquidity Reserve Fund Required Amount from the proceeds of the issuance of the Class R Notes. On and from the first Interest Payment Date the Liquidity Reserve Fund will be credited up to the Liquidity Reserve Fund Required Amount in accordance with paragraph (i) of the Pre-Enforcement Revenue Priority of Payments. See the section "*Credit Structure – Liquidity Reserve Fund*".

On and from the first Interest Payment Date, the Liquidity Reserve Fund will be available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments (but only to the extent necessary after applying all other Available Revenue Receipts (other than items (e) and (i) of the definition of Available Revenue Receipts) to do so)) to pay Senior Revenue Amounts or the Post-Enforcement Priority of Payments (as applicable). On and from the first Interest Payment Date, any Liquidity Reserve Fund Excess Amount will be available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments.

2. The General Reserve Fund will be established by the Issuer or the Cash Manager on the Issuer's behalf on the Closing Date. On and from the first Interest Payment Date, the General Reserve Fund will be credited up to the General Reserve Fund Required Amount in accordance with paragraph (r) of the Pre-Enforcement Revenue Priority of Payments. See the section "*Credit Structure – General Reserve Fund*".

The General Reserve Fund will be available from the first Interest Payment Date, to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments (but only to the extent necessary after applying all other Available Revenue Receipts (other than items (e), (h) and (i) of the definition of Available Revenue Receipts) to do so)) to pay a General Reserve Fund Payment or the Post-Enforcement Priority of Payments (as applicable). Following redemption in full of the Floating Rate Rated Notes, amounts standing to the credit of the General Reserve Fund will be available to be applied as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).

3. A Principal Deficiency Ledger will be established to record any Losses affecting the Loans in the Portfolio and any Principal Addition Amounts. The **Principal**

Deficiency Ledger will comprise eight sub-ledgers: the Principal Deficiency Ledger relating to the Class A Notes (the **Class A Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class B Notes (the **Class B Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class C Notes (the **Class C Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class D Notes (the **Class D Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class E Notes (the **Class E Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class F Notes (the **Class F Principal Deficiency Sub-Ledger**) the Principal Deficiency Sub-Ledger relation to the Class G Notes (the **Class G Principal Deficiency Sub-Ledger**) and the Principal Deficiency Ledger relating to the Class Z Notes (the **Class Z Principal Deficiency Sub-Ledger**) (each a **Principal Deficiency Sub-Ledger**). Any Principal Addition Amounts will be recorded on the date such Principal Addition Amounts are determined by the Cash Manager and any Losses on the Portfolio will be recorded on the date that the Cash Manager is informed of such Losses by the Relevant Servicer, and will each be recorded as a debit (a) first, to the Class Z Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class Z Notes; (b) second, to the Class G Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class G Notes; (c) third, to the Class F Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class F Notes; (d) fourth, to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes; (e) fifth, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes; (f) sixth, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; (g) seventh, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; and (h) eighth, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes. Investors should note that realised Losses in any period will be calculated after applying any recoveries following enforcement of a Loan and its Related Security to outstanding fees and interest amounts due and payable on the relevant Loan. The Cash Manager will record as a credit to the Principal Deficiency Ledger Available Revenue Receipts applied pursuant to items (f), (h), (k), (m), (o), (q), (s) and (t) of

the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon become Available Principal Receipts).

4. Prior to service of an Enforcement Notice on the Issuer and prior to the redemption of the Rated Notes in full, if the Cash Manager calculates that there will be a Revenue Shortfall on the immediately following Interest Payment Date, the Issuer shall use Available Principal Receipts (to the extent available, and disregarding for these purposes item (a) of the Pre-Enforcement Principal Priority of Payments) to cure such a Revenue Shortfall on such Interest Payment Date, and such amounts will be applied as Available Revenue Receipts on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments.

If any Principal Addition Amounts are applied on any Interest Payment Date in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments, the Issuer (or the Cash Manager on its behalf) will make a corresponding debit entry in the relevant Principal Deficiency Ledger.

Bank Accounts and Cash Management:

On the Closing Date the Issuer will enter into the Bank Account Agreement with the Issuer Account Bank in respect of the opening and maintenance of the Transaction Account and any additional accounts to be established by the Issuer pursuant to the Bank Account Agreement.

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

TRANSACTION OVERVIEW - TRIGGERS TABLES

Rating Triggers Table

Transaction Party:	Required Ratings/Triggers:	Possible effects of Trigger being breached include the following:
Issuer Account Bank:	<p>(a) In the case of S&P, a short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-1 by S&P (if a short-term unsecured, unguaranteed and unsubordinated debt rating is assigned by S&P) and a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A by S&P, or should the Issuer Account Bank not benefit from a short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-1 from S&P, a long-term unsecured, unguaranteed and unsubordinated debt rating of at least A+ by S&P;</p> <p>(b) in the case of Fitch, a short term issuer default rating of at least F1 by Fitch and a long term issuer default rating of at least A by Fitch; and</p> <p>(c) in the case of Moody's, a long-term, deposit rating of at least A3 by Moody's; or</p> <p>(d) (in each case) such other credit rating as would not adversely affect the then current rating of the Rated Notes, (the Account Bank Rating).</p>	<p>If the Issuer Account Bank fails to maintain any of the Issuer Account Bank Ratings, then the Issuer shall use its best endeavours to, within 30 calendar days following the first day on which such downgrade occurred, either:</p> <p>(a) close the relevant Issuer Accounts held with the Issuer Account Bank (including, for the avoidance of doubt, the Transaction Account) and use all reasonable endeavours to open replacement accounts with a financial institution (i) having the Issuer Account Bank Ratings and (ii) which is a bank as defined in Section 991 of the Income Tax Act 2007; or</p> <p>(b) use all reasonable endeavours to obtain a guarantee of the obligations of the Issuer Account Bank under the Account Bank Agreement from a financial institution which has the Issuer Account Bank Ratings, in each case as prescribed in the Account Bank Agreement, and transfer amounts standing to the credit of the relevant Issuer Accounts and all Ledgers on the relevant Issuer Account(s) to the replacement Issuer Account(s).</p>
Collection Account Bank:	<p>(a) A short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-2 by S&P (if a short-term unsecured, unguaranteed and unsubordinated debt rating is assigned by S&P) and a long-term unsecured, unguaranteed and unsubordinated debt rating of at least BBB by S&P, or</p>	<p>If the Collection Account Bank fails to maintain any of the Collection Account Bank Ratings:</p> <p>(a) prior to the Transfer Date, then the Issuer and the Legal Title Holder will, and the Servicer Facilitator shall use reasonable endeavours to; or</p>

- should the Collection Account Bank not benefit from a short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-2 by S&P, a long-term unsecured, unguaranteed and unsubordinated debt rating of at least BBB+ by S&P;
- (b) a long-term bank deposit rating of at least Baa3 by Moody's;
 - (c) a short-term issuer default rating of at least F2 and a long-term issuer default rating of at least BBB+ by Fitch; or
 - (d) such other lower rating which is consistent with the then current rating methodology of the relevant Rating Agency in respect of the then current ratings of the Rated Notes, (the **Collection Account Bank Rating**).
- (b) from the Transfer Date, then the Long-Term Servicer shall use reasonable endeavours to:
 - (c) appoint a replacement financial institution with the Collection Account Bank Rating to act as replacement Collection Account Bank which is a bank for the purposes of section 878 of the Income Tax Act 2007 and which will pay interest in relation to the Interim Period Collection Accounts or the Collection Account (as applicable) in the ordinary course of its business;
 - (d) procure that such financial institution enters into a replacement collection account agreement;
 - (e) procure that such financial institution enters into a deed on terms substantially similar to those set out in the Vendor Collection Account Declaration of Trust or the Collection Account Declaration of Trust (as applicable) with respect to the replacement collection account; and
 - (f) procure that all amounts held on trust for the Issuer standing to the credit of the Interim Period Collection Accounts or the Collection Account (as applicable) are transferred to the replacement account at such replacement institution as soon as practicable or, where the Collection Account Bank ceases to have the Collection Account Bank Rating, within 30 calendar days of such downgrade,

in each case as prescribed and within the time limits set out in the Servicer Facilitator Agreement or the Long-Term Servicing Agreement (as applicable), transfer all Direct Debit mandates to such replacement collection and account and

procure that all monthly payments made by a borrower under a payment arrangement other than the Direct Debiting Scheme are made to such replacement collection account from the day on which the replacement collection account is opened.

Non-Rating Triggers Table

Perfection Trigger Events:

Prior to the completion of the transfer of legal title of the Loans to the Issuer (or a nominee of the Issuer), the Issuer will be subject to certain risks as set out in the risk factor entitled "*Risk Factors – The Legal Title Holders to retain legal title to the Loans and risks relating to set-off*" and "*Risk Factors – Set-off may adversely affect the value of the Portfolio or any part thereof*". Completion of the transfer of legal title of the Loans by the Vendor and MX to Topaz will be completed following the Transfer Date. Thereafter, the Issuer (or, following the delivery of an Enforcement Notice, the Security Trustee) may by notice in writing (a **Perfection Notice**) to the Legal Title Holder (with a copy to the Seller and the Security Trustee) require the Legal Title Holder to complete the transfer by way of the assignment to the Issuer or to its nominee as soon as reasonably practicable, following the occurrence of any of the following events (each a **Perfection Trigger Event**):

- (a) an Enforcement Notice has been served by the Note Trustee following the occurrence of an Event of Default which is continuing; or
- (b) a Legal Title Holder is required to perfect the Issuer's legal title to the Loans by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Legal Title Holder or by any organisation of which the Legal Title Holder is a member; or
- (c) it becomes necessary by law or regulation to do any or all of the acts referred to in paragraph (b) above; or
- (d) the security created under or pursuant to the Deed of Charge or any material part of that security is in the opinion of the Security Trustee in danger of being seized or sold under any form of distress, diligence, attachment, execution or other legal process or otherwise in jeopardy; or
- (e) the occurrence of any Relevant Servicer Termination Event in circumstances where all applicable grace periods have expired and (i) no replacement Relevant Servicer has been appointed pursuant to the Relevant Servicing Agreement or (ii) any Replacement Servicer that has been or is to be appointed pursuant to a Relevant Servicing Agreement is not the Legal Title Holder; or

- (f) an Insolvency Event in relation to the Legal Title Holder or any other entity in which legal title to any Loan is vested.

Servicer Facilitator Termination Events

The appointment of the Servicer Facilitator may be terminated by the Issuer if any of the following events (each a **Servicer Facilitator Termination Event**) occurs:

- (a) default is made by the Servicer Facilitator in the performance or observance of any of its covenants and obligations under the Transaction Documents to which it is a party, which is materially prejudicial to the interests of the Secured Creditors and such default continues unremedied for a period of 15 Business Days after the earlier of the Servicer Facilitator becoming aware of such default and receipt by the Servicer Facilitator of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee, as appropriate, requiring the same to be remedied; or
- (b) an Insolvency Event in respect of the Servicer Facilitator,

provided that, the Servicer Facilitator's appointment shall not be terminated where no Back-Up Servicer Facilitator is in place or until a successor servicer facilitator has been appointed.

Interim Servicer Termination Events:

The appointment of the Interim Servicer may be terminated by the Issuer or the Security Trustee (after the service of an Enforcement Notice at once or at any time thereafter while a default continues pursuant to the terms of the Interim Servicer Termination Events) including material breach, insolvency, persisting force majeure or a Perfection Trigger Event occurs. The appointment of the Interim Servicer shall terminate automatically on the occurrence of an Automatic Termination Event.

Long-Term Servicer Termination Events:

The appointment of the Long-Term Servicer may be terminated by the Issuer if any of the following events (each a **Long-Term Servicer Termination Event**) occurs and is continuing:

- (a) the Long-Term Servicer defaults in the payment on the due date of any payment due and payable by it under the Long-Term Servicing Agreement or any other Transaction Document to which it is a party and such default continues unremedied for a period of 15 Business Days after the earlier of the Long-Term Servicer becoming aware of such default and the receipt by the Long-Term Servicer of written notice from the Issuer or, following the service of an Enforcement Notice, the Security Trustee, requiring such default to be remedied; or
- (b) the Long-Term Servicer defaults in the performance or observance of any of its other covenants and obligations under the Long-Term Servicing Agreement or any other Transaction Document to which it is a party, which is

materially prejudicial to the interests of the Secured Creditors and such default continues remedied for a period of 15 Business Days after the earlier of the Long-Term Servicer becoming aware of such default and receipt by the Long-Term Servicer of written notice from the Issuer or, following the service of an Enforcement Notice, the Security Trustee, requiring the same to be remedied; or

- (c) the Long-Term Servicer ceasing to be an authorised person under FSMA or failure by the Long-Term Servicer to obtain or maintain the necessary licences, registrations or regulatory approvals enabling it to continue servicing the Loans; or
- (d) the Long-Term Servicer becomes subject to an Insolvency Event.

Prior to termination of the appointment of the Long-Term Servicer, the Issuer shall appoint a Successor Servicer to service the Loans on behalf of the Issuer and the Legal Title Holder, as applicable with effect from the termination of the appointment of the Long-Term Servicer.

The Long-Term Servicer may resign upon giving not less than 12 months' written notice provided that, *inter alia*, a replacement servicer has been appointed.

TRANSACTION OVERVIEW - FEES

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

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
<p>Long-Term Servicing Fees</p>	<p>The fees payable by the Issuer on each Interest Payment Date, subject to there being sufficient Available Revenue Receipts and/or Available Principal Receipts and payable in each case in accordance with the applicable Priority of Payments.</p> <p>An amount equal to the aggregate of:</p> <p>(a) for the first year following the Transfer Date, 0.14% per annum of the aggregate Current Balance of the Portfolio calculated as at the relevant Calculation Date) and thereafter 0.15% per annum of the aggregate Current Balance of the Portfolio (calculated as at the relevant Calculation Date), subject to a minimum of £300,000 per quarterly period; and</p> <p>(b) £65 (a) per live Loan per month (that is each Loan other than a Loan that remains in shortfall following the sale of the Property) that has an Arrears Balance with a value equal to or greater than one monthly payment as at the last day of the immediately preceding calendar month, but only where the number of such accounts is greater than 0.5% of the total number of Loans in the Portfolio; in which case the fee will be payable on the accounts which represent the excess above 0.5% and (b) per month per Loan which remains outstanding after its contractual final redemption date,</p>	<p>Ahead of all outstanding Notes and Certificates</p>	<p>Quarterly in arrear on each Interest Payment Date</p>

	<p>in each case exclusive of VAT (if applicable).</p> <p>With effect from the first anniversary of the Long-Term Servicer Effective Date, the fees set out above will be subject to an annual increase in line with any increase in the Retail Price Index over the corresponding period (provided that no such annual increase shall be by more than 2.5%).</p>		
<p>Interim Servicing Fees</p>	<p>The fees payable by the Issuer on each Interest Payment Date, subject to there being sufficient Available Revenue Receipts and/or Available Principal Receipts and payable in each case in accordance with the applicable Priority of Payments.</p> <p>An amount equal to the aggregate of:</p> <p>(a) 0.22% per annum of the aggregate Current Balance of the Portfolio (calculated on a monthly basis); and</p> <p>(b) £65 per month per Mortgage Loan that is in Arrears at the start of the relevant month,</p> <p>in each case exclusive of VAT (if applicable).</p>	<p>Ahead of all outstanding Notes and Certificates</p>	<p>Quarterly in arrear on each Interest Payment Date</p>
<p>Cash Management Fees, Note Trustee Fees and Security Trustee Fees</p>	<p>The fees payable by the Issuer on each Interest Payment Date, subject to there being sufficient Available Revenue Receipts and/or Available Principal Receipts and payable in each case in accordance with the applicable Priority of Payments.</p> <p>In aggregate, an upfront fee of £4,500 and £7,500 per annum thereafter inclusive of VAT.</p>	<p>Ahead of all outstanding Notes and Certificates</p>	<p>Quarterly in arrear on each Interest Payment Date</p>

Replacement Cash Manager Facilitator and Back-Up Servicer Facilitator Fees	<p>The fees payable by the Issuer on each Interest Payment Date, subject to there being sufficient Available Revenue Receipts and/or Available Principal Receipts and payable in each case in accordance with the applicable Priority of Payments.</p> <p>In aggregate, £1,000 per annum exclusive of VAT.</p>	<p>Ahead of all outstanding Notes and Certificates</p>	<p>Semi-annually in advance on each Interest Payment Date</p>
Other fees and expenses of the Issuer	<p>Estimated at £70,000 per annum exclusive of VAT</p>	<p>Ahead of all outstanding Notes and Certificates</p>	<p>Generally annually paid in advance.</p>
Expenses related to the admission to trading of the Notes	<p>Estimated at €11,000 (exclusive of VAT).</p>		<p>On or about the Closing Date.</p>

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

EU RISK RETENTION REQUIREMENTS

The Retention Holder will retain a material net economic interest of not less than 5 per cent. of the nominal value of the securitised exposures in the securitisation comprised in the Transaction Documents in accordance with the text of each of Article 405(1)(d) of the Capital Requirements Regulation, Article 51(1)(d) of the AIFM Regulation and Article 254(2)(d) of the Solvency II Regulation (which, in each case, does not take into account any corresponding national measures).

As at the Closing Date the retention will comprise the Retention Holder holding the Class G Notes, the Class Z Notes and the Class R Notes as required by the text of each of Article 405(1)(d) of the CRR, Article 51(1)(d) of the AIFM Regulation and Article 254(2)(d) of the Solvency II Regulation. On the Closing Date, this will represent a downside risk of the Retention Holder in respect of the securitised exposures. As to the information to be made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Closing Date, to the monthly investor reports provided to the Noteholders and Certificateholders pursuant to the Cash Management Agreement and published on the following website: <https://sf.citidirect.com/>. The website at <https://sf.citidirect.com/> and the contents thereof do not form part of this Prospectus.

The Retention Holder will undertake (such undertaking, the **Risk Retention Undertaking**) to (i) the Arranger, the Joint Lead Managers and the Co-Manager in the Subscription Agreement and (ii) the Issuer and the Security Trustee in the Mortgage Sale Agreement to:

- a) subscribe for, hold and retain, for as long as any Class of Notes is outstanding, a material net economic interest of not less than 5% of the nominal value of the securitised exposures in the securitisation comprised in the Transaction Documents in accordance with 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 the Solvency II Regulation (or the corresponding law or rules of any applicable jurisdiction);
- b) not change the manner or form in which it retains such net economic interest, except to the extent permitted or required under the CRR, AIFMR or the Solvency II Regulation;
- c) not transfer, sell or hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to such net economic interest, except to the extent permitted or required under the CRR, AIFMR or the Solvency II Regulation;
- d) ensure that the net economic interest described above represents downside risk in connection with the securitised exposures;
- e) promptly notify the Arranger, the Joint Lead Managers, the Co-Manager, the Issuer and the Security Trustee if for any reason it (i) ceases to hold the retention in accordance with the requirements of the Mortgage Sale Agreement and the Subscription Agreement or (ii) fails to comply with the covenants set out in the Mortgage Sale Agreement and the Subscription Agreement in respect of the retention; and
- f) comply with the disclosure obligations described in Article 409 of the CRR by confirming its risk retention as contemplated by Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation through the provision of the information in this Prospectus, disclosure in the Investor Reports (as prepared by the Cash Manager) and procuring provision to the Issuer of access to any reasonable and relevant additional data and information referred to in Article 409 of the CRR (subject to all applicable laws), provided that the Retention Holder will not be in breach of the requirements of this paragraph (f) if due

to events, actions or circumstances beyond its control it is not able to comply with the undertakings contained herein.

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

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with each of Part Five of the CRR (including Article 405), Section Five of Chapter III of the AIFM Regulation (including Article 51) and Chapter VIII of the Solvency II Regulation (including Article 254) and any corresponding national measure which may be relevant and none of the Issuer, the Seller, the Cash Manager, the Long-Term Servicer, the Servicer Facilitator, the Interim Servicer, the Note Trustee, the Security Trustee, the Agents, the Registrar, the Issuer Account Bank, the Arranger, the Joint Lead Managers or the Co-Manager makes any representation that the information described above or in the Prospectus is sufficient in all circumstances for such purposes.

For further information, please refer to the risk factor entitled “*Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*”.

U.S. CREDIT RISK RETENTION REQUIREMENTS AND REGULATORY CONSIDERATIONS

U.S. Credit Risk Retention Requirements

The Retention Holder, acting as Sponsor, is required under Section 15G of the Exchange Act (the **US Credit Risk Retention Requirements**), to ensure that it (or a majority-owned affiliate of the Retention Holder) acquires and retains an economic interest equal to at least 5% of the credit risk of the assets collateralising the issuance of “asset-backed” securities. The Sponsor, as Retention Holder, intends to satisfy the US Credit Risk Retention Requirements by acquiring and retaining, either directly or through a majority-owned affiliate (as defined in the U.S. Credit Risk Retention Requirements), an eligible horizontal residual interest (**EHRI**) in an amount (that is, with fair value) equal to at least 5% of the fair value of the Notes and the Certificates by retaining 100% of the Class G Notes, the Class Z Notes, the Class R Notes and the Certificates (the **Risk Retained Securities**) as determined using the fair value measurement framework under U.S. generally accepted accounting principles (**U.S. GAAP**).

The Retention Holder is obliged by the U.S. Credit Risk Retention Requirements to retain, either directly or through a majority-owned affiliate, the EHRI from the Closing Date until the later of: (a) the fifth anniversary of the Closing Date and (b) the date on which the aggregate unpaid principal balance of the Mortgage Loans has been reduced to 25% of the aggregate unpaid principal balance of the Mortgage Loans as of the Closing Date, but in any event no longer than the seventh anniversary of the Closing Date (the **Sunset Date**). In order to satisfy this obligation, the Retention Holder will retain, either directly or through a majority-owned affiliate, the Risk Retained Securities through the Sunset Date.

Until the Sunset Date, the U.S. Credit Risk Retention Requirements impose limitations on the ability of the Retention Holder (or its majority-owned affiliate) during such period to dispose of or hedge its risk with respect to the EHRI. Prior to the Sunset Date, any financing obtained by the Retention Holder (or its majority-owned affiliate) during such period to purchase or carry the EHRI that is secured by the EHRI must provide for full recourse to the Retention Holder (or its majority-owned affiliate) and otherwise comply with the U.S. Credit Risk Retention Requirements. In addition, prior to the Sunset Date, the Retention Holder and its majority-owned affiliates may not engage in any hedging transactions if payments on the hedge instrument are materially related to the EHRI and the hedge position would limit the financial exposure of the Retention Holder or its majority-owned affiliates to the EHRI. The retention, financing and hedging limitations set forth in the U.S. Credit Risk Retention Requirements will not apply to any Notes and Certificates held by the Sponsors that do not constitute part of the EHRI.

Material Terms of the Risk Retained Securities

The Retention Holder will acquire and, to the extent required, retain through the Sunset Date 100% of the Risk Retained Securities, the aggregate fair value of which is at least 5% of the fair value as of the Closing Date of all 'ABS interests' (as defined under the US Credit Risk Retention Requirements) issued by the Issuer as of the Closing Date, as described below.

Each of the securities retained would represent interests in the Issuer. The Class Z Notes, the Class R Notes and the Class G Notes are described in further detail under "Transaction Overview". The Class Z Notes, the Class R Notes and the Class G Notes will not be interest bearing and will be entitled to receive payments only from Available Principal Receipts, to the extent that the Principal Amount Outstanding of each Class of Notes senior to such Class of Risk Retained Security has been reduced to zero, in each case in accordance with the relevant Priority of Payment. The allocation of Losses to the Notes is described under "*Credit Structure*" below.

The Certificates are described in further detail under "Transaction Overview". The Certificates will not have a principal amount outstanding but will be entitled to any remaining Available Funds after the Notes have been paid in full.

Fair Value of the Notes and Certificates

For an EHRI, fair value is determined using the fair value measurement framework under U.S. GAAP.

The estimated fair value of each Class of Notes and Certificates is summarized in the following table:

	Fair Value	Fair Value (as a percentage)
Class A	£1,496,028,920	77.6534%
Class B	£124,093,475	6.4412%
Class C	£118,238,396	6.1373%
Class D	£56,377,433	2.9263%
Class E	£4,636,411	0.2407%
Class F	£18,264,523	0.9480%
Class G	£11,946,888	0.6201%
Class Z	£24,503,647	1.2719%
Class R	£32,060,613	1.6641%
Certificates	£40,396,706	2.0968%
Total	£1,926,547,012	
Total Retained	£108,907,855	5.6530%

The Sponsor determined the fair value of each class of Securities using a fair value measurement framework under generally accepted accounting principles. In measuring fair value, the use of observable and unobservable inputs and their significance in measuring fair value are reflected in the fair value hierarchy assessment, with Level 1 inputs favoured over Level 2 inputs and Level 2 inputs favoured over Level 3 inputs.

- Level 1 – inputs include quoted prices for identical instruments and are the most observable,
- Level 2 – inputs include quoted prices for similar instruments and observable inputs such as interest rates and yield curves, and
- Level 3 – inputs include data not observable in the market and reflect judgment about the assumptions market participants would use in pricing the instrument.

The fair value of the Notes (other than the Risk Retained Securities) is categorized within Level 2 of the hierarchy, reflecting the use of inputs derived from prices for similar instruments. The fair value of the Risk Retained Securities is categorized within Level 3 of the hierarchy as inputs to the fair value calculation are generally not observable in the market and reflect the Sponsor's judgment about the assumptions market participants would use in pricing the Risk Retained Securities.

The fair value of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes reflects the price to be paid by the third-party investors for such Classes of Notes, and the fair value of each Class of the Risk Retained Securities reflects the fair value of the initial interest rate for such security and the expectation of the price at which such security will be purchased by third-party investors on the Closing Date (if actually sold) as set forth below:

Class	Approximate Initial Interest Rate	Estimated Price
Class A	1.1218%	100.1810%
Class B	1.5218%	99.0790%
Class C	1.8218%	98.1810%
Class D	2.1218%	97.5270%
Class E	2.1218%	96.2510%
Class F	2.5718%	94.7920%
Class G	0.0000%	62.0014%
Class R	0.0000%	60.5562%
Class Z	0.0000%	36.9748%
Certificate	0.0000%	2.0534%

Valuation Methodology

The Sponsor believes that the inputs and assumptions described below include the inputs and assumptions that could have a significant impact on the fair value calculation or a prospective Noteholder's ability to evaluate the fair value calculation. The fair values of the Notes and the Certificates were calculated based on the assumptions described below that likely will differ from the actual characteristics and performance of the Mortgage Loans. Prospective purchasers of the Notes should be sure they understand these assumptions when considering the fair value calculation.

In calculating the fair value for the Notes and the Certificates, the Sponsor's methodology involved the use of a two-step approach whereby it performed two iterations of its model. The first iteration (the "Loan-Level Method") was performed on a loan-level basis. The second iteration (the "Cohort-Level Method") aggregated the cash flows from the Loan-Level Method into a single cohort, and projected cashflows on a cohort level. The Cohort-Level Method approximated the key cash flow statistics generated from the Loan-Level Method. The following assumptions were used in valuing the Notes and the Certificates:

- for the Loan-Level Method, (i) the characteristics of the Mortgage Loans including, but not limited to, property value and loan-to-value ratio and (ii) with regard to each property value, the Sponsor rolled forward the value of the related Mortgaged Property to the assumed liquidation date, which is assumed to grow at a 1% annual growth rate. The Sponsor generated a cash flow for each individual Mortgaged Property using the Loan-Level Method based on these various data points as applied to assets similar to the Mortgaged Properties;
- the Loan-Level Method assumed aggregate monthly collections on the Mortgaged Properties are generated based on the CPR, CDR, Coupon, and loss severity curves, and the Cohort-Level Method utilizes the resulting aggregated Interest Rate, CPR and CDR vectors adjusted as needed;
- data tape loan balances have been rolled forward from January to April 2017;
- The Interest Rate on the Cohort-Level Method utilizes a forecast of the Bank of England Bank Base Rate ("BBR" or "Base Rate") which is calculated from the GBP 3 Month LIBOR index forward rate;
- the Notes are redeemed on the First Optional Redemption Date;
- in order for the Issuer to effect a redemption of the Notes on the First Optional Redemption Date, the Loans would be sold at a price that reflects the assumed prices at which such Mortgage Portfolio could be sold on the First Optional Redemption Date, which is not necessarily at the par value of the Mortgage Portfolio. Such assumption is based on a present value calculation at the redemption date and the Sponsor experience and best judgment regarding the valuation of assets

similar to the Mortgage Portfolio in competitive auctions. Any amount by which the assumed price is below the par value of the Mortgage Portfolio is factored into the fair value measurement of the Risk Retained Securities;

- the weighted average recovery lag is approximately 18 months following liquidation;
- there is a 0% delinquency rate on scheduled Monthly Payments on the Mortgaged property;
- the calculation of prepayments on the underlying Loans includes projected defaults on the Mortgaged property;
- all fees and expenses are assumed to be £0, except the following: (a) the "Primary Servicing Fee Rate" for the Servicer is (1) 0.2200% per annum for the first 12 months, and (2) 0.1400% per annum for the next 12 months, and (3) 0.1500% per annum thereafter for the Mortgage Portfolio` and (b) in addition £65 per account per month for Accounts that have an arrears balance equal to or more than one monthly payment (the "Arrears Fee"); and
- the following discount rates were applied on the cash flows to the Notes and Certificates:

	Base Rate	Risk Spread or Yield	Discount Rate
Class A	GBP 3M LIBOR	0.7500%	GBP 3M LIBOR + 0.7500%
Class B	GBP 3M LIBOR	1.4000%	GBP 3M LIBOR + 1.4000%
Class C	GBP 3M LIBOR	1.9000%	GBP 3M LIBOR + 1.9000%
Class D	GBP 3M LIBOR	2.3500%	GBP 3M LIBOR + 2.3500%
Class E	GBP 3M LIBOR	2.6400%	GBP 3M LIBOR + 2.6400%
Class F	GBP 3M LIBOR	3.4400%	GBP 3M LIBOR + 3.4400%
Class G	N/A	10.0000%	10.0000%
Class R	N/A	10.5000%	10.5000%
Class Z	N/A	11.7500%	11.7500%
Certificate	N/A	13.0000%	13.0000%

Post-Closing Date Disclosure

On the first Interest Payment Date following the Closing Date, the Cash Manager's Investor Report will include a statement with valuations prepared by the Sponsors, and furnished to the Cash Manager by the Sponsors, that will set forth the following information:

- the fair value, expressed as a percentage of the fair value of all of the Notes and the Certificates issued by the Issuer on the Closing Date, of the Risk Retained Securities retained by the Retention Holder as of the Closing Date, based on actual sale prices and finalised tranche sizes;
- the fair value, expressed as a percentage of the fair value of all of the Notes and the Certificates issued by the Issuer on the Closing Date, of the Risk Retained Securities that the Retention Holder is required to retain under the U.S. Credit Risk Retention Requirements; and
- to the extent the valuation methodology or any of the key inputs and assumptions that were used in calculating the fair value as disclosed herein materially differs from the methodology

or key inputs and assumptions used to calculate the fair value on the Closing Date, descriptions of those material differences.

Rule 15Ga-2

On 27 August 2014, the SEC approved rules and issued a release regarding third-party due diligence reports. The release relates primarily to two rules, Rule 15Ga-2 and Rule 17g-10, each under the Exchange Act, which became effective on 15 June 2015. Rule 15Ga-2 requires any issuer or underwriter of asset-backed securities (including, for this purpose, securitisations of residential and commercial Loans as well as other asset classes) rated by a nationally recognised statistical rating organisation to furnish a form (a **Form ABS-15G Report**) via the SEC's EDGAR database describing the findings and conclusions of any third-party due diligence report obtained by the issuer or underwriter, at least five business days prior to the first sale of the asset-backed securities. The filing requirements apply to both publicly registered offerings and unregistered securitisations of assets offered within the United States such as those relying on Rule 144A. A third party due diligence report is any report containing findings and conclusions relating to due diligence services, which are defined as a review of pool assets for the purposes of issuing findings on: (1) the accuracy of the asset data; (2) determining whether the assets conform to stated underwriting standards; (3) asset value(s); (4) legal compliance by the originator; and (5) any other factor material to the likelihood that the issuer will pay interest and principal as required. These due diligence services are routinely provided by third-party due diligence vendors in asset-backed securities structured transactions and affect their credit ratings.

A Form ABS-15G Report containing diligence findings and conclusions with respect to third party due diligence reports prepared for the purpose of the transaction contemplated by this Prospectus has been prepared and furnished by the Seller on EDGAR pursuant to Rule 15Ga-2 and is publicly available. This Form ABS-15G Report is not, by this reference or otherwise, incorporated into this Prospectus and should not be relied upon by any prospective investor as a basis for making a decision to invest in the Notes.

Prospective investors should rely exclusively on this Prospectus as a basis for making a decision to invest in the Notes.

For further information please refer to the Risk Factors entitled "*Effects of the Volcker Rule on the Issuer, the Notes and holders of the Notes*" and "Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes" and the section entitled "*The Loans*".

ESTIMATED WEIGHTED AVERAGE LIVES OF THE NOTES

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

- (a) the Portfolio Option Holder exercises the Portfolio Purchase Option on the First Optional Redemption Date, in the first scenario and as set out in the table headed "*Assuming the occurrence of the Portfolio Purchase Option on the First Optional Redemption Date*" below, or the Portfolio Purchase Option is not exercised on or after the First Optional Redemption Date, in the second scenario and as set out in the table headed "*Assuming no occurrence of the Portfolio Purchase Option on First Optional Redemption Date, but Clean-up Call exercised*" below;
- (b) the Loans are subject to a constant annual rate of prepayment (excluding scheduled principal redemptions) of between 0 and 17.5 per cent. per annum as shown on the table below;
- (c) 100% of the loans in the Provisional Portfolio is purchased by the Issuer on the Closing Date;
- (d) the assets of the Issuer are not sold except as may be necessary to enable the Issuer to realise sufficient funds to exercise its option to redeem the Notes in accordance with Conditions 8.4 (*Optional Redemption of the Notes in full*) or 8.5 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*);
- (e) the characteristics of the Loans in the Mortgage Portfolio will be identical to those of the Loans in the Provisional Portfolio;
- (f) no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
- (g) no Borrowers are offered and accept different mortgage products by the Seller, and, as applicable, the Seller is not required to repurchase any Loan in accordance with the Mortgage Sale Agreement;
- (h) the Security is not enforced;
- (i) all Loans are and continue to be fully performing;
- (j) the payment frequency of the Loans is on a monthly basis;
- (k) the ratio of the Principal Amount Outstanding of:
 - (i) the Class A Notes balance as at the Closing Date to the Current Balance of the Mortgage Portfolio as at the Cut-Off Date is 77.50 per cent
 - (ii) the Class B Notes balance as at the Closing Date to the Current Balance of the Mortgage Portfolio as at the Cut-Off Date is 6.50 per cent.;
 - (iii) the Class C Notes balance as at the Closing Date to the Current Balance of the Mortgage Portfolio as at the Cut-Off Date is 6.25 per cent.;
 - (iv) the Class D Notes balance as at the Closing Date to the Current Balance of the Mortgage Portfolio as at the Cut-Off Date is 3.00 per cent.;

- (v) the Class E Notes balance as at the Closing Date to the Current Balance of the Mortgage Portfolio as at the Cut-Off Date is 0.25 per cent.;
 - (vi) the Class F Notes balance as at the Closing Date to the Current Balance of the Mortgage Portfolio as at the Cut-Off Date is 1.00 per cent.; and
 - (vii) the Class G Notes balance as at the Closing Date to the Current Balance of the Mortgage Portfolio as at the Cut-Off Date is 1.00 per cent.;
- (l) the interest and principal collections of the Mortgage Portfolio are calculated on a Loan by Loan basis, or where the Loan has more than one part, a part by part basis;
 - (m) the amortisation of any repayment Loan is calculated as an annuity loan on a 30/360 basis, and the interest on each Mortgage is calculated on a 30/360 basis;
 - (n) the Notes are issued on closing date of 25 April 2017;
 - (o) the first Interest Payment Date occurs on or about 20 August 2017;
 - (p) the first interest period includes 4 months of collections;
 - (q) each Interest Payment Date occurs on and payments on the Notes are made on 20th day of February, May, August and November throughout the life of the Notes (whether or not those dates are Business Days);
 - (r) all Mortgages in the Mortgage Portfolio which are not repayment Mortgages are assumed to be Interest Only Loans;
 - (s) there are no Flexible Drawings;
 - (t) no Further Advance and no variation is made in respect of any Mortgage in the Portfolio;
 - (u) the weighted average lives of the Notes are calculated ACT/365;
 - (v) there is no debit balance on the Principal Deficiency Ledger on any Interest Payment Date;
 - (w) no interest or expense shortfalls occur that would result in the use of the liquidity reserve, general reserve or any principal additional amounts;
 - (x) the Mortgage Portfolio as at the Closing Date is assumed to be identical to that as at the Cut-Off Date; and
 - (y) the Clean-up Call is exercised on the Interest Payment Date on which the aggregate Principal Amount Outstanding of the Notes (as of the immediately preceding Calculation Date) becomes less than or equal to 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date.

WEIGHTED AVERAGE LIFE TABLES

Assuming the occurrence of the Portfolio Purchase Option on the First Optional Redemption Date

CPR									
	0.0%	2.5%	5.0%	7.5%	10.0%	12.5%	15.0%	17.5%	Pricing CPR (6.50%)
Class A	4.55	4.22	3.91	3.62	3.34	3.08	2.83	2.60	3.74
Class B	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83
Class C	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83
Class D	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83
Class E	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83
Class F	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83
Class G	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83	4.83

Assuming no occurrence of the Portfolio Purchase Option on First Optional Redemption Date, but Clean-up Call exercised

CPR									
	0.0%	2.5%	5.0%	7.5%	10.0%	12.5%	15.0%	17.5%	Pricing CPR (6.50%)
Class A	9.87	7.92	6.39	5.24	4.36	3.68	3.16	2.76	5.66
Class B	15.31	14.64	13.65	12.11	10.86	9.68	8.53	7.50	12.73
Class C	15.71	15.33	14.69	13.77	12.43	11.22	10.16	9.13	14.19
Class D	15.99	15.74	15.41	14.80	13.98	12.71	11.53	10.56	15.06
Class E	16.08	15.84	15.59	15.08	14.33	13.08	11.84	10.83	15.33
Class F	16.11	15.90	15.59	15.08	14.33	13.08	11.84	10.83	15.33
Class G	16.33	16.08	15.59	15.08	14.33	13.08	11.84	10.83	15.33

EARLY REDEMPTION OF THE NOTES PURSUANT TO THE PORTFOLIO PURCHASE OPTION, REGULATORY CHANGE EVENT OR OPTIONAL REDEMPTION FOR TAX AND OTHER REASONS

The Portfolio may be sold by the Issuer pursuant to the Portfolio Purchase Option and the Issuer will undertake not to dispose of the Portfolio in any other circumstances (other than in relation to an enforcement of the Security) other than in the event of the exercise of the Risk Retention Regulatory Change Option.

Portfolio Purchase Option

Pursuant to the Deed Poll the Portfolio Option Holder has an option (the **Portfolio Purchase Option**) to require the Issuer to (i) sell and transfer to the Portfolio Option Holder (or its nominee) the beneficial title to all Loans and Related Security in the Portfolio (the **Portfolio Purchase Option Loans**); (ii) transfer to the Portfolio Option Holder or its nominee the right to legal title to the Portfolio Purchase Option Loans and their Related Security; (iii) if applicable and subject at all time to the Servicer Facilitator Agreement, procure that the Legal Title Holder transfers legal title to the Portfolio Option Holder or its nominee specified as such in the Exercise Notice; and (iv) serve all relevant notices and take all steps, enter into such documentation as may be reasonably required (including carrying out requisite registrations and recordings) in order to vest or transfer legal title in and to the Portfolio Purchase Option Loans in the Portfolio Option Holder or its nominee, in each case subject to the terms of the Deed Poll.

The purchaser of the loans comprising the Portfolio will also be required to accede to the Servicer Facilitator Agreement (if not already a party) and comply with the terms of that Servicer Facilitator Agreement.

The Portfolio Purchase Option may be exercised by notice to the Issuer with a copy to the Note Trustee, and also to the Seller, the Legal Title Holder and each of the Rating Agencies at any time for effect on any Interest Payment Date on or following the First Optional Redemption Date until the Final Redemption Date.

Purchase Price

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

- (a) the aggregate Principal Amount Outstanding of the Notes plus accrued and unpaid interest thereon in respect of the Principal Amount Outstanding of the Rated Notes only calculated as at the Interest Payment Date on which the Portfolio Purchase Option is expected to be completed; plus
- (b) any fees, costs, amounts and expenses of the Issuer payable senior to the Certificates in the Pre-Enforcement Revenue Priority of Payments; less
- (c) any amounts standing to the credit of the Transaction Account (but disregarding any amounts standing to the credit of the Issuer Profit Ledger) as at the most recent Servicer Report.

The Portfolio Option Holder or its nominee will be required to deposit the Portfolio Purchase Option Purchase Price in the Transaction Account on the date, no later than the day falling two Business Days immediately preceding the Interest Payment Date on which the Notes are to be redeemed or such later date as agreed with the Note Trustee or take such other action agreed with the Security Trustee. The Portfolio Purchase Option Purchase Price will be held in escrow pending completion of

transfer of the beneficial title to the Portfolio Purchase Option Loans on that Interest Payment Date, upon which date the full amount of the Portfolio Purchase Option Purchase Price will be applied in accordance with the Priority of Payments on the next following Interest Payment Date.

To the extent that the Portfolio Option Holder holds any of the Notes, it may set-off from the Portfolio Purchase Option Purchase Price an amount equal to the amounts due to it as Noteholder on the Interest Payment Date on which the Notes are to be redeemed.

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

Portfolio Option Holder means the holder of all of the Certificates or an entity representing the holder of all the Certificates (for the avoidance of doubt, including those Certificates held directly or indirectly by or on behalf of the Retention Holder).

Redemption of Notes and the cancellation of the Certificates

On an Interest Payment Date on which all conditions to completion of the Portfolio Purchase Option will have been satisfied, the purchase price will be applied in accordance with the relevant Priorities of Payments and will result in Notes being redeemed in full. Any funds remaining after the payment in full of all items ranking prior to such payments will be paid to the Certificateholders in accordance with the Pre-Enforcement Revenue Priority of Payments.

Deed Poll means the deed poll dated the Closing Date executed by the Issuer in favour of the Portfolio Option Holder from time to time.

Exercise Notice means a notice to be delivered by the Portfolio Option Holder in accordance with the Deed Poll to exercise the Portfolio Purchase Option.

Optional Redemption Exercise Date means an Interest Payment Date on which a Portfolio Purchase Option has been exercised.

Optional Redemption for Tax and other Reasons

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

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

Pursuant to the Retention Holder Deed Poll, the Seller and/or the Retention Holder (or its delegate) shall have the right (but not any obligation) to acquire or re-acquire the entire beneficial interest of the Issuer in the Portfolio upon the occurrence of a Risk Retention Regulatory Change Event in accordance with the terms of Condition 8.6. The price payable by or on behalf of Seller or the Retention Holder to the Issuer to acquire the beneficial interest of the entire Portfolio from the Issuer shall equal the Risk Retention Regulatory Change Purchase Price as calculated three Business Days prior to re-acquisition.

The purchaser of the Loans comprising the Portfolio will be required to deposit the Retention Holder Risk Retention Regulatory Change Purchase Price in the Transaction Account on the date of sale of the beneficial interest in the Loans no later than the day falling 2 Business Days immediately

preceding the Interest Payment Date on which the Notes are to be redeemed or take such other action agreed with the Security Trustee.

To the extent that the purchaser of the Loans holds any of the Notes, it may set-off from the Risk Retention Regulatory Change Purchase Price an amount equal to the amounts due to it as Noteholder on the Interest Payment Date on which the Notes are to be redeemed.

The purchaser of the loans comprising the Portfolio will also be required to accede to the Servicer Facilitator Agreement (if not already a party) and comply with the terms of that Servicer Facilitator Agreement.

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

Retention Holder Deed Poll means the deed poll dated the Closing Date executed by the Issuer in favour of the Seller and/or the Retention Holder (or their delegate)

Risk Retention Regulatory Change Event means any change in or the adoption of any new law, rule or regulation or any determination of a relevant regulator which as a matter of law has a binding effect on the Retention Holder or the Seller after the Closing Date which would impose a positive obligation on either of them to subscribe for Notes over and above those required to be maintained by it under its Risk Retention Undertaking, or otherwise imposes additional material obligations on the Risk Retention Holder or the Seller in order to maintain compliance with the Risk Retention Requirements.

Risk Retention Regulatory Change Option means the option of the Seller and/or the Retention Holder (or their delegate) to acquire all but not some of the Portfolio following a Risk Retention Regulatory Change Event.

Risk Retention Regulatory Change Option Completion Date means the Interest Payment Date on which the purchase of the Loans by the relevant purchaser is expected to occur in connection with the exercise of the Risk Retention Regulatory Change Option;

Risk Retention Regulatory Change Purchase Price means an amount equal to the Portfolio Purchase Option Purchase Price as calculated three days prior to the Risk Retention Regulatory Change Option Completion Date;

Portfolio Purchase Option Purchase Price means:

- (a) the aggregate Principal Amount Outstanding of the Notes plus accrued and unpaid interest thereon calculated as at the Interest Payment Date on which the Portfolio Purchase Option or the Risk Retention Regulatory Change Option, as applicable, is expected to be completed; plus
- (a) any fees, costs, amounts and expenses of the Issuer payable senior to the Certificates in the Pre-Enforcement Revenue Priority of Payments; less
- (b) any amounts standing to the credit of the Transaction Account (but disregarding any amounts standing to the credit of the Issuer Profit Ledger) as at the most recent Servicer Report;

Risk Retention Requirements means Articles 405 and 409 of the CRR, Article 254 of the Solvency II Regulation and Article 51 of the AIFMR, and any replacement thereof and the U.S. Credit Risk Retention Requirements.

U.S. Credit Risk Retention Requirements means Section 156 of the U.S. Securities Exchange Act of 1934, as amended.

Each redemption arising pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), Condition 8.4 (*Optional Redemption of the Notes in full*), Condition 8.5 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*) or Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*) is an **Early Redemption** where used in this Prospectus.

USE OF PROCEEDS

The Issuer will use the gross proceeds of the Notes on the Closing Date to (i) pay the Consideration payable by the Issuer for the Portfolio to be acquired from the Seller on the Closing Date, (ii) pay certain fees and expenses of the Issuer incurred in connection with the issue of the Notes and the Certificates on the Closing Date and (iii) in the case of the Class R Notes to establish the Liquidity Reserve Fund.

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

RATINGS

The Rated Notes on issue are expected to be assigned the following ratings by S&P, Moody's and Fitch (collectively, the **Credit Rating Agencies**):

Class of Rated Notes	S&P	Moody's	Fitch
A	AAA (sf)	Aaa (sf)	AAA (sf)
B	AA (sf)	Aa1 (sf)	NR
C	A+ (sf)	A1 (sf)	NR
D	BBB+ (sf)	Baa1 (sf)	NR
E	BBB+ (sf)	Baa3 (sf)	NR
F	BBB- (sf)	Ba1 (sf)	NR
G	BB (sf)	Caa1 (sf)	NR

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

Except as described above, the Seller has not requested a rating of any Class of Notes by any rating agency other than the Rating Agencies; there can be no assurance, however, as to whether any other rating agency would rate any Class of Notes, or what rating would be assigned by any such rating agency. Any rating assigned by such other rating agency to a Class of Notes could be lower than the rating assigned by the Rating Agencies to such Class of Notes.

The Class Z Notes, the Class R Notes and the Certificates will not be rated by the Credit Rating Agencies.

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

THE ISSUER

Introduction

The Issuer was incorporated in England and Wales on 17 March 2017 (registered number 10676994) as a public limited company under the Companies Act 2006. The registered office of the Issuer is 35 Great St. Helen's, London, EC3A 6AP. The telephone number of the Issuer's registered office is +44(0) 207398 6300. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each, of which 1 share is fully paid up and 49,999 shares are quarter-paid and all shares are held by Holdings (see "*Holdings*" below).

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

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

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

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

The Issuer has not engaged, since its incorporation, in any material activities nor commenced operations other than those incidental to its registration as a public company under the Companies Act 2006 (as amended) and to the proposed issues of the Notes and Certificates and the authorisation of the other Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing. The Issuer, as necessary, has made a notification under the Data Protection Act 1998. As at the date of this Prospectus, statutory accounts have not yet been prepared or delivered to the Registrar of Companies on behalf of the Issuer. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2017.

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

Directors

The directors of the Issuer 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	Corporate Director
Intertrust Directors 2 Limited	35 Great St. Helen's, London EC3A 6AP	Corporate Director
Debra Parsall	35 Great St. Helen's, London EC3A 6AP	Director

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

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

HOLDINGS

Introduction

Holdings was incorporated in England and Wales on 17 March 2017 (registered number 10676961) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is 35 Great St. Helen's, London, EC3A 6AP. The issued share capital of Holdings comprises 1 ordinary share of £1. Intertrust Corporate Services Limited (the **Share Trustee**) holds the entire legal and beneficial interest in the issued share under a discretionary trust for discretionary purposes. Holdings holds the legal and the beneficial interest in the issued share capital of the Issuer.

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

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

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

Directors

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

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Intertrust Directors 1 Limited	35 Great St. Helen's, London EC3A 6AP	Corporate Director
Intertrust Directors 2 Limited	35 Great St. Helen's, London EC3A 6AP	Corporate Director
Debra Parsall	35 Great St. Helen's, London EC3A 6AP	Director

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

The accounting reference date of Holdings is 31 December and the first statutory accounts of Holdings will be drawn up to 31 December 2017.

Holdings has no employees.

THE LEGAL TITLE HOLDERS

Bradford & Bingley plc

Bradford & Bingley plc (**B&B**) (registered number 03938288) is a public limited company incorporated in England and Wales under the Companies Act 1985 on 28 February 2000.

B&B is the successor to Bradford & Bingley Building Society (the **B&B Society**), which was a "building society" within the meaning given to that term in the Building Societies Act 1986 (as amended by the Building Societies Act 1997).

The B&B Society was formed in 1964 as a result of the merger of the Bradford Equitable Building Society and the Bingley Building Society, both of which were established in 1851. The B&B Society subsequently merged with a number of small local building societies. On 4 December 2000, the B&B Society converted to a public listed company, listed on the London Stock Exchange and authorised under the Banking Act 1987.

On 29 September 2008, the retail deposit accounts of B&B (along with its branch network) were transferred to Abbey National plc., part of the Santander Group. The remaining business of B&B, including the mortgage operations and its headquarters, was taken into public ownership by the UK government.

Following nationalisation, B&B remains closed to new business and is no longer able to offer new mortgage deals or extend terms for existing customers.

The registered office of Bradford & Bingley is at Croft Road, Crossflatts, Bingley, West Yorkshire, BD16 2UA, United Kingdom.

Mortgage Express

Mortgage Express is a private unlimited company incorporated in England and Wales under the Companies Act 1985 on 18 July 1989. Mortgage Express (formerly known as Burginhall 351 Limited, Bradford & Bingley Mortgages Limited and Bradford & Bingley Mortgages) is a wholly owned subsidiary of Bradford & Bingley plc. The registered office of Mortgage Express is at PO BOX 88, Croft Road, Crossflatts, Bingley, West Yorkshire, BD16 2UA, United Kingdom.

Legal Title Holder post Transfer Date

Topaz Finance Limited (**Topaz**) is a private company with limited liability incorporated under the laws of England and Wales with registered number 5946900 and with its registered address at The Pavilions, Bridgwater Road, Bristol, BS13 8AE.

Topaz, which operates a number of consumer facing brands, is a subsidiary of Computershare Limited, an Australian global financial administration company, and is regulated by the Financial Conduct Authority (FCA Number 461671) with permissions to, amongst other things, originate, hold legal title to and service commercial and residential mortgage loans in the United Kingdom for its own account and on behalf of third parties.

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

THE SELLER, THE RETENTION HOLDER AND THE SERVICER FACILITATOR

The Seller, Retention Holder and Servicer Facilitator is Prudential Loan Investments 1 S.à r.l. (**PLI**), a company incorporated in Luxembourg on 6 February 2017 (registered number B213525). The registered office and principal place of business of PLI are 1, rue Hildegard von Bingen, L-1282 Luxembourg and Luxembourg respectively. The issued share capital of the Seller comprises of 13,000 ordinary shares of £1 each, which are wholly owned by Prudential Loan Investments SCSp. As of 3 April 2017, the Seller's equity reserve is equal to £550,000. The ultimate beneficial owner of PLI is Prudential plc.

PLI was established to take advantage of a market opportunity that has been identified to acquire portfolios of financial assets with financing raised in the form of public or private debt. Under this investment strategy, PLI is intended to be the central acquisition and holding vehicle making the relevant investment decisions.

The board of managers of PLI has established policies and procedures related to, *inter alia*, (i) asset management and (ii) asset disposals and acquisitions and has engaged Prudential Investments Limited as its investment manager.

As at the date of this Prospectus, PLI has already invested in one other European securitisation in an amount in excess of €15 million, which is unrelated to the transaction described in this Prospectus. PLI entered into such transaction as an investor and may, at its sole discretion, continue to hold such investment or dispose of it. PLI also intends to continue to acquire portfolios of credit assets and raise financing against them and has committed capital to continue to do so, subject to identifying suitable opportunities in accordance with its investment guidelines.

On the Closing Date PLI will acquire the beneficial interest in a portfolio of buy-to-let residential mortgage loans including the Loans and their Related Security comprising the Portfolio from the Vendor.

In its capacity as Retention Holder, PLI intends to retain 100% of the Class G Notes, the Class R Notes, the Class Z Notes and the Certificates. Additionally, pursuant to the Mortgage Sale Agreement, PLI will hold the Certificates as partial consideration for the Portfolio. In certain circumstances related to a breach of the Loan Warranties in respect of the Loans and their Related Security on the Closing Date, the Seller will be required, at its option, to either (i) repurchase the relevant Loan and its Related Security (together with any other Loan secured by, or intended to be secured by, such Related Security or any part of it) or (ii) make an indemnity payment in lieu thereof (see the section "*Summary of Transaction Documents – Mortgage Sale Agreement*").

PLI has covenanted in the Mortgage Sale Agreement that it shall, so long as the Notes remain outstanding, maintain unencumbered liquid assets of at least £5,000,000 (excluding the assets held by it for the purposes of satisfying its obligations under the EU Risk Retention Requirements or the US Risk Retention Requirements), for the purpose of satisfying its obligations under the Mortgage Sale Agreement, including, for the avoidance of doubt and without limitation, cash generating instruments capable of realisation during the required remedial period to meet any obligations under the Mortgage Sale Agreement.

PLI will also act as Servicer Facilitator for the Issuer (see further "*Summary of the Key Transaction Documents – Servicer Facilitator Agreement*").

Business of PLI

The business of PLI includes:

1. owning (directly or indirectly) and managing other financial assets. As at the date of this Prospectus, PLI has assets, excluding those to be acquired by PLI in connection with this transaction, in excess of €15 million;
2. carrying out all transactions whatsoever which are directly or indirectly connected with or useful for the purposes of the creation, acquisition, holding and/or disposal, in any form and by any means of any kind of, assets portfolios, including in particular but without being limited to, any loan portfolios (and any related security to such loans) or interests in loans (via asset backed securities);
3. owning and managing the mortgage loans acquired pursuant to the Vendor Mortgage Sale Agreement that do not form part of the Portfolio;
4. acting as Servicer Facilitator to the Issuer; and
5. identifying and investing in further portfolios of financial assets and generating a levered return for its investors by financing such investments through public or private debt.

Management of PLI

The board of managers of PLI consists of individuals with significant financial services experience, some of whom are employees of companies within the Prudential group.

PLI has delegated the day-to-day management of its investments to its investment manager, Prudential Investments Limited. However, PLI's board retains sole control over the decision to enter into each investment and, where it is decided to raise securitisation finance against the assets being invested in, the selection of the asset pool chosen to secure such financing.

THE VENDOR AND THE INTERIM SERVICER

Bradford & Bingley plc (**B&B**) (registered number 03938288) is a public limited company incorporated in England and Wales under the Companies Act 1985 on 28 February 2000.

B&B is the successor to Bradford & Bingley Building Society (the **B&B Society**), which was a "building society" within the meaning given to that term in the Building Societies Act 1986 (as amended by the Building Societies Act 1997).

The B&B Society was formed in 1964 as a result of the merger of the Bradford Equitable Building Society and the Bingley Building Society, both of which were established in 1851. The B&B Society subsequently merged with a number of small local building societies. On 4 December 2000, the B&B Society converted to a public listed company, listed on the London Stock Exchange and authorised under the Banking Act 1987.

On 29 September 2008, the retail deposit accounts of B&B (along with its branch network) were transferred to Abbey National plc., part of the Santander Group. The remaining business of B&B, including the mortgage operations and its headquarters, was taken into public ownership by the UK government.

Following nationalisation, B&B remains closed to new business and is no longer able to offer new mortgage deals or extend terms for existing customers.

The registered office of Bradford & Bingley is at Croft Road, Crossflatts, Bingley, West Yorkshire, BD16 2UA, United Kingdom.

THE LONG-TERM SERVICER

Topaz Finance Limited (**Topaz**) is a private company with limited liability incorporated under the laws of England and Wales with registered number 5946900 and with its registered address at The Pavilions, Bridgwater Road, Bristol, BS13 8AE.

Topaz, which operates a number of consumer facing brands, is a subsidiary of Computershare Limited, an Australian global financial administration company, and is regulated by the Financial Conduct Authority (FCA Number 461671) with permissions to, amongst other things, originate, hold legal title to and service commercial and residential mortgage loans in the United Kingdom for its own account and on behalf of third parties.

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

THE CASH MANAGER AND THE ISSUER ACCOUNT BANK

Citibank, N.A. is national association formed through its Articles of Association, obtained its charter, 1461, July 17 1865, and governed by the laws of the United States and having its principal business office at 388 Greenwich Street, New York, NY 10013, USA and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with a foreign company number FC001835 and branch number BR001018.

The London Branch of Citibank, N.A. is authorised and regulated by the Office of the Comptroller of the Currency (USA) and authorised by the Prudential Regulation Authority. It is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority.

THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

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

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

Citicorp is regulated by the UK's Financial Conduct Authority.

THE CORPORATE SERVICES PROVIDER AND THE REPLACEMENT CASH MANAGER FACILITATOR AND THE BACK-UP SERVICER FACILITATOR

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

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

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

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

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

Intertrust Management Limited will also be appointed as the Replacement Cash Manager Facilitator pursuant to the Cash Management Agreement (see the section entitled "*Summary of the Key Transaction Documents – Cash Management Agreement*" for further information) and the Back-Up Servicer Facilitator pursuant to the Servicer Facilitator Agreement (see the section entitled "*Summary of the Key Transaction Documents – Servicer Facilitator Agreement*" for further information).

THE LOANS

Introduction

The following is a description of some of the characteristics of the Loans comprised in the Portfolio, including details of loan types, the underwriting process and Lending Criteria.

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

The Portfolio

The Portfolio will comprise unregulated loans advanced to the borrowers upon the security of buy-to-let residential property situated in England and Wales (each a **Borrower**) and on the Closing Date will consist of the Loans and their Related Security acquired pursuant to the Mortgage Sale Agreement, other than Loans which have been repaid or which have been repurchased from the Issuer pursuant to the Mortgage Sale Agreement.

Origination of the Portfolio

The Portfolio is comprised of Loans originated by Bradford & Bingley plc (**B&B**) and Mortgage Express (**MX**). Each of B&B and MX are referred to in this Prospectus as an **Originator** and together are referred to as the **Originators**.

All of the Loans in the Portfolio were originated by an Originator between October 1996 and March 2009. The Portfolio was drawn from a larger portfolio of mortgage loans sold by B&B on or about the Closing Date (the **Asset Sale Portfolio**), itself drawn from the whole portfolio of mortgage loans held by B&B and MX (the **B&B Portfolio**).

Selection Criteria

The Issuer has been informed that the Asset Sale Portfolio was designed to be selected by the Vendor in accordance with the criteria described below. This selection criteria does not reflect the contractual eligibility criteria of the Loan Warranties which are required to be complied with in determining the Loans sold by the Seller to the Issuer, as to which we refer you to the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement - Representations and Warranties*".

Noteholders should be aware that the details of the selection criteria provided below are for information only and no warranty is given as to compliance with the selection criteria. Noteholders should refer to the Loan Warranties as to the eligibility criteria used to determine the Loans sold by the Seller to the Issuer. None of the Issuer, the Seller or any other party accepts any liability for any inconsistency with the selection criteria.

In this Prospectus, the capitalised terms below have the following definitions:

Borrower B&B Portfolio means all loans within the B&B Portfolio with the same named borrower.

Borrower Linked Portfolio means all loans within the B&B Portfolio and the portfolio of mortgage loans held by B&B's affiliates with the same named borrower.

The Issuer has been informed that to the extent that any loans were identified by the Vendor (in each case as at 30 September 2016 unless stated otherwise) as falling within one or more of the criteria

below, they were excluded from the Asset Sale Portfolio (however there can be no assumption, and no warranty is given, that Loans within the Portfolio would not fall within such criteria):

- 1. Current Arrears:** all loans within a Borrower B&B Portfolio where one or more loans within the relevant borrower's Borrower Linked Portfolio had an arrears balance of one or more months' contractual monthly payment as at 30 September 2016 and 31 January 2017;
- 2. Possession:** all loans within a Borrower B&B Portfolio where one or more loans within the relevant borrower's Borrower B&B Portfolio had been taken into possession;
- 3. LPA Receiver:** all loans within a Borrower B&B Portfolio where a Law of Property Act receiver was appointed in respect of one or more loans within the relevant borrower's Borrower B&B Portfolio as at 30 September 2016;
- 4. Sale and Rent Back:** all loans identified as potentially funding a sale and rent back (**SARB**) transaction where the purchase price for the mortgaged property or terms of the tenancy agreement were off-market;
- 5. Individual Voluntary Arrangement / Bankruptcy:** all loans within a Borrower B&B Portfolio where the primary borrower of a loan within a Borrower B&B Portfolio was, based on available credit file information as at 30 September 2016, subject to an individual voluntary arrangement or bankruptcy proceedings;
- 6. Deceased:** all loans where the borrower is (or, if more than one borrower, all borrowers are) deceased;
- 7. Previous Shortfalls:** all loans within a Borrower B&B Portfolio where one or more loans within the relevant borrower's Borrower Linked Portfolio has, since April 2009, been subject to enforcement proceedings which, having completed, resulted in an unsecured shortfall balance;
- 8. Term Date Passed:** all loans within a Borrower B&B Portfolio where one or more loans within the relevant borrower's Borrower B&B Portfolio had a maturity date prior to 31 March 2017;
- 9. Low Balance:** all loans within a Borrower B&B Portfolio where the aggregate outstanding current balance of all loans within the relevant Borrower B&B Portfolio was less than £10,000 as at 30 September 2016;
- 10. High Balance:** all loans within a Borrower B&B Portfolio where one or more loans within the relevant borrower's Borrower B&B Portfolio had an outstanding current balance greater than £1,000,000 as at 30 September 2016;
- 11. LTV:** all loans within a Borrower B&B Portfolio where one or more loans within the relevant borrower's Borrower B&B Portfolio had an indexed LTV greater than 100% as at 30 September 2016;

- 12. Fraud:** all loans within a Borrower B&B Portfolio where one or more loans within the relevant borrower's Borrower Linked Portfolio was known to, or suspected to have been, subject to fraud in the course of origination;
- 13. Scottish and Northern Irish Loans:** all loans within a Borrower B&B Portfolio where one or more loans within the relevant borrower's Borrower B&B Portfolio was secured by a mortgaged property located in Scotland or Northern Ireland; and
- 14. Linked Portfolio Removals:** all loans within a Borrower B&B Portfolio that have an aggregate average indexed LTV of less than 90% if within the relevant borrower's Borrower Linked Portfolio (disregarding the relevant borrower's Borrower B&B Portfolio loans) there are one or more loans with an aggregate average indexed LTV of greater than 90%.

Characteristics of the Loans

Products

The Loans are secured by buy-to-let mortgages, being mortgages on properties bought to let to third parties. The maximum loan at origination was based on the loan to value ratio (excluding telegraphic fees and booking fees) (the **LTV**) of the amount of the advance to the value of the Mortgaged Property. Such maximum LTV varied depending on the specific product, as further detailed below. The buy-to-let mortgage was available to employed or self-employed individuals and private limited companies. All loans were underwritten and credit scored on an individual basis to the maximum amount allowed under the loan. If the initial Loan requested was less than the maximum allowable, then capital drawdowns were available during the first 12 months (prior to March 2002, drawdowns were available for seven years) up to the maximum allowable Loan. All such drawdowns have now expired. Notwithstanding the specific product types described below, the relevant Originator exercised discretion within its Lending Criteria in applying those factors that were used to determine the maximum amount of the Loan(s).

Buy-to-Let (70% LTV): The maximum loan at origination was 70% of the value of the Mortgaged Property. This was a non-status buy-to-let product targeted at the overseas/expatriate landlord market. No income verification was requested.

Buy-to-Let (80% LTV): The maximum loan at origination was 80% of the value of the Mortgaged Property. This was a full-status buy-to-let product targeted at the UK landlord market. Income verification was required.

Buy-to-Let (85% LTV): The maximum loan at origination was 85% of the value of the Mortgaged Property. This was a full-status buy-to-let product targeted at the UK landlord market. Prior to 2002, income verification was required. From 2002, income verification could be requested.

Buy-to-Let (90% LTV): The maximum loan at origination was 90% of the value of the Mortgaged Property. The Buy-to-Let (90% LTV) product was only available to landlords with experience of being a landlord for a minimum of 12 months. Income verification could be requested.

Buy-to-Let (110% Rental): The maximum loan at origination was 85% of the value of the Mortgaged Property. The rental assessment required the gross rental income from letting the property to be a minimum of 110% of the mortgage interest payment (see "*Rental assessment*" below for details of rental assessments in respect of other products). The Buy-to-Let (110% Rental) product was

only available to landlords with experience of being a landlord for a minimum of 12 months. Income verification could be requested.

Repayment terms

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

- (a) **repayment:** the Borrower makes monthly payments of both interest and principal so that, at the end of the mortgage term, the Borrower will have repaid the full amount of the principal of the Loan (a **Repayment Loan**);
- (b) **interest-only:** the Borrower makes monthly payments of interest but not of principal; at the end of the mortgage term, the entire principal amount of the Loan is still outstanding and the Borrower must repay that amount in one lump sum. An interest only Loan may include a repayment plan or vehicle, including an endowment policy, pension policy or managed investment plan, share portfolio plan or sale of the relevant property (an **Interest-Only Loan**); or
- (c) **combination repayment and interest-only:** the Borrower makes monthly payments of both interest and principal in respect of part of the Loan, and makes monthly payments of interest but not of principal in respect of the remainder of the Loan. Such situation is likely only to occur as a result of forbearance undertaken by the relevant Originator where the principal remains repayable on an interest-only basis while the principal amount of capitalised arrears is repayable in addition to interest (a **Part-and-Part Loan**).

No security was taken over investment plans, pension policies, endowment policies or other repayment vehicles.

Certain of the Loans are subject to a range of options that give the Borrower greater flexibility in the timing and amount of payments made under the Loan as well as access to Cash Withdrawals under the Loan as described in “*Flexible Payments*” below.

Interest payments and interest rate setting

The Originators offered a range of interest rates in respect of the Loans, typically depending on the product type and the LTV.

A summary of the rates is as follows:

Variable Rate Loans are either (i) subject to a fixed margin over the Bank of England’s official dealing rate, as set by the UK Monetary Policy Committee (the **Bank of England Base Rate**) which is different for each mortgage product and which is established at the origination of each Loan at the discretion of the relevant Originator (the **Variable Rate**) (the **Product Variable Rate Loans**); or (ii) subject to a fixed margin over the Bank of England Base Rate which is different for each mortgage product and which is established at the origination of each Loan at the discretion of the relevant Originator, save that the margin may be varied by a pre-agreed amount to reflect the then applicable LTV (as reset annually on the anniversary of the relevant Loan’s release date) (the **Split PVR Loans**);

Discounted Variable Rate Loans allow the Borrower to pay interest at a specified discount to the relevant Variable Rate for a fixed period of time, provided that all monthly payments were made on time;

Lifetime Discounted Variable Rate Loans allow the Borrower to pay interest at a specified discount to the relevant Variable Rate for the duration of the term of the relevant Loan, provided that all monthly payments were made on time;

Fixed Rate Loans are subject to a fixed rate of interest for a fixed period of time; and

Lifetime Fixed Rate Loans are subject to a fixed rate of interest for the duration of the term of the relevant Loan.

The Discounted Variable Rate Loans and the Fixed Rate Loans are each offered for a predetermined period, usually between three and five years but occasionally for up to ten years, from the commencement of the Loan (the **Product Period**). At the end of the applicable Product Period, the rate of interest charged on Discounted Variable Rate Loans or Fixed Rate Loans will revert to the relevant Variable Rate. The Variable Rates differ for each product type or the status of Borrowers (for example, full-status Borrowers could be eligible for an interest rate of 1.75% above the Bank of England Base Rate while non-status Borrowers could be eligible for an interest rate of 2.00% above the Bank of England Base Rate. For information relating to the determination of the status of Borrowers, see "*Status of Applicants*" below). Buy-to-Let Mortgages for private limited companies were only available at the Variable Rate.

None of the Loans in the Portfolio bears interest at a standard variable rate set by B&B, MX or another lender which, in practice, is set by reference to a metric other than the Bank of England Base Rate.

Subject to the comments below regarding Conversion Interest, interest is calculated on a monthly basis and charged monthly in arrear on the capital and any unpaid interest outstanding on the applicable monthly instalment date (and if such day is not a Business Day in London, then the next following Business Day in London) in each month. Any payment by the Borrower will reduce the Borrower's balance on which interest will be calculated the following month.

The majority of the Split PVR Loans have already reached the minimum PVR Margin applicable; for these loans any future changes in the LTV will not result in a change in the PVR Margin. In this regard, 0.05% of the Current Balance of the Provisional Portfolio could still benefit from a reduction in the interest rate of up to 0.25% based on a reduction in LTV. The LTV may vary as a result of factors including the repayment or prepayment of the Loan, or as a result of the indexation of the value of the Mortgaged Property in accordance with the Halifax House Price Index.

The Issuer, the Legal Title Holders and the Servicers have undertaken in the Relevant Servicing Agreement not to increase the applicable interest rate in respect of a Split PVR Loan as a result of a change in the applicable LTV. The Issuer, the Legal Title Holders and the Servicers have further undertaken in the Relevant Servicing Agreement to only increase the applicable interest rate of the Variable Rate Loans, Discounted Variable Rate Loans, Lifetime Discounted Variable Rate Loans and Split PVR Loans if there is an increase in the Bank of England Base Rate (save that the Issuer, the Legal Title Holders and the Servicers may cease to apply any applicable discount to the interest rate in accordance with the provisions of the Mortgage Conditions).

The Relevant Servicer will be required under the Relevant Servicing Agreement to take such steps as are required by (i) the relevant Mortgage Conditions and (ii) Applicable Law, regulation and guidance and any successor guideline or applicable additional guidelines to bring each change in the rate or rates of interest to the attention of the relevant Borrowers. The Relevant Servicer will, as soon as reasonably practicable, notify the relevant Borrowers of any changes in the Monthly Payments in relation to the relevant Loans.

The Mortgage Conditions require that monthly payments due from Borrowers are paid by direct debit. In certain circumstances, the relevant Originator has waived such requirement. Other payment methods include bank payments, card payments and cheque payments.

Conversion Interest

Prior to a new system being launched in 2004, in readiness for mortgage regulation, the monthly interest was charged in arrears. The mortgage processing system introduced in 2004 calculates monthly interest in advance with monthly interest continuing to be charged in arrear. The full launch of the mortgage processing system was completed in October 2004, and all loans that completed following that date were processed under that system. In June 2005, the loans held on the old mortgage processing system were migrated onto this new system. To reflect such change without charging Borrowers for interest twice in a single month, interest in respect of the period from 4 June to 30 June 2005 was deferred (and so was not charged to the relevant account at that time) until the Loan is redeemed (**Conversion Interest**). No interest is charged on such Conversion Interest. The amount of Conversion Interest is detailed in a Borrower's annual statement as an "Interest Adjustment". The annual statement also includes an explanation of such "Interest Adjustment". Please see the risk factor entitled "*Risk Factors – Conversion Interest*".

While Borrowers have raised complaints regarding Conversion Interest, the FOS have confirmed that Originators were entitled to make such a change in the method of calculation of monthly interest, that Borrowers have not been financially disadvantaged by the charging of Conversion Interest and that Conversion Interest is legitimately owed by Borrowers.

However the FOS has also identified that there may be infrequent occasions where it would be unfair to charge Conversion Interest. In respect of certain complaints, and subject to the individual circumstances of the relevant Borrower, the FOS has awarded compensation to the Borrower in respect of "trouble and upset" in an amount of £100 to £300. In respect of one complaint, where the relevant Originator failed to notify the Borrower that the Conversion Interest was payable on redemption of the Loan and failed to provide the Borrower with a redemption statement detailing the applicable Conversion Interest, the FOS found that it was unfair to charge Conversion Interest to the Borrower.

Loans may combine one or more of the features listed in this section. Other customer incentives may be offered with the product through "Choices", a flexible payment facility. See – *Flexible Payments*.

Portability

Porting is not permitted in respect of the Loans.

Early Repayment

These terms are used to describe instances when the Borrower pays back either all or part of the Loan (in an amount exceeding their normal monthly payments) before the maturity date of the Loan. When a Loan is redeemed in full or in part in this way, an Early Repayment Charge may be payable. Early Repayment Charges are usually (but not exclusively) payable during a Product Period.

The relevant Legal Title Holder, the Issuer and the Long-Term Servicer have undertaken in the Long-Term Servicing Agreement not to charge Early Repayment Charges to Borrowers for a period of 12 months following the Transfer Date. Following such 12 month period, no Early Repayment Charges will be applicable to the Loans in the Portfolio, as any applicable Product Periods will have expired as of 31 October 2017.

Flexible Payments

The Mortgage Conditions incorporate the concept of “flexible payment”, which is available for all products in the Portfolio through the “Choices” facility. This facility enables Borrowers to make Overpayments or (where the Borrower has made Overpayments to build up a “Choices” credit balance) make Underpayments, take Payment Holidays, or make Cash Withdrawals in certain circumstances. The Choices facility is available throughout the life of the Loan or until the balance on the Choices options is reduced to zero via Underpayments, Cash Withdrawals or Payment Holidays. The balance of Overpayments as at 31 January 2017 is £21,341,678 million.

There is no limit to the number of times the Choices facility can be exercised during the term of the Loan, save that there are limits to the number of times that specific features of the Choices facility can be used in a 12 month period, as described below. In the past, Borrowers may have been required to pay an administrative fee in respect of the third or subsequent changes to the Choices facility in any 12 month period. However, currently no such administrative fee applies and the exercise of this option is free of charge. Each of the Issuer (in the Mortgage Sale Agreement), and the Legal Title Holders and the Long-Term Servicer (in the Long-Term Servicing Agreement) have undertaken that at any time after the first anniversary of the Transfer Date it will not exercise, or purport to exercise, any right under the applicable Mortgage Conditions to revise the amount of the fees and charges which may be charged to the relevant Borrower (unless to the Borrower's benefit), or to introduce additional fees or charges which may be charged to the relevant Borrower, other than in accordance with Applicable Laws and to the extent such revised or additional fees or charges (i) would be acceptable to a Reasonable Prudent Mortgage Lender as at the date on which they are introduced, and (ii) are set in accordance with the guidance and principles set out in the FCA's Mortgages and Home Finance: Conduct of Business sourcebook (**MCOB**) (notwithstanding that the Loans and their Related Security may fall outside the scope of MCOB) and not exercise, or purport to exercise, any right under the applicable Mortgage Conditions to charge the relevant Borrower fees associated with the use of a Choices Feature more than twice in any calendar year.

Choices options comprise the following:

Overpayment: Pursuant to the Mortgage Conditions, the minimum monthly Overpayment allowed is £25. The maximum allowable monthly Overpayment varied depending on the relevant Mortgage Conditions, but this could be 100% of the amount of the monthly payment or up to 1% of the outstanding mortgage balance in such month. This may be paid in addition to scheduled monthly repayments without the Borrower having to pay an Early Repayment Charge. Borrowers can overpay on a monthly basis for as long and as regularly as they like. Further, provided that the applicable LTV is below a certain level conditions are satisfied, and if sufficient funds have accrued from Overpayments, the following options are also available to the Borrower:

Underpayment: The Borrower may pay less than their agreed monthly payment each month by an amount agreed between the Borrower and the relevant Legal Title Holder. The Borrower automatically reverts to full monthly payments when the accrued Overpayments have depleted.

Payment Holidays: Accrued Overpayments can be used to take Payment Holidays during which the Borrower may suspend mortgage payments without penalty for a maximum of six months (unless a longer period is agreed with the relevant Legal Title Holder) until the accrued Overpayments have been depleted. Subject to the agreement of the Legal Title Holder, Payment Holidays are limited to six months per annum.

Cash Withdrawals: All or part of the accrued Overpayments can be taken out in cash by way of “funds release”. Up to two such funds releases are permitted in any year. Funds releases are available to Borrowers on five days’ notice.

Any Overpayments are deducted from the Outstanding Principal Balance on the day following the day on which an Overpayment is made. However, unless otherwise requested by the Borrower, the Borrower's Contractual Monthly Payment will not reduce until the Contractual Monthly Payment is reset on the earlier of the anniversary of the Loan's release date, or a change in the Bank of England Base Rate. Any amounts paid by the Borrower in excess of the amount the Borrower would be expected to pay if the Contractual Monthly Payment had reset are applied to further reduce the Outstanding Principal Balance of the Loan. Underpayments and Cash Withdrawals can only be made and Payment Holidays can only be taken to the limit of previous Overpayments by the Borrower.

When the Contractual Monthly Payment is reset, it will be recalculated: (i) in respect of Repayment Loans, with reference to Outstanding Principal Balance of the Loan, the remaining term and the then applicable interest rate and will be reset to allow the Loan to be repaid on maturity; and (ii) in respect of Interest-Only Loans, with reference to the Outstanding Principal Balance of the Loan and the then applicable interest rate. The Outstanding Principal Balance is increased from the day following any subsequent Underpayment, Cash Withdrawals or Payment Holiday after an Overpayment, and interest is charged on such increased Outstanding Principal Balance with the next monthly payment changing from the next interest payment date. The customer has access to the balance under the Choices facility in accordance with the Mortgage Conditions.

Further Advances

Following the Closing Date, no Further Advances will be made in respect of the Loans. If the Legal Title Holder agrees to make any Further Advance, then the Seller will be required to buy-back such Loan and its Related Security (subject to the steps set out in the Mortgage Sale Agreement being taken) at an amount equal to its Current Balance as of the date of completion of such repurchase plus any expenses in connection with the servicing of the Loan payable thereon to such date.

Product Switches

From the Closing Date, no Product Switches will be offered in respect of the Loans. If the Legal Title Holder agrees to a Product Switch, then the Seller will be required to buy-back such Loan and its Related Security (subject to the steps set out in the Mortgage Sale Agreement being taken) at an amount equal to its Current Balance as of the date of completion of such repurchase plus any expenses in connection with the servicing of the Loan payable thereon to such date.

Mortgage Conditions

The Mortgage Conditions in respect of the Loans are documented on the relevant Originator's general conditions applicable at the time of origination or at the time of a subsequent variation of the Loan.

In addition to such general conditions, the Loans are subject to special conditions (documented in the relevant offer letters) and, in certain cases, product conditions (documented in separate, product-specific conditions). Such special conditions and product conditions include certain Loan-specific terms, such as the rate of Early Repayment Charges, as well as product-specific terms, such as the Choices facility and provisions relevant to buy-to-let Loans. Terms applicable to buy-to-let Loans included in the special conditions and product conditions varied depending on the origination date of the Loan, but (where used) the Product Conditions included the Relevant Originator's consent to let subject to: (i) a requirement to let (or actively market for letting) the Mortgaged Property; (ii) limitations on the nature of tenants, such as prohibitions on lettings to persons with diplomatic immunity; and (iii) limitations on the nature of tenancy agreements, such as permitting tenancies on assured shorthold tenancies for a term of no more than 12 months, letting to students pursuant to Schedule 1 of the Housing Act 1988 and lettings to a local authority or a housing association for a specified term of not more than 3 years (as applicable).

Commingled Servicing

Certain Borrowers with one or more Loans within the Portfolio are also borrowers in respect of one or more loans that are owned by B&B or its affiliates but not included within the Portfolio (together being **Commingled Loans**). All such Commingled Loans are currently serviced on behalf of B&B and its affiliates by CMSL.

For the duration of the Interim Period, during which B&B and its affiliates (including MX and NRAM Limited) will remain legal title holder to all the Commingled Loans, CMSL will service Commingled Loans relating to a Borrower on a portfolio basis. Therefore, servicing decisions in respect of Commingled Loans within the Portfolio will take into account Commingled Loans outside the Portfolio during the Interim Period. Such servicing decisions could include: (i) appointing a Law of Property Act receiver in respect of a portfolio of Commingled Loans; (ii) to calculate and consider loss (and agree strategies) in respect of a portfolio of Commingled Loans as a whole; (iii) exercise the right to consolidate in respect of Commingled Loans in the Portfolio as a result of circumstances relating to Commingled Loans outside the portfolio; and (iv) where rental income from any Commingled Loan in the Portfolio in excess of that required to satisfy payments in respect of the relevant Commingled Loan may be directed by the applicable Borrower to be used to offset rental arrears in respect of Commingled Loans outside the Portfolio.

Surpluses on redemption of a Loan or repossession of any mortgaged property relating to a Loan are not to be applied to any Commingled Loans outside the Portfolio unless agreed with the relevant Borrower.

As at the Portfolio Reference Date, 9,623 Loans on 9,587 Mortgage Accounts in the Asset Sale Portfolio with an Outstanding Principal Balance of £1,175,148,985.13 constitute Commingled Loans.

Lending Criteria

Each Loan in the Portfolio was originated according to the relevant Originator's Lending Criteria applicable at the time the Loan was offered, which included some or all of the criteria set out in this section. The geographical location of a Mortgaged Property (i.e. England and Wales) had no impact upon the Originator's Lending Criteria and credit scoring tests (save in connection with the minimum property purchase price and certain region-specific guidance, such as mundic block guidance in Cornwall). It should be noted that the relevant Originator exercised discretion within its Lending Criteria in applying those factors that were used to determine the maximum amount of the Loan(s). The Originators took the following into account when exercising discretion: credit scorecard result, LTV, quality of security (such as type of property, repairs, location or saleability) and rental assessment. Although many buy-to-let products were "full-status" products, affordability was assessed using rental income rather than employment income. Some of the factors used in making a lending decision are outlined below.

(a) Type of property

Mortgaged Properties were permitted to be commonhold, freehold or leasehold. This does not include freeholds subject to a long lease. Leases were required to have at least 25 years remaining on the maturity of the Loan.

The Mortgaged Property was required to be used solely for residential purposes and to be in sound structural repair or be capable of being put into such state.

All Mortgaged Properties relating to Loans in the Portfolio are located in England or Wales.

The following are examples (non-exhaustive) of the types of properties considered by each Originator to be unacceptable security: freehold flats, commercial properties and properties that are excluded from full buildings insurance.

All Mortgaged Properties required an inspection valuation by a valuer approved by the relevant Originator. If a valuation report was more than six months old and completion had not taken place, the relevant Originator may have insisted that a new inspection of the property was carried out.

Where negative factors, including lack of saleability, are noted in the valuation report, an offer for a Loan on the property may have been declined.

(b) Security

Each Loan was required to be secured by a first legal charge.

An Originator will not have created more than one Mortgage over any Mortgaged Property. No Mortgaged Property secures another Loan in the Portfolio as a first ranking charge.

(c) Term of the Loan

The minimum term for the Loans was five years. The maximum term for the Loans was dependent upon the nature of the method of repayment, and was generally 25 years for repayment mortgages, 35 years for interest-only mortgages backed by an endowment and 45 years in respect of all other interest-only mortgages. The Borrower may request an extension of the term of the original Loan, however, the relevant Originator is not bound to agree to an extension beyond the maximum term allowed under its procedures.

(d) Type of letting

All Mortgaged Properties were required to be let (or to actively marketed for letting) within three months of completion and for duration of the Loan term.

Mortgaged Properties were not permitted to be let to persons possessing any form of diplomatic immunity or receiving government benefits. In respect of Loans advanced after 16 May 2008, Mortgaged Properties were not permitted to be let to persons who were related to the Borrower.

Mortgaged Properties may only be let on certain types of tenancies, varying depending on the applicable terms at the origination date of the relevant Loan. Permitted tenancies include: (i) a valid assured shorthold tenancy for a fixed term of no more than 12 months; (ii) lettings to students through a university or other publically funded institution of further or higher education, as prescribed by Schedule 1 of the Housing Act 1988; (iii) lettings to a Local Authority or Housing Association for a term of not more than 3 years (increased to 5 years in respect of Loans originated after 19 September 2005); and (iv) such other tenancy as the Legal Title Holder consents to. Additionally, Mortgaged Properties may be let to UK registered limited companies who allow one of their employees (and their immediate family) to reside in the Mortgaged Property under licence while employed by such limited company.

The Originators did not monitor the Mortgaged Property to confirm that it had been leased within the three month period or that the other restrictions above had been complied with. The Relevant Servicers will not actively monitor who the Mortgaged Properties will be let to going forward.

(e) Rental assessment

Depending on when the Loan was originated and the relevant product type, the tenancy was generally required to provide for a rent of at least 120%, 125% or 130% of the monthly mortgage payment on an interest-only basis based on a rental assessment performed by the valuer.

In 2007, the Originators launched the Buy-to-Let (110% Rental) product, which, as at origination, required the tenancy to provide for a rent of at least 110% of the monthly mortgage payment on an interest-only basis based on a rental assessment performed by the valuer. Such product was only available to landlords with a minimum of 12 months experience as a landlord.

(f) Age of applicant

Prior to 19 September 2005, all primary Borrowers were required to be 25 or over and the maximum age limit at the maturity of the loan was 75. Thereafter, all primary Borrowers were required to be aged 21 or over and the maximum age limit at the maturity of the loan was 85.

Additional joint Borrowers were, prior to 28 October 2002, required to be aged 25 or over and thereafter required to be aged 21 or over.

(g) LTV

The maximum LTV at origination depended on the product, Loan size and applicant's status. The maximum original LTV of Loans at origination in the Portfolio was, 70% in respect of the Buy-to-Let (70% LTV) product, 80% in respect of the Buy-to-Let (80% LTV) product, 85% in respect of the Buy-to-Let (85% LTV) and Buy-to-Let (110% Rental) product and 90% in respect of the Buy-to-Let (90% LTV) product, in each case excluding telegraphic transfer fees and booking fees. The value of the Mortgaged Property is reset quarterly by applying the change in the Halifax House Price Index for the relevant type of houses in the same geographical band.

In the case of a property that was being purchased, value was determined by the lower of the valuation report and the purchase price. In the case of a remortgage, value was determined on the basis of a valuation only.

Status of Applicants

In connection with the assessment of an applicant's status and the products available to them, the Originators distinguished between those applicants who were "full-status" or "non-status". Applicants treated as full-status were generally those able to: (a) provide evidence in support of their application including, in particular, information regarding their income (and potentially also their employment status) with such evidence being verified by the relevant Originator at its discretion; (b) depending on the date of origination of the Loan, satisfy the minimum income requirements; and (c) satisfy the UK residency criteria. Applicants treated as non-status were those not able to: (a) provide evidence in support of their application including, in particular, evidence supporting their income or selected a product which did not require them to; (b) (if applicable, depending on the date of origination of the Loan) satisfy the minimum income requirements; or (c) satisfy the UK residency criteria (but they would have to satisfy the expatriate or overseas residency criteria from 2002 onwards)

As at the Portfolio Reference Date, no more than 0.3 per cent. of the Loans in the Portfolio were made to Borrowers treated as non-status.

Income Verifications

Each Originator required a three year employment history for all Borrowers; although no income verification was in most instances made for non-status Borrowers. Depending on the date of origination of the Loan, a minimum income was in most instances required for all Borrowers.

Positive proof of the Borrower's identity and address was established in line with applicable money laundering regulations in force as at the date of origination.

Fraud Prevention and Money Laundering

The Vendor has informed the Seller that:

- (i) fraud prevention measures used by the Originators included the use of the Hunter automated fraud alert system, which used internal rules (based on the Originators' own fraud prevention measures) as well as external rules applied in conjunction with a number of other banks and building societies and that where Hunter identified adverse information regarding an applicant, their application would be declined;
- (ii) the Originators utilised the Transaction Monitoring System (**TMS**) automated system to identify persons subject to sanctions or other politically exposed persons and that where TMS identified adverse information regarding an applicant, their application would be declined;
- (iii) each Originator adhered to money laundering regulations applicable at the time of origination of the relevant Loans that staff underwent annual anti-money laundering training and were required to pass a test to confirm competence, that each application was assessed individually and that if there were suspicions of money-laundering in respect of an application, a "Suspicious Activities Report" would be submitted to the relevant Originator's group fraud for investigation; and
- (iv) after May 2007, the Originators used CallML anti-money laundering software provided by CallCredit, that any decisions in principle made would be verified with CallML and that once verified, no further identity or address verification was required.

Credit History

A credit search was carried out in respect of all applicants. Depending on the date of origination of the relevant Loan, applications were accepted in limited circumstances where an adverse credit history was revealed, including a single county court judgement that had been satisfied for at least 12 months or a bankruptcy notice registered 6 or more years prior to the relevant application that was then discharged (including, in respect of a limited company, that company's directors) or a single month's mortgage arrears in the previous 12 months.

Credit Scorecard

Each Originator used certain criteria described in overview in this section and various other criteria to produce an overall score for the application that reflected a statistical analysis of the risk of advancing the Loan. All initial Loan applications were subject to credit scoring. Factors taken into account in credit scoring included UK residence (or eligible expatriate residence) and employment status.

Insurance policies

(a) Insurance on the property

Each Borrower is required to take buildings insurance on the Mortgaged Property for the duration of the Loan. In the case of a leasehold Mortgaged Property, the landlord may arrange for the buildings insurance independently. In either case, the Borrower must ensure that the buildings insurance payments are made when due. The Mortgaged Property is required to be insured for the amount specified by the relevant Originator (which was not less than the amount which the relevant Originator reasonably thought was the then current rebuilding cost of the Mortgaged Property as identified pursuant to the relevant valuation report). The sum insured must be “index-linked” so that it keeps pace with inflation in the cost of rebuilding and must be reviewed annually.

In addition, the policy must cover all the risks reasonably specified by the relevant Originator. The Borrower must inform the relevant Originator of any damage to the Mortgaged Property that occurs, and the Borrower must make a claim under the insurance for any damages covered by it unless the Borrower has the damage repaired.

There is no assurance that the Borrower would in fact obtain or maintain the requisite insurance cover.

(b) Properties in possession cover

When a Mortgaged Property is taken into possession by the relevant Originator and buildings insurance has not been arranged through the relevant Originator or any third party, the relevant Originator will take the necessary actions to ensure that the appropriate insurance cover is provided on the Mortgaged Property. The relevant Originator may claim under this policy for any damage occurring to the Mortgaged Property while in the relevant Originator’s possession.

Aire Valley and Covered Bonds

Approximately 42% of the Loans in the Portfolio were previously owned by Aire Valley Mortgage Trustee Limited in connection with the securitisations under which Aire Valley Mortgages 2004-1 plc, Aire Valley Mortgages 2005-1 plc, Aire Valley Mortgages 2006-1 plc, Aire Valley Mortgages 2007-1 plc, Aire Valley Mortgages 2007-2 plc and Aire Valley Mortgages 2008-1 plc acted as issuer (the **Aire Valley Securitisations**).

Between 2010 and 2016, 61 loans were repurchased from the Aire Valley Securitisations as a result of breach of warranty.

Additionally, approximately 40% of the Loans in the Portfolio were previously owned by Bradford & Bingley Covered Bonds LLP in connection with the covered bond programmes under which B&B acted as issuer (the **B&B Covered Bond Programmes**).

Between 2013 and 2014, 35 loans were repurchased from the B&B Covered Bond Programme as a result of breach of warranty.

Loans that were repurchased from the Aire Valley Securitisations or the B&B Covered Bond Programme may be included within the Portfolio where the breach of warranty arose due to a title defect in respect of the loan and such title defect has since rectified (but not for any other reason).

Remediation

A number of Loans within the Portfolio are subject to ongoing remediation actions or have been subject to remediation action that is now completed. These remediation actions are described below.

The Vendor has agreed in the Vendor Mortgage Sale Agreement to continue to progress the relevant actions until the earlier of the date on which they are resolved or the Transfer Date and, following the Transfer Date, to reimburse the Seller for costs incurred by it or on its behalf for progressing the relevant actions until the earlier of the date on which they are resolved or the date falling one year after the Transfer Date.

Payment Arrangements and Arrears Administration Fees

Where a Borrower entered into a payment plan with the relevant Originator in respect of the repayment of arrears (an **Arrangement to Pay**), arrears administration fees were incorrectly charged following the final month of an actively maintained Arrangement to Pay.

The issue was identified in December 2015. Since that date 61 Loans have been identified as affected by the issue.

To the extent that any remediation actions in relation to pending Remediation Liabilities are due to Borrowers, up to but excluding the Transfer Date the Vendor will carry out all remediation with the Borrowers and either pay such amounts directly to the relevant Borrowers to the extent a payment is due, or effect a remediation payment to the Borrower by way of an adjustment to the Current Balance of the affected Loans. In each case, the Vendor shall transfer to the Seller an amount equal to the aggregate of all such balance adjustments no later than 30 Business Days after the Transfer Date.

In addition, to the extent that any remediation payments or balance adjustments are required to be made in relation to the Loans during a limited time commencing on the Transfer Date (the last day of such period being the **Remediation Cut-Off Date**) and in respect of a matter that was identified by the Vendor prior to the Transfer Date as requiring remediation, the Vendor shall transfer to the Seller an amount equal to such payments or balance adjustments. The Vendor will continue to compensate the Seller (and through the Seller, the Issuer) for the consequences of such on-going Remediation Liabilities incurred up to the Remediation Cut-Off Date.

Under the terms of the Seller Deed of Charge, the Seller has assigned by way of security to the Issuer its rights to receive any such payments from the Vendor under the Vendor Mortgage Sale Agreement (being a **Remediation Receipt**). Any such Remediation Receipts will be treated as Available Principal Receipts to be applied on each Interest Payment Date.

Remediation will involve the refund of any incorrectly charged and arrears administration fees, together with interest on such fees through a reduction to the Outstanding Principal Balance of affected Loans.

It is expected that remediation of such incorrectly charged fees will be completed during 2017.

CHARACTERISTICS OF THE PROVISIONAL PORTFOLIO

The statistical and other information contained in this section has been compiled by reference to the Provisional Portfolio as at the Portfolio Reference Date.

The Mortgage Portfolio consists of Loans included in the Provisional Portfolio after removing: (i) Loans which are scheduled to redeem prior to the Closing Date; and (ii) Loans which at any time prior to the Closing Date are found not to comply with the warranties to be given in respect of the Loans on the Closing Date as set out in the Mortgage Sale Agreement. The Mortgage Portfolio has a Current Balance of £1,926,872,646.76 as at the Cut-Off Date.

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

Except as otherwise indicated, these tables have been prepared using the Current Balance as at the Portfolio Reference Date. Columns may not add up to the total due to rounding.

As at the Portfolio Reference Date, the Provisional Portfolio had the following characteristics:

Summary Characteristics	
Current Balance	1,952,212,957.49
No. of Main Accounts	16,887
No. of Sub Accounts	17,081
Average Balance	114,291
Largest Loan Balance	964,470
Weighted Average Current Indexed LTV, %	60.88%
Weighted Average Interest Rate, %	2.02%
Weighted Average Term to Maturity (Years)	11.49
Weighted Average Years since Origination	11.10
BBR (Including discounts)	99.31%
Fixed	0.69%
Interest Only	94.90%

Current Balances as at the Portfolio Reference Date

The following table shows the range of outstanding Current Balances (including capitalised interest and capitalised fees) of the Loans as at the Portfolio Reference Date:

Range of Current Balance (£)	Current Balance	% Current Balance	No of Sub Accounts	% of Sub Accounts	Average Loan Size	Weighted Average Interest Rate, %	Weighted Average Term to Maturity (Years)	Weighted Average Loan Age (Years)	Weighted Average Indexed LTV, %
<= 50,000	46,369,596	2.38	1,519	8.89	30,526	1.99	10.23	11.62	38.92
> 50,000 to <= 100,000	526,815,170	26.99	6,852	40.11	76,885	2.01	11.43	10.90	64.53
> 100,000 to <= 150,000	618,415,974	31.68	5,110	29.92	121,021	2.02	11.47	11.14	62.13
> 150,000 to <= 200,000	340,607,299	17.45	1,987	11.63	171,418	2.01	11.52	11.24	59.01
> 200,000 to <= 250,000	204,017,553	10.45	931	5.45	219,138	2.06	11.76	11.20	60.02
> 250,000 to <= 300,000	106,977,299	5.48	392	2.29	272,901	2.01	11.42	11.33	57.35
> 300,000 to <= 350,000	47,212,156	2.42	147	0.86	321,171	1.99	12.12	10.80	58.73
> 350,000 to <= 400,000	23,998,542	1.23	64	0.37	374,977	2.04	12.43	10.66	57.37
> 400,000 to <= 450,000	17,248,889	0.88	41	0.24	420,705	1.95	12.37	11.03	56.40
> 450,000 to <= 500,000	8,330,043	0.43	18	0.11	462,780	1.99	11.98	9.79	54.09
> 500,000 to <= 550,000	5,683,655	0.29	11	0.06	516,696	2.00	6.44	10.70	51.42
> 550,000 to <= 600,000	2,322,608	0.12	4	0.02	580,652	2.10	9.08	10.20	43.54
> 600,000 to <= 700,000	695,811	0.04	1	0.01	695,811	2.00	13.67	11.35	39.05
> 700,000 to <= 750,000	701,150	0.04	1	0.01	701,150	2.00	9.33	10.74	46.38
> 750,000 to <= 900,000	900,768	0.05	1	0.01	900,768	2.00	15.76	9.27	44.17
> 900,000 to <= 1,000,000	1,916,444	0.10	2	0.01	958,222	2.00	9.93	10.58	40.94
Total:	1,952,212,957	100.00	17,081	100.00	114,291	2.02	11.49	11.10	60.88
Average	114,291.49								

Current Indexed Loan to Value Ratios (CILTVs)

The following table shows the range of CILTVs of the Loans calculated by dividing the aggregate Current Balance of all Loans (including capitalised interest and capitalised fees) as at the Portfolio Reference Date by the latest valuation amount of the Property securing the Loans indexed using the Markit Halifax House Price index:

Current Indexed LTV	Current Balance	% Current Balance	No of Sub Accounts	% of Sub Accounts	Average Loan Size	Weighted Average Interest Rate, %	Weighted Average Term to Maturity (Years)	Weighted Average Loan Age (Years)	Weighted Average Indexed LTV, %
<= 10.00	3,574,568	0.18	193	1.13	18,521	1.91	6.72	14.18	7.13
> 10.00 to <= 20.00	17,085,118	0.88	376	2.20	45,439	1.94	8.45	13.72	16.01
> 20.00 to <= 30.00	53,677,365	2.75	720	4.22	74,552	1.92	9.57	13.12	25.63
> 30.00 to <= 40.00	119,511,471	6.12	1,122	6.57	106,516	1.97	9.98	12.56	35.87
> 40.00 to <= 50.00	297,617,884	15.25	2,254	13.20	132,040	2.01	10.51	12.10	45.75
> 50.00 to <= 60.00	469,884,081	24.07	3,481	20.38	134,985	2.01	11.44	11.32	55.24
> 60.00 to <= 70.00	395,312,395	20.25	3,229	18.90	122,426	2.05	12.06	10.72	64.84
> 70.00 to <= 80.00	320,140,801	16.40	2,963	17.35	108,046	2.03	12.04	10.39	75.32
> 80.00 to <= 90.00	226,326,421	11.59	2,220	13.00	101,949	2.01	12.42	9.77	83.79
> 90.00 to <= 100.00	48,015,164	2.46	510	2.99	94,147	2.02	12.46	9.69	93.62
> 100.00	1,067,688	0.05	13	0.08	82,130	2.00	13.06	9.40	101.54
Total:	1,952,212,957	100.00	17,081	100.00	114,291	2.02	11.49	11.10	60.88

The weighted average CILTV as at the Portfolio Reference Date of the Loans is 60.88%.

Months In Arrears as at the Portfolio Reference Date²

The following table shows the range of months in Arrears of the Loans as at the Portfolio Reference Date:

Months in Arrears	Current Balance	% Current Balance	No of Sub Accounts	% of Sub Accounts	Average Loan Size	Weighted Average Interest Rate, %	Weighted Average Term to Maturity (Years)	Weighted Average Loan Age (Years)	Weighted Average Indexed LTV, %
<= 0.00	1,945,287,653	99.65	17,003	99.54	114,408	2.02	11.48	11.10	60.85
0.01 to 1.00	6,925,304	0.35	78	0.46	88,786	2.20	12.22	11.09	67.94
Total:	1,952,212,957	100.00	17,081	100.00	114,291	2.02	11.49	11.10	60.88

² Months In Arrears are calculated at the main account level.

Geographical distribution of Properties

The following table shows the distribution of geographic region of Properties securing the Loans throughout England and Wales as at the Portfolio Reference Date. No Properties are situated outside of England and Wales:

Regions	Current Balance	% Current Balance	No of Sub Accounts	% of Sub Accounts	Average Loan Size	Weighted Average Interest Rate, %	Weighted Average Term to Maturity (Years)	Weighted Average Loan Age (Years)	Weighted Average Indexed LTV, %
East Anglia	78,968,599	4.05	737	4.31	107,149	2.06	12.10	10.74	65.51
East Midlands	98,318,442	5.04	1,029	6.02	95,548	2.01	11.57	10.71	69.38
Greater London	515,529,888	26.41	3,152	18.45	163,556	1.99	11.46	11.57	47.16
North	72,459,462	3.71	862	5.05	84,060	2.03	11.85	10.56	79.09
North West	214,841,266	11.01	2,394	14.02	89,742	2.01	11.88	10.40	72.69
South East	492,531,435	25.23	4,117	24.10	119,634	2.03	11.31	11.40	55.05
South West	144,506,300	7.40	1,192	6.98	121,230	2.10	11.02	11.11	64.38
Wales	71,206,431	3.65	753	4.41	94,564	2.02	11.29	10.74	82.19
West Midlands	136,516,160	6.99	1,442	8.44	94,671	2.00	11.36	10.89	67.63
Yorkshire & Humberside	127,334,974	6.52	1,403	8.21	90,759	2.00	11.74	10.39	76.06
Total:	1,952,212,957	100.00	17,081	100.00	114,291	2.02	11.49	11.10	60.88

Years since origination as at the Portfolio Reference Date

The following table shows the years since origination of the Loans as at the Portfolio Reference Date:

Years since Origination	Current Balance	% Current Balance	No of Sub Accounts	% of Sub Accounts	Average Loan Size	Weighted Average Interest Rate, %	Weighted Average Term to Maturity (Years)	Weighted Average Loan Age (Years)	Weighted Average Indexed LTV, %
<= 8.00	450,769	0.02	194	1.14	2,324	2.07	11.71	2.06	64.68
> 8.00 to <=10.00	709,408,404	36.34	6,118	35.82	115,954	2.06	12.81	9.31	69.21
> 10.00 to <= 12.00	720,042,663	36.88	6,242	36.54	115,354	2.00	11.72	10.86	60.02
> 12.00 to <= 14.00	346,217,741	17.73	2,931	17.16	118,123	2.02	10.01	13.03	53.54
> 14.00	176,093,380	9.02	1,596	9.34	110,334	1.91	8.13	15.52	45.22
Total:	1,952,212,957	100.00	17,081	100.00	114,291	2.02	11.49	11.10	60.88

Weighted Average 11.10

Remaining time to maturity as at the Portfolio Reference Date

The following table shows the number of years until the maturity dates of the Loans as at the Portfolio Reference Date:

Remaining Time to Maturity (Years)	Current Balance	% Current Balance	No of Sub Accounts	% of Sub Accounts	Average Loan Size	Weighted Average Interest Rate, %	Weighted Average Term to Maturity (Years)	Weighted Average Loan Age (Years)	Weighted Average Indexed LTV, %
<= 5.00	187,352,105	9.60	1,722	10.08	108,799	2.06	2.92	11.82	57.25
> 5.00 to <= 8.00	212,374,707	10.88	1,952	11.43	108,799	1.99	6.46	12.15	56.94
> 8.00 to <= 11.00	384,531,695	19.70	3,458	20.24	111,201	1.98	9.75	11.43	58.88
> 11.00 to <= 14.00	465,863,211	23.86	3,998	23.41	116,524	2.03	12.47	11.90	57.32
> 14.00 to <= 17.00	672,396,979	34.44	5,738	33.59	117,183	2.03	15.26	9.82	66.79
> 17.00 to <= 20.00	10,372,487	0.53	82	0.48	126,494	1.97	18.81	12.00	55.87
> 20.00	19,321,773	0.99	131	0.77	147,494	2.03	25.58	10.64	61.85
Total:	1,952,212,957	100.00	17,081	100.00	114,291	2.02	11.49	11.10	60.88

Weighted Average 11.49

Repayment method

The following table shows the repayment method of the Loans as at the Portfolio Reference Date:

Repayment Method	Current Balance	% Current Balance	No of Sub Accounts	% of Sub Accounts	Average Loan Size	Weighted Average Interest Rate, %	Weighted Average Term to Maturity (Years)	Weighted Average Loan Age (Years)	Weighted Average Indexed LTV, %
Interest Only	1,852,559,520	94.90	15,386	90.08	120,406	2.02	11.47	11.07	62.20
Part & Part	8,240,025	0.42	53	0.31	155,472	2.01	9.91	11.36	62.71
Repayment	91,413,413	4.68	1,642	9.61	55,672	2.01	12.03	11.65	33.91
Total:	1,952,212,957	100.00	17,081	100.00	114,291	2.02	11.49	11.10	60.88

Interest rate type

The following table shows the interest rate type of the Loans as at the Portfolio Reference Date:

Interest Rate Type	Current Balance	% Current Balance	No of Sub Accounts	% of Sub Accounts	Average Loan Size	Weighted Average Interest Rate, %	Weighted Average Term to Maturity (Years)	Weighted Average Loan Age (Years)	Weighted Average Indexed LTV, %
Discount	531,151	0.03	5	0.03	106,230	1.50	5.96	19.12	37.22
Fixed	13,489,251	0.69	103	0.60	130,964	5.53	9.99	10.43	63.91
Lifetime									
Discount	27,928,992	1.43	248	1.45	112,617	1.37	11.57	10.45	62.16
Redeemed	0	0.00	28	0.16	0	0.00	0.00	0.00	0.00
Variable - BoE Linked	1,910,263,564	97.85	16,697	97.75	114,408	2.00	11.50	11.11	60.84
Total:	1,952,212,957	100.00	17,081	100.00	114,291	2.02	11.49	11.10	60.88

Current interest rates

The following table shows the range of current interest rates of the Loans as at the Portfolio Reference Date:

Current Interest Rate	Current Balance	% Current Balance	No of Sub Accounts	% of Sub Accounts	Average Loan Size	Weighted Average Interest Rate, %	Weighted Average Term to Maturity (Years)	Weighted Average Loan Age (Years)	Weighted Average Indexed LTV, %
<= 1.95	106,608,557	5.46	1,040	6.09	102,508	1.65	8.46	14.87	45.10
> 1.95 to <= 2.00	1,782,183,454	91.29	15,460	90.51	115,277	2.00	11.67	10.91	61.87
> 2.00	63,420,946	3.25	581	3.40	109,158	3.12	11.49	10.10	59.53
Total:	1,952,212,957	100.00	17,081	100.00	114,291	2.02	11.49	11.10	60.88
Weighted Average	2.02								
Minimum	0.79								
Maximum	6.24								

Property types

The following table shows the types of properties secured by the Loans as at the Portfolio Reference Date:

Property Type	Current Balance	% Current Balance	No of Sub Accounts	% of Sub Accounts	Average Loan Size	Weighted Average Interest Rate, %	Weighted Average Term to Maturity (Years)	Weighted Average Loan Age (Years)	Weighted Average Indexed LTV, %
Bungalow	137,138,313	7.02	1,334	7.81	102,802	2.01	9.54	13.21	50.90
Cottage	4,235,442	0.22	47	0.28	90,116	2.00	10.37	12.53	51.80
Detached House	75,386,136	3.86	436	2.55	172,904	2.05	10.68	11.08	61.54
Flat or Apartment	537,073,157	27.51	4,745	27.78	113,187	2.01	12.11	10.48	61.12
Maisonette	67,143,341	3.44	538	3.15	124,802	2.02	11.42	11.50	55.20
Other	4,963,832	0.25	45	0.26	110,307	1.99	11.55	11.16	58.69
Semi Comm or Professional	279,828	0.01	4	0.02	69,957	2.00	10.91	13.29	47.57
Semi Detached House	291,052,567	14.91	2,360	13.82	123,327	2.02	11.54	10.99	61.47
Terraced House	834,065,299	42.72	7,564	44.28	110,268	2.02	11.47	11.14	62.61
Unknown	875,042	0.04	8	0.05	109,380	2.00	11.13	10.63	68.12
Total:	1,952,212,957	100.00	17,081	100.00	114,291	2.02	11.49	11.10	60.88

Tenure

The following table shows the tenure of properties secured by the Loans as at the Portfolio Reference Date:

Tenure	Current Balance	% Current Balance	No of Sub Accounts	% of Sub Accounts	Average Loan Size	Weighted Average Interest Rate, %	Weighted Average Term to Maturity (Years)	Weighted Average Loan Age (Years)	Weighted Average Indexed LTV, %
Commonhold	283,969	0.01	3	0.02	94,656	2.00	15.35	9.71	56.67
Freehold	1,158,826,921	59.36	9,883	57.86	117,255	2.03	11.51	11.00	62.87
Leasehold	792,371,626	40.59	7,186	42.07	110,266	2.00	11.46	11.24	57.97
Unknown	730,442	0.04	9	0.05	81,160	2.00	10.25	12.08	56.01
Total:	1,952,212,957	100.00	17,081	100.00	114,291	2.02	11.49	11.10	60.88

Last Payment Method

The following table shows the last payment method used for the Loans as at the Portfolio Reference Date:

Last Payment Method	Current Balance	% Current Balance	No of Sub Accounts	% of Sub Accounts	Average Loan Size	Weighted Average Interest Rate, %	Weighted Average Term to Maturity (Years)	Weighted Average Loan Age (Years)	Weighted Average Indexed LTV, %
Bank Payment	53,159,199	2.72	479	2.80	110,980	2.04	11.46	10.93	63.28
Card Payment	11,777,462	0.60	107	0.63	110,070	2.12	11.02	10.91	59.86
Cheque Payment	914,167	0.05	12	0.07	76,181	1.98	11.10	10.50	61.83
DWP Payment	383,062	0.02	5	0.03	76,612	2.00	8.85	11.31	53.80
Direct Debit	1,885,668,531	96.59	16,475	96.45	114,456	2.02	11.49	11.10	60.82
Other Payment	310,537	0.02	3	0.02	103,512	2.00	10.37	12.59	50.98
Total:	1,952,212,957	100.00	17,081	100.00	114,291	2.02	11.49	11.10	60.88

Loan Purpose

The following table shows the purpose of the Loans as at the Portfolio Reference Date:

Loan Purpose	Current Balance	% Current Balance	No of Sub Accounts	% of Sub Accounts	Average Loan Size	Weighted Average Interest Rate, %	Weighted Average Term to Maturity (Years)	Weighted Average Loan Age (Years)	Weighted Average Indexed LTV, %
Purchase	954,765,326	48.91	8,474	49.61	112,670	2.02	11.33	11.40	60.76
Remortgage	996,996,863	51.07	8,413	49.25	118,507	2.02	11.64	10.81	60.98
Unknown	450,769	0.02	194	1.14	2,324	2.07	11.71	2.06	64.68
Total:	1,952,212,957	100.00	17,081	100.00	114,291	2.02	11.49	11.10	60.88

Year of origination

The following table shows the year of origination of the Loans as at the Portfolio Reference Date:

Year of Origination	Current Balance	% Current Balance	No of Sub Accounts	% of Sub Accounts	Average Loan Size	Weighted Average Interest Rate, %	Weighted Average Term to Maturity (Years)	Weighted Average Loan Age (Years)	Weighted Average Indexed LTV, %
1997	1,940,827	0.10	34	0.20	57,083	1.79	6.92	19.41	33.78
1998	6,303,512	0.32	66	0.39	95,508	1.80	5.67	18.53	42.18
1999	22,969,998	1.18	204	1.19	112,598	1.80	6.84	17.52	40.09
2000	22,273,090	1.14	207	1.21	107,599	1.81	7.46	16.58	42.06
2001	35,817,973	1.83	333	1.95	107,561	1.95	8.19	15.57	44.02
2002	73,131,354	3.75	642	3.76	113,912	1.95	8.69	14.47	48.14
2003	175,840,127	9.01	1,453	8.51	121,019	2.02	9.59	13.56	51.17
2004	178,192,704	9.13	1,542	9.03	115,559	2.03	10.34	12.62	55.41
2005	270,310,573	13.85	2,317	13.56	116,664	2.02	10.99	11.44	57.96
2006	416,159,581	21.32	3,617	21.18	115,057	1.98	12.05	10.57	60.82
2007	529,857,958	27.14	4,660	27.28	113,703	2.04	12.86	9.57	69.10
2008	218,879,635	11.21	1,811	10.60	120,861	2.09	12.75	8.79	68.80
2009	84,856	0.00	1	0.01	84,856	2.39	12.01	8.03	49.65
2013	103,185	0.01	41	0.24	2,517	2.01	11.49	3.59	67.47
2014	96,628	0.00	50	0.29	1,933	2.01	10.58	2.61	60.79
2015	174,918	0.01	60	0.35	2,915	2.17	12.46	1.57	64.25
2016	62,672	0.00	39	0.23	1,607	1.99	11.65	0.52	69.71
2017	13,366	0.00	4	0.02	3,342	2.00	12.25	0.06	53.26
Total:	1,952,212,957	100.00	17,081	100.00	114,291	2.02	11.49	11.10	60.88

Product Type

The following table shows specific product types as at the Portfolio Reference Date

Product Type	Current Balance	% Current Balance	No of Sub Accounts	% of Sub Accounts	Average Loan Size	Weighted Average Interest Rate, %	Weighted Average Term to Maturity (Years)	Weighted Average Loan Age (Years)	Weighted Average Indexed LTV, %
Buy-to-Let (110% Rental)	51,093,598	2.62	394	2.31	129,679	1.99	12.48	9.28	70.48
Buy-to-Let (70% LTV)	5,069,569	0.26	62	0.36	81,767	2.31	10.55	11.17	44.37
Buy-to-Let (80% LTV)	80,664,667	4.13	818	4.79	98,612	1.75	7.37	16.36	39.79
Buy-to-Let (85% LTV)	1,790,168,226	91.70	15,615	91.42	114,644	2.03	11.64	10.94	61.35
Buy-to-Let (90% LTV)	25,216,898	1.29	192	1.12	131,338	2.00	12.17	9.36	78.68
Total:	1,952,212,957	100.00	17,081	100.00	114,291	2.02	11.49	11.10	60.88

HISTORICAL PERFORMANCE

The following table shows various historical performance characteristics relevant to the Loans.

1. *Delinquency*

The arrears experience is shown for the buy-to-let portion of the B&B Portfolio and the Provisional Pool since April 2009, being the ratio (expressed as a percentage) of the total balance of the Loans greater than or equal to 3 months in arrears divided by the total balance of outstanding Loans in the relevant portfolio. Delinquencies are calculated using MIA (months in arrears) rounded down, to ensure MIA is only calculated when a full whole month of payment has been missed.

2. *Annualised CPR Excluding Scheduled Payments at Maturity*

The Annualised CPR Excluding Scheduled Payments at Maturity experience is shown for the buy-to-let portion of the B&B Portfolio since January 2011.

3. *Defaults (Balance at Possession Sale)*

The Defaults (Balance at Possession Sale) is shown for the buy-to-let portion of the B&B Portfolio since January 2012, being the annualised ratio (expressed as a percentage) of the total current balance of loans where the underlying property was realised during the relevant month (whether sold from possession or under a consensual arrangement), divided by the total balance of outstanding Loans in the relevant portfolio.

4. *Loss Severity*

The Loss Severity is shown for the buy-to-let portion of the B&B Portfolio since January 2012, being the ratio (expressed as a percentage) of the total recovery of loans where the underlying property was realised during the relevant month (whether sold from possession or under a consensual arrangement), divided by the total balance of the corresponding defaulted Loans in the relevant portfolio.

Portfolio	<u>>= 3 MIA</u>		<u>Annualised CPR Excluding Scheduled Payments at Maturity</u>		<u>Defaults (Balance at Possession Sale)</u>		<u>Loss Severity</u>	
	BTL B&B Portfolio	Provisional Pool	BTL B&B Portfolio	BTL B&B Portfolio	BTL B&B Portfolio	BTL B&B Portfolio	BTL B&B Portfolio	BTL B&B Portfolio
	Monthly	Monthly	Annualised Monthly	Rolling 12 month average	Annualised Monthly	Rolling 12 month average	Annualised Monthly	Rolling 12 month average
Apr-09	7.26%	1.85%						
May-09	7.30%	1.76%						
Jun-09	7.23%	1.54%						
Jul-09	7.13%	1.47%						
Aug-09	7.22%	1.50%						
Sep-09	7.11%	1.31%						
Oct-09	7.03%	1.22%						

Nov-09	6.92%	1.28%					
Dec-09	6.82%	1.16%					
Jan-10	6.64%	1.16%					
Feb-10	6.48%	1.24%					
Mar-10	6.15%	1.05%					
Apr-10	5.93%	1.09%					
May-10	5.80%	1.06%					
Jun-10	5.60%	0.97%					
Jul-10	5.32%	0.89%					
Aug-10	5.19%	0.91%					
Sep-10	5.05%	0.81%					
Oct-10	4.79%	0.89%					
Nov-10	4.55%	0.80%					
Dec-10	4.40%	0.84%					
Jan-11	4.29%	0.74%	1.73%				
Feb-11	4.15%	0.69%	1.51%				
Mar-11	3.86%	0.65%	1.95%				
Apr-11	3.80%	0.67%	1.81%				
May-11	3.67%	0.61%	2.07%				
Jun-11	3.52%	0.62%	2.24%				
Jul-11	3.45%	0.56%	2.28%				
Aug-11	3.30%	0.57%	1.91%				
Sep-11	3.11%	0.52%	2.14%				
Oct-11	2.96%	0.49%	2.06%				
Nov-11	2.80%	0.54%	2.04%				
Dec-11	2.72%	0.50%	1.84%	1.96%			
Jan-12	2.66%	0.46%	1.58%	1.95%	1.00%		42.82%
Feb-12	2.57%	0.40%	1.60%	1.96%	1.25%		41.35%
Mar-12	2.38%	0.35%	2.25%	1.98%	1.55%		50.11%
Apr-12	2.31%	0.32%	1.55%	1.96%	1.03%		43.48%
May-12	2.15%	0.28%	1.90%	1.95%	1.41%		48.43%
Jun-12	2.10%	0.29%	1.74%	1.91%	1.38%		47.24%

Jul-12	2.07%	0.27%	2.05%	1.89%	1.21%		46.97%	
Aug-12	1.95%	0.22%	2.10%	1.90%	1.77%		44.57%	
Sep-12	1.83%	0.19%	1.89%	1.88%	1.20%		44.61%	
Oct-12	1.73%	0.20%	1.88%	1.87%	1.63%		43.86%	
Nov-12	1.66%	0.17%	1.89%	1.86%	1.42%		38.73%	
Dec-12	1.52%	0.20%	1.95%	1.87%	1.93%	1.40%	50.03%	45.18%
Jan-13	1.50%	0.19%	1.91%	1.89%	1.50%	1.44%	50.68%	45.84%
Feb-13	1.53%	0.17%	1.55%	1.89%	1.10%	1.43%	40.13%	45.74%
Mar-13	1.47%	0.20%	1.83%	1.85%	1.34%	1.41%	39.61%	44.86%
Apr-13	1.40%	0.19%	2.41%	1.93%	1.02%	1.41%	41.26%	44.68%
May-13	1.38%	0.19%	2.58%	1.98%	1.00%	1.38%	37.76%	43.79%
Jun-13	1.34%	0.20%	2.12%	2.01%	1.15%	1.36%	37.96%	43.02%
Jul-13	1.26%	0.18%	2.84%	2.08%	1.22%	1.36%	40.41%	42.47%
Aug-13	1.23%	0.15%	2.86%	2.14%	0.72%	1.27%	35.70%	41.73%
Sep-13	1.23%	0.16%	2.83%	2.22%	0.84%	1.24%	32.79%	40.74%
Oct-13	1.16%	0.13%	3.17%	2.33%	0.80%	1.17%	33.59%	39.89%
Nov-13	1.15%	0.08%	3.28%	2.44%	0.65%	1.11%	32.91%	39.40%
Dec-13	1.16%	0.12%	3.06%	2.54%	0.82%	1.01%	40.05%	38.57%
Jan-14	1.10%	0.11%	3.15%	2.64%	1.05%	0.98%	44.44%	38.05%
Feb-14	1.08%	0.13%	2.98%	2.76%	0.64%	0.94%	35.82%	37.69%
Mar-14	1.04%	0.13%	3.62%	2.91%	0.90%	0.90%	29.06%	36.81%
Apr-14	0.98%	0.14%	3.68%	3.01%	1.57%	0.95%	31.00%	35.96%
May-14	0.98%	0.13%	4.17%	3.15%	1.10%	0.95%	54.53%	37.36%
Jun-14	0.98%	0.10%	4.03%	3.31%	0.45%	0.90%	27.06%	36.45%
Jul-14	0.95%	0.13%	4.78%	3.47%	0.58%	0.84%	30.48%	35.62%
Aug-14	0.99%	0.11%	4.36%	3.59%	0.47%	0.82%	29.10%	35.07%
Sep-14	0.98%	0.12%	5.07%	3.78%	0.53%	0.80%	33.39%	35.12%
Oct-14	0.93%	0.09%	5.59%	3.98%	0.65%	0.78%	24.54%	34.36%
Nov-14	0.93%	0.08%	4.55%	4.09%	0.64%	0.78%	32.45%	34.33%
Dec-14	0.92%	0.06%	4.79%	4.23%	0.78%	0.78%	30.52%	33.53%
Jan-15	0.92%	0.07%	3.90%	4.29%	0.67%	0.75%	23.15%	31.76%
Feb-15	0.88%	0.04%	4.03%	4.38%	0.90%	0.77%	22.45%	30.64%

Mar-15	0.81%	0.03%	4.48%	4.45%	1.16%	0.79%	24.82%	30.29%
Apr-15	0.83%	0.04%	4.55%	4.53%	0.46%	0.70%	29.49%	30.16%
May-15	0.83%	0.05%	4.10%	4.52%	0.75%	0.67%	35.02%	28.54%
Jun-15	0.84%	0.06%	5.38%	4.63%	0.78%	0.70%	26.27%	28.47%
Jul-15	0.81%	0.04%	6.63%	4.79%	0.68%	0.71%	22.25%	27.79%
Aug-15	0.83%	0.05%	4.92%	4.83%	0.75%	0.73%	19.95%	27.03%
Sep-15	0.85%	0.03%	5.27%	4.85%	0.49%	0.73%	26.27%	26.43%
Oct-15	0.83%	0.03%	5.52%	4.84%	0.80%	0.74%	27.78%	26.70%
Nov-15	0.76%	0.03%	6.59%	5.01%	0.67%	0.74%	24.21%	26.02%
Dec-15	0.76%	0.04%	6.39%	5.15%	0.62%	0.73%	27.71%	25.78%
Jan-16	0.80%	0.04%	4.89%	5.23%	0.69%	0.73%	28.44%	26.22%
Feb-16	0.81%	0.05%	7.27%	5.50%	0.63%	0.71%	16.90%	25.76%
Mar-16	0.69%	0.05%	13.29%	6.23%	1.27%	0.72%	26.53%	25.90%
Apr-16	0.68%	0.03%	7.20%	6.45%	0.61%	0.73%	22.73%	25.34%
May-16	0.69%	0.03%	5.82%	6.60%	0.62%	0.72%	29.34%	24.87%
Jun-16	0.62%	0.01%	6.38%	6.68%	0.56%	0.70%	24.92%	24.75%
Jul-16	0.60%	0.00%	6.87%	6.70%	0.53%	0.69%	29.94%	25.39%
Aug-16	0.62%	0.00%	5.68%	6.76%	0.51%	0.67%	28.59%	26.11%
Sep-16	0.64%	0.00%	6.17%	6.84%	0.68%	0.68%	30.33%	26.45%
Oct-16	0.55%	0.00%	6.07%	6.89%	0.53%	0.66%	26.69%	26.36%
Nov-16	0.51%	0.00%	5.77%	6.82%	0.41%	0.64%	31.15%	26.94%
Dec-16	0.50%	0.01%	6.75%	6.85%	0.46%	0.62%	22.52%	26.51%
Jan-17	0.48%	0.00%	5.45%	6.89%	0.37%	0.60%	37.49%	27.26%

CHARACTERISTICS OF THE UNITED KINGDOM RESIDENTIAL MORTGAGE MARKET

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

Set out in the following tables are certain characteristics of the United Kingdom mortgage market (including buy-to-let mortgages).

Arrears and Repossession Rates for UK buy-to-let mortgages

The table below sets out the repossession and arrears rates of residential buy-to-let properties in the United Kingdom since 2007.

Year	Number of BTL Mortgages outstanding (at end of period)	>3 months arrears rate (excluding ROR) at end of period	>3 months arrears rate (including ROR) at end of period	Possession Rate
2007.....	1,025,500	0.73%	0.78%	0.20%
2008.....	1,168,800	2.31%	2.99%	0.26%
2009.....	1,246,900	2.01%	2.99%	0.38%
2010.....	1,309,400	1.67%	2.42%	0.35%
2011.....	1,387,800	1.37%	1.78%	0.44%
2012.....	1,449,000	1.14%	1.37%	0.48%
2013.....	1,528,200	0.92%	1.08%	0.37%
2014.....	1,654,400	0.69%	0.79%	0.30%
2015.....	1,785,200	0.58%	0.63%	0.17%
2016.....	1,862,800	0.50%	0.55%	0.13%

Source: Council of Mortgage Lenders.

Quarterly House Price Index

Date	UK Retail Price Index		Nationwide House Price Index (SA)	
	Index	% annual change	Index	% annual change
Q1 1996	150.9	2.8%	103.5	0.5%
Q2 1996	152.8	2.2%	105.2	2.8%
Q3 1996	153.1	2.1%	107.1	5.2%
Q4 1996	154.0	2.6%	110.4	8.3%
Q1 1997	154.9	2.7%	112.4	8.6%
Q2 1997	156.9	2.7%	115.9	10.2%
Q3 1997	158.4	3.5%	120.4	12.5%
Q4 1997	159.7	3.7%	123.8	12.2%
Q1 1998	160.2	3.4%	126.6	12.6%
Q2 1998	163.2	4.0%	129.4	11.7%

Date	UK Retail Price Index		Nationwide House Price Index (SA)	
	Index	% annual change	Index	% annual change
Q3 1998	163.7	3.3%	131.5	9.2%
Q4 1998	164.4	2.9%	132.9	7.4%
Q1 1999	163.7	2.2%	135.7	7.2%
Q2 1999	165.5	1.4%	138.9	7.3%
Q3 1999	165.6	1.2%	143.2	9.0%
Q4 1999	166.8	1.5%	149.7	12.6%
Q1 2000	167.5	2.3%	156.3	15.2%
Q2 2000	170.6	3.1%	161.1	16.0%
Q3 2000	170.9	3.2%	160.1	11.8%
Q4 2000	172.0	3.1%	163.8	9.4%
Q1 2001	171.8	2.6%	169.0	8.2%
Q2 2001	173.9	1.9%	173.8	7.9%
Q3 2001	174.0	1.8%	180.1	12.5%
Q4 2001	173.8	1.0%	185.6	13.3%
Q1 2002	173.9	1.2%	192.1	13.7%
Q2 2002	176.0	1.2%	205.1	18.1%
Q3 2002	176.6	1.5%	219.1	21.7%
Q4 2002	178.2	2.5%	232.5	25.3%
Q1 2003	179.2	3.0%	241.9	25.9%
Q2 2003	181.3	3.0%	248.4	21.1%
Q3 2003	181.8	2.9%	256.6	17.1%
Q4 2003	182.9	2.6%	268.5	15.5%
Q1 2004	183.8	2.6%	280.4	15.9%
Q2 2004	186.3	2.8%	294.0	18.4%
Q3 2004	187.4	3.1%	303.8	18.4%
Q4 2004	189.2	3.4%	305.6	13.8%
Q1 2005	189.7	3.2%	308.0	9.8%
Q2 2005	191.9	3.0%	311.8	6.1%
Q3 2005	192.6	2.8%	312.4	2.8%
Q4 2005	193.7	2.4%	315.2	3.2%
Q1 2006	194.2	2.4%	323.0	4.9%
Q2 2006	197.6	3.0%	326.8	4.8%
Q3 2006	199.3	3.5%	334.0	6.9%
Q4 2006	201.4	4.0%	344.3	9.2%
Q1 2007	203.0	4.5%	353.9	9.5%
Q2 2007	206.3	4.4%	360.1	10.2%
Q3 2007	207.1	3.9%	365.1	9.3%
Q4 2007	209.8	4.2%	367.7	6.8%
Q1 2008	211.1	4.0%	361.9	2.3%
Q2 2008	215.3	4.4%	345.7	-4.0%
Q3 2008	217.4	5.0%	327.5	-10.3%

Date	UK Retail Price Index		Nationwide House Price Index (SA)	
	Index	% annual change	Index	% annual change
Q4 2008	215.5	2.7%	313.3	-14.8%
Q1 2009	210.9	-0.1%	302.4	-16.4%
Q2 2009	212.6	-1.3%	305.0	-11.8%
Q3 2009	214.4	-1.4%	317.3	-3.1%
Q4 2009	216.9	0.6%	323.9	3.4%
Q1 2010	219.3	4.0%	329.3	8.9%
Q2 2010	223.5	5.1%	333.8	9.4%
Q3 2010	224.5	4.7%	331.5	4.5%
Q4 2010	227.0	4.7%	325.8	0.6%
Q1 2011	230.9	5.3%	328.3	-0.3%
Q2 2011	234.9	5.1%	329.7	-1.2%
Q3 2011	236.2	5.2%	330.1	-0.4%
Q4 2011	238.6	5.1%	329.6	1.2%
Q1 2012	239.6	3.8%	328.9	0.2%
Q2 2012	242.2	3.1%	326.0	-1.1%
Q3 2012	243.1	2.9%	324.9	-1.6%
Q4 2012	246.0	3.1%	326.0	-1.1%
Q1 2013	247.4	3.3%	329.3	0.1%
Q2 2013	249.7	3.1%	330.7	1.4%
Q3 2013	250.9	3.2%	339.0	4.3%
Q4 2013	252.5	2.6%	349.1	7.1%
Q1 2014	253.9	2.6%	359.5	9.2%
Q2 2014	256.0	2.5%	368.9	11.6%
Q3 2014	256.9	2.4%	374.6	10.5%
Q4 2014	257.4	1.9%	378.1	8.3%
Q1 2015	256.4	1.0%	380.4	5.8%
Q2 2015	258.5	1.0%	384.3	4.2%
Q3 2015	259.3	0.9%	388.3	3.7%
Q4 2015	260.0	1.0%	394.2	4.3%
Q1 2016	260.0	1.4%	400.5	5.3%
Q2 2016	262.2	1.4%	404.1	5.2%
Q3 2016	264.2	1.9%	409.3	5.4%
Q4 2016	265.8	2.2%	412.0	4.5%

Source: ONS, Nationwide Building Society.

The percentage change in the table above is calculated in accordance with the following formula:

$(X - Y) / Y$ where X is equal to the reference quarter's index value and Y is equal to the index value of the previous year's corresponding quarter.

All information contained in this Prospectus in respect of the Nationwide House Price Index has been reproduced from information published by Nationwide Building Society. The Issuer confirms that all

information in this Prospectus in respect of the Nationwide House Price Index has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by Nationwide Building Society, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Note, however, that the Issuer has not participated in the preparation of that information nor made any enquiry with respect to that information. Neither the Issuer nor Nationwide Building Society makes any representation as to the accuracy of the information or has any liability whatsoever to you in connection with that information. Anyone relying on the information does so at their own risk.

SUMMARY OF THE KEY TRANSACTION DOCUMENTS

Mortgage Sale Agreement

Portfolio

Under a mortgage sale agreement entered into on or around the Closing Date between, among others, the Seller, the Issuer and the Security Trustee (the **Mortgage Sale Agreement**), on the Closing Date the Seller will (in consideration for payment of the Consideration) sell, assign or otherwise transfer to the Issuer pursuant to the Mortgage Sale Agreement a portfolio of English and Welsh buy-to-let loans each secured by a Mortgage and, where applicable, other Related Security (the **Loans**).

The Loans and their Related Security will be assigned by way of equitable assignment to the Issuer. In each case the assignments set out in this paragraph are referred to as the **sale** by the Seller to the Issuer of the Loans and Related Security. The Loans and Related Security comprising the portfolio and all monies derived therefrom from time to time are referred to herein as the **Portfolio**.

The consideration due to the Seller in respect of the sale of the equitable interest in the Loans and their Related Security comprising the Portfolio shall comprise (a) an amount equal to 98.223% of the Current Balance of the Loans and their Related Security as at the Cut-Off Date (the **Purchase Price**); and (b) deferred consideration consisting of Certificate Payments, the right to such payments represented by the issue of the Certificates. The amount of the consideration that will be paid by the Issuer to the Seller on the Closing Date will be (a) an amount equal to the Purchase Price; and (b) the issue of the Certificates representing the right to deferred consideration consisting of the Certificate Payments.

By no later than the date falling 2 Business Days after the Closing Date, the Seller shall pay to the Issuer an amount equal to the Closing Date Principal Collections and the Closing Date Revenue Collections (together, the **Closing Date Collections**).

On the date falling 10 Business Days after the Closing Date (the **True-up Date**), the Cash Manager will (based on information made available to it by the Seller based solely on information provided by the Interim Servicer) calculate the difference (if any) between the Closing Date Collections and the Received Collections (the **True-up Amount**).

To the extent that the Closing Date Collections exceeds the Received Collections (such that the True-up Amount is a positive amount), the Issuer shall be required to make a payment to such account as the Seller may instruct in an amount equal to such True-up Amount by no later than the date falling 10 Business Days after the True-up Date.

To the extent that the Closing Date Collections is less than the Received Collections (such that the True-up Amount is a negative amount) the Seller shall be required to make a payment to the Transaction Account in an amount equal to the positive value of such True-up Amount by no later than the date falling 10 Business Days after the True-up Date. If the True-up Amount is negative, the Issuer shall apply the positive value of such True-up Amount on the first Interest Payment Date after the True-up Date in accordance with the relevant Priority of Payments. If the True-up Amount is negative, the positive value of such True-up Amount will form part of Available Revenue Receipts and Available Principal Receipts and be applied by the Issuer on the first Interest Payment Date after the True-up Date in accordance with the relevant Priority of Payments.

Product Switches, Further Advances, Flexible Drawings, Authorised Underpayments and Payment Holidays

The sale of the Loans and their Related Security comprised in the Mortgage Portfolio do not impose or include any obligation on the Issuer (i) to pay or make any Further Advances or (ii) to agree to a Product Switch, and the obligations referred to in (i) to (ii) above (if any) remain an obligation of the relevant Legal Title Holder, notwithstanding the sale of such Loans and their Related Security to the Issuer. The Long-Term Servicer has agreed not to consent to any request for a Further Advance or a Product Switch which is not required to be made under the applicable Mortgage Conditions without first obtaining the consent of the Servicer Facilitator.

The Seller undertakes to the Issuer to repurchase a Loan if a Borrower requests at any time a Further Advance or a Product Switch and it is agreed that such request will be accommodated.

To the extent that the Mortgage Conditions require an advance of a Flexible Drawing and subject to the relevant Borrower satisfying any conditions under the relevant Mortgage Conditions, the equitable interest in any Flexible Drawings will be sold by the Seller to the Issuer and will form part of the Portfolio. Any such Flexible Drawing will be purchased by the Issuer (to the extent of Principal Receipts). The Relevant Servicer will provide to the Issuer, Seller and Cash Manager: (i) details of any shortfall to the extent the purchase price of the relevant Flexible Drawings exceeds the amount of Principal Receipts standing to the credit of the Interim Period Collections Accounts or the Collection Account (as the case may be); (ii) (in respect of the Interim Servicer only) the relevant monthly Servicer Report detailing the Flexible Drawings advanced to Mortgage Borrowers during the immediately preceding Collection Period; (iii) a Flexible Drawing Notice (except in respect of the Interim Servicer); (iv) detailing the amount of Principal Receipts retained by the Relevant Servicer in the Interim Period Collection Accounts or Collection Account, as the case may be, to purchase such Flexible Drawing. Pursuant to the Cash Management Agreement, the Cash Manager shall, to the extent available, fund any shortfall by debiting the Principal Receipts standing to the credit of the Transaction Account and transfer such amount to the Relevant Servicer. Flexible Drawings will be purchased in the order approved.

In the event that the Issuer does not have sufficient funds available to purchase any Flexible Drawings pursuant to the above paragraph, then the Seller shall be obliged to repurchase the relevant Loan and its Related Security together with any other Loan secured or intended to be secured by such Related Security or any part of it, in accordance with the provisions of the Mortgage Sale Agreement.

Any Loans subject to an Authorised Underpayment or a Payment Holiday will continue to be owned by the Issuer.

Perfection

The Issuer (or, following delivery of an Enforcement Notice, the Security Trustee) may, subject to the provisions of the Servicer Facilitator Agreement, following the occurrence of a Perfection Trigger Event, deliver to each Legal Title Holder a notice in writing (a **Perfection Notice**) requiring completion of the transfer by way of assignment to the Issuer (or to its nominee, which will initially be Topaz in its capacity as Legal Title Holder where the Perfection Trigger Event has occurred in respect of the Vendor and/or MX, prior to the end of the Interim Period, provided that no Perfection Trigger Event has occurred in respect of Topaz) of the legal title to the Loans and their Related Security as soon as reasonably practicable following the delivery of the Perfection Notice.

Each of the Seller and the Issuer agrees to notify the other and the Security Trustee and the Relevant Servicer in writing as soon as reasonably practicable after it becomes aware of the occurrence of a Perfection Trigger Event.

As soon as reasonably practicable following the delivery to the Seller of a Perfection Notice, the Seller will do or procure the completion of such acts, matters and things as the Issuer reasonably requires the Seller to do in order to give effect to the terms of the assignments and the transfer of legal title in accordance with the provisions of the Mortgage Sale Agreement and the Servicer Facilitator Agreement.

Conditions to Sale

The sale of Loans and their Related Security to the Issuer will be subject to various conditions being satisfied on the Closing Date.

Representations and Warranties

On the Closing Date, the Loan Warranties will be given by the Seller in respect of the Loans and their Related Security sold by the Seller to the Issuer on the Closing Date.

The warranties that will be given to the Issuer and separately to the Security Trustee by the Seller pursuant to the Mortgage Sale Agreement (the **Loan Warranties**) include, *inter alia*, similar statements to the following effect (defined terms having the meaning given to them in the Mortgage Sale Agreement), and see also "*The Loans*" above:

1. As of the Cut-Off Date, the information relating to each Loan in respect of the Current Balance of that Loan set out in the Mortgage Sale Agreement is true and accurate in all respects.
2. As of the Cut-Off Date, the information relating to the Loans in respect of origination brand, completion date, loan maturity date, interest rate type (including margin), current monthly subscription, arrears status / last 12 months payments and security postcode and main account number set out in the Mortgage Sale Agreement is true and accurate in all material respects.
3. Each Loan and the related Mortgage and, to the extent that a Guarantee was required under the Lending Criteria in relation to a Mortgage Loan, that Guarantee constitute(s) a legal, valid and binding obligation of the relevant Borrower (or, in respect of a Guarantee, the guarantor thereunder) enforceable in accordance with its terms (except that, but without prejudice to the effect of the warranty at paragraph 4 above, (1) enforceability may be limited by (i) the bankruptcy or insolvency of, or the commencement of voluntary or involuntary insolvency procedures by or in the name of the Borrower, (ii) laws of general applicability affecting the enforcement of creditors' rights generally, (iii) the court's discretion in relation to equitable remedies and (iv)(without prejudice to the statement at paragraph 24 above) the application of the Unfair Terms in Consumer Contracts Regulations 1999 as amended (the **UTCCR**), the Unfair Contract Terms Act 1977, the Consumer Protection from Unfair Trading Regulations 2008 or the Consumer Rights Act 2015 and (2) no warranty is given in relation to any obligation of the Borrower to pay prepayment charges, mortgage administration fees, exit fees or charges payable in the event of Borrower default). Each related Mortgage secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower in respect of the relevant Mortgage Loan (other than, in relation to any prepayment charges).
4. Each Loan is at least secured by a valid and subsisting first ranking legal mortgage over the Mortgaged Property to which it relates.
5. Subject to completion of any registration or recording of a Mortgage relating to a Loan which may be pending, such Mortgage constitutes a first valid and subsisting first ranking

legal mortgage over the relevant Mortgaged Property and secures in priority to all other mortgages all monies owing under the Loan.

6. Immediately prior to the transfer of the Loans under the Mortgage Sale Agreement, the Seller was the absolute unencumbered beneficial owner of all of such Loans and the related Mortgages and the Related Security to be sold to the Issuer thereunder at the Closing Date, and the Seller has not assigned (whether by way of absolute assignment or by way of security only), transferred, charged, released, disposed of or dealt with the benefit of any of the Loans or their related Mortgages, the Related Security or any of the property, rights, title, interest or benefit to be sold or assigned pursuant to the Mortgage Sale Agreement in any way whatsoever other than pursuant to the Mortgage Sale Agreement.
7. The Legal Title Holders are the legal title holders of all Loans, the related Mortgages and the Related Security, subject to the relevant Borrower's right of redemption.
8. In relation to each Mortgage the Borrower has good and marketable title to the relevant Mortgaged Property (subject to registration of the title at the Land Registry).
9. Save for title deeds held at the Land Registry and title deeds existing in dematerialised form, the customer file, the deed constituting the relevant Mortgage (if any) and any documents of title to the relevant Mortgaged Property for each Loan and all other Title Deeds and mortgage documentation necessary to transfer the relevant Mortgage is held by or to the order (or is in the process of being arranged to be held to the order) of the Seller.
10. The amount of each Loan has been fully advanced to the Borrower and the mortgage documentation contain no obligation to make any further advance other than those Loans which contain terms entitling the Borrowers to redraw funds if the Borrowers have previously made overpayments.
11. Each Loan is denominated in, and all amounts in respect of such Loan are payable in, sterling and may not be changed by the relevant Borrower to any other currency.
12. Each Loan was made on and remains on materially the same terms as are set out in the Standard Documentation or, where there have been any material changes to those terms, those changes would have been acceptable to a Reasonable Prudent Mortgage Lender.
13. Not more than 12 months prior to the execution of each Mortgage (or such longer period as would be acceptable to a Reasonable Prudent Mortgage Lender), the relevant Originator received a Valuation Report on the relevant Mortgaged Property (or another form of report concerning the valuation of the relevant Mortgaged Property as would be acceptable to Reasonable Prudent Mortgage Lender), the contents of which were such as would be acceptable to a Reasonable Prudent Mortgage Lender.
14. To the best of the Seller's knowledge and belief after having made due and careful enquiries appropriate to a Reasonable Prudent Mortgage Lender, no Borrower is in breach of any material obligation owed in relation to that Loan and/or its related Mortgage (other than in relation to any payment default in respect of those Loans (including any failure to pay any ground rent or service charge in relation to the relevant Mortgaged Property) and other than any breaches that are being handled by such ordinary course enforcement actions as would be taken by a Reasonable Prudent Mortgage Lender).
15. No lien or right of set-off or counterclaim has been created or arisen between the Borrower and the relevant Legal Title Holder or the Seller which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Loan.

16. Other than where required to comply with any applicable law, regulation or requirement of any governmental, tax or regulatory body, none of the Seller, (and to the best of the Seller's knowledge and belief after having made due and careful enquiries appropriate to a Reasonable Prudent Mortgage Lender), the relevant Originator or either Legal Title Holder has, in writing, waived or acquiesced in any breach of any of its rights in respect of a Loan or its related Mortgage which would materially reduce the value of a Loan, other than in relation to any payment default in respect of those Loans, or waivers and acquiescence such as a Reasonable Prudent Mortgage Lender might make on a case by case basis.
17. The Relevant Servicer (or, to the best of the Seller's knowledge and belief after having made due and careful enquiries appropriate to a Reasonable Prudent Mortgage lender, the Relevant Servicer's delegate) keeps full and proper accounts, books, and records, showing all material transactions, receipts and proceedings relating to each Loan, and the same are up to date and accurate in all material respects and in the possession of the Seller or the relevant Legal Title Holder or held to their order.
18. All Loans and Related Security are freely assignable and no formal approvals, consents or other steps are necessary to permit a legal or an equitable or beneficial transfer of the Loans and Related Security, no notification to any Borrower is required to effect any equitable or beneficial transfer of the Loans and Related Security to the Issuer pursuant to the Mortgage Sale Agreement and the Loans and Related Security are not subject to any contractual confidentiality restrictions which may restrict the ability of the Issuer to acquire or dispose of the same or exercise its rights or discharge its obligations under the Transaction Documents.
19. As of the Portfolio Reference Date, no Loan has an arrears balance which is one or more Monthly Subscriptions (where **Monthly Subscription** means, in relation to any Loan, the amount in the ordinary course of administration of that Loan due to be paid by the relevant Borrower on each scheduled payment date, comprising interest and, where applicable, contractual repayments of principal and other sums, as determined in accordance with the terms and conditions of that Loan, without regard for any discounted or additional payment arrangements agreed with the relevant Borrower).
20. The Seller and (to the best of the Seller's knowledge and belief after having made due and careful enquiries appropriate to a Reasonable Prudent Mortgage Lender), the Legal Title Holders, the Originator, the Relevant Servicer or the Relevant Servicer's delegate has not received written notice of any litigation or claim (in each case, pending, subsisting or threatened, which would be reasonably likely to be upheld in favour of a Borrower and which, if so upheld, would materially reduce the value of a Loan) in respect of any Borrower, Mortgaged Property, Loan or Related Security calling into question in any material way the legal and/or beneficial title to any Loan or Mortgaged Property, the related Mortgage or Related Security of the relevant Legal Title Holder or the Seller (as the case may be) or their ability to fully and effectively enforce the same.
21. Other than Conversion Interest, interest on each Loan has been charged in accordance with the provisions of the Loan and its related Mortgage as validly amended from time to time (in the ordinary course of servicing of the Loans) in arrears.
22. In respect of a Loan in respect of which the Borrower is a corporate borrower, such Borrower is a private company incorporated with limited liability in England and Wales.
23. Unless a Borrower is a corporate borrower and the requirements in paragraph 22 are satisfied each Borrower was a natural person aged 18 years or older at the time of execution of the relevant Loan.

24. To the extent that any Loan and related Mortgage is subject to the UTCCR, no action whether formal or informal has been taken by the Competition and Markets Authority, the FOS, the FCA or a qualifying body as defined in the UTCCR, against the Seller or the relevant Legal Title Holder or the relevant Originator pursuant to the UTCCR or other applicable legislation which might restrict or prevent the operation of any material term of any Loan and related Mortgage or the enforcement thereof.
25. To the best of the Seller's knowledge and belief after having made due and careful enquiries appropriate to a Reasonable Prudent Mortgage Lender, no Property has been let or sub-let otherwise than by way of: (a) an assured shorthold tenancy which meets the requirements of Section 19A or Section 20 of the Housing Act 1988; or (b) any other tenancy which would be acceptable to a Reasonable Prudent Mortgage Lender.
26. At origination, the applicable Lending Criteria required that each Mortgaged Property be insured under: (a) a buildings insurance policy arranged by the Borrower in accordance with the relevant Mortgage Conditions; or (b) a buildings insurance policy arranged by the relevant Originator; or (c) in the case of a leasehold property or a commonhold property, a buildings insurance policy arranged by the relevant landlord or property management company and in all cases against risks usually covered when advancing money on the security of property of the same nature to an amount not less than the full reinstatement value thereof.
27. Each Mortgaged Property is located in England or Wales.
28. 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; (ii) a "regulated mortgage contract" under Article 61 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001; (iii) 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); or (iv) a "Consumer Buy-to-Let Mortgage Contract" as defined in the Mortgage Credit Directive Order 2015.
29. Neither the Seller, the relevant Legal Title Holder or the relevant Originator has sold (nor has any person or entity sold on their behalf) any payment protection insurance to a Borrower in respect of any Loan Agreement.
30. All the Loans in respect of Mortgaged Properties are governed by English law.
31. No Loan advanced to a Borrower (other than a Loan advanced to a Borrower that is an individual) carries or has carried:
 - (a) a right of conversion (exercisable at any time) into shares or other securities, or to the acquisition of shares or other securities, including a similar loan;
 - (b) a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the Loan;
 - (c) a right to interest, the amount of which falls or has fallen to be determined by reference to the results of, or of part of, a business or to the value of any property; or
 - (d) a right of repayment to an amount which exceeds the nominal amount of the Loan.
32. None of the Loans or Related Security (other than the Loans advanced to Borrowers that are not individuals) consist of stock or a marketable security within the meaning of section 125

Finance Act 2003 or “chargeable securities” for the purposes of section 99 of the Finance Act 1986, and none of the Loans or Related Security consists of or includes a chargeable interest (as such term is defined for the purposes of section 48 of the Finance Act 2003).

33. The Originator and the Servicer (and to the best of the Seller’s knowledge and belief after having made due and careful enquiries appropriate to a Reasonable Prudent Mortgage Lender, the Servicer’s delegate) have complied with their obligations under, and have exercised their rights in accordance with, each of the Loans and the Related Security and have administered the Loans and the Related Security in accordance with the relevant contractual terms and Applicable Laws in all material respects and in a manner consistent with the practice of a Reasonable Prudent Mortgage Lender.
34. Each Loan and its Related Security was originated in accordance with all Applicable Laws (save for the UTCCR, as to which no statement is made in this paragraph and provided that Applicable Laws, in this context, do not include the CCA on the basis of and without prejudice to the statement made in the warranty at paragraph 28 above) and the relevant Originator's internal policies and procedures in force, and as interpreted, at the relevant time.
35. In respect of each Loan at origination, each Borrower was then incorporated, or in the case of natural persons, resident in the EEA.
36. No Automatic Capitalisation has occurred in respect of the Loans, for which purpose **Automatic Capitalisation** means, in respect of a Loan, the capitalisation of any amount of interest and/or principal due but unpaid in respect of such Loan where:
 - (a) the relevant Borrower has not consented to such capitalisation; and
 - (b) notwithstanding such capitalisation, the capitalised amount continues to be treated as immediately due and payable,

which results in detriment to the relevant Borrower.

37. In respect of each Loan in respect of which B&B or MX paid to a third party or intermediary appointed by a Borrower in respect of such Loan a procuration, broker's or finder's fee or commission, the existence and amount of such payment was disclosed to the Borrower before the Loan was originated. For the purposes of this warranty, a decision of a court of England and Wales, the Financial Ombudsman Service, the Issuer or the Legal Title Holder acting reasonably (including without limitation in dealing with complaints and treating customers fairly) in respect of the relevant Loan that the existence and amount of a broker’s or finder's fee or commission was not disclosed to the Borrower before the Loan was originated shall be determinative of that fact.

None of the Security Trustee, the Arranger, the Joint Lead Managers or the Co-Manager have undertaken any additional due diligence in respect of the application of the Lending Criteria and have relied entirely upon the representations and warranties referred to above which will be made by the Seller to the Issuer and the Security Trustee pursuant to the Mortgage Sale Agreement.

The Seller will also provide certain corporate warranties to the Issuer, including that there are no governmental authorisations, approvals, licences or consents required for the Seller to enter into or to perform its obligations under the Mortgage Sale Agreement or to render the Transaction Documents to which it is party admissible in evidence in a court in England and Wales.

Obligation to repurchase by the Seller and option to make an indemnity payment

If any of the Loan Warranties in respect of a Loan and/or its Related Security proves to have been untrue on the Closing Date and such breach is not capable of remedy within the agreed grace period or, if capable of remedy, is not remedied within the agreed grace period, the Seller shall be required to: (i) repurchase the relevant Loan and its Related Security (together with any other Loan secured by, or intended to be secured by, such Related Security or any part of it) or (ii) make an indemnity payment in lieu thereof (as further described below).

If any of the Repeating Loan Warranties in respect of a Flexible Drawing proves to have been materially untrue or incorrect on the relevant Drawings Date by reference to the applicable facts and circumstances as at that Drawings Date and such breach is not capable of remedy within the agreed grace period or, if capable of remedy, is not remedied within the grace period, the Seller shall be required to: (i) repurchase the relevant Loan and its Related Security (together with any other Loan secured by, or intended to be secured by, such Related Security or any part of it) or (ii) make an indemnity payment in lieu thereof (as further described below). For the avoidance of doubt, the Seller will only make the Repeating Loan Warranties on any Drawings Date in relation to the relevant Flexible Drawing (and not the whole Loan) and by reference to the facts and circumstances subsisting as at that Drawings Date.

Upon a breach of the Loan Warranties in respect of a Loan and/or its Related Security which is not capable of remedy or, if capable of remedy, which is not remedied within the agreed grace period, the Seller may elect to make an indemnity payment to the Issuer in respect of the affected Loan rather than repurchase such Loan and its Related Security (together with any other Loan secured by, or intended to be secured by, such Related Security or any part of it) in the manner described above. If the Seller makes such an election, instead of effecting a repurchase of the relevant Loan, it shall indemnify (on an after-Tax basis) and keep indemnified (on an after-Tax basis) the Issuer against all Liabilities relating to the breach of the Loan Warranty.

The Repurchase Price to be paid by the Seller for any such repurchase as a result of a breach of the Loan Warranties will be a cash payment amount in an amount equal to the Current Balance of the Loan(s) prior to any deductions or downward balance adjustment or payments that may have been applied or made in respect of, remediation, claims or set-off related to the relevant Loan Warranty for which such Loan and its Related Security (together with any other Loan secured or intended to be secured by such Related Security or any part of it) is being repurchased plus the Issuer's costs and expenses (if any) associated with the repurchase.

As described and subject to the above, however, if the Seller so chooses, instead of effecting a repurchase of the relevant Loan, it shall indemnify (on an after-Tax basis) and keep indemnified (on an after-Tax basis) the Issuer against all Liabilities relating to the breach of Loan Warranty, provided that the amount payable by the Seller pursuant to such indemnity shall not exceed the amount that would have been payable by the Seller if it had repurchased that Loan and its Related Security (i.e. the Repurchase Price of the affected Loan).

Neither the Security Trustee nor the Issuer has made or has caused to be made on its behalf any enquiries, searches or investigations, but each is relying entirely on the representations and warranties made by the Seller contained in the Mortgage Sale Agreement.

On the Closing Date, the Seller also makes certain other representations and warranties, including that:

- (a) the Seller does not require the consent of any other person or the consent, licence, approval or authorisation of any Authority or the filing, recording or enrolling of any Transaction

Document to which it is a party with any court or other authority in England in connection with the entering into or the performance of such Transaction Documents by the Seller; and

- (b) all acts, conditions and things required to be done, fulfilled and performed in order to:
- (i) enable the Seller lawfully to enter into each Transaction Document to which it is a party;
 - (ii) enable the Seller lawfully to exercise its rights under and perform and comply with the obligations expressed to be assumed by it in the Transaction Documents to which it is a party;
 - (iii) ensure that the obligations expressed to be assumed by it in the Transaction Documents to which it is a party are legal, valid, binding and enforceable against it; and
 - (iv) ensure that the Transaction Documents to which it is a party are admissible in evidence in England,

have been done, fulfilled and performed and are in full force and effect or, as the case may be, have been effected and no steps have been taken to challenge, revoke or cancel any such authorisation obtained or effected.

Governing Law

The Mortgage Sale Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

In this Prospectus, the capitalised terms below have the following definitions:

Block Building Policy means any block buildings insurance policy (if any) which relates to Loans in the Mortgage Portfolio from time to time.

Building Policies means any buildings insurance policies and other contracts relating to freehold Properties which have been taken out in the name of the relevant Borrower or in the name of the Borrower and the Legal Title Holders or in the name of the Borrower with the Legal Title Holder's interest noted, in accordance with the applicable Mortgage Conditions, including, without limitation, any Block Buildings Policy.

Business Day means a day (other than a Saturday or Sunday or a public holiday) on which banks are open for general business in London.

Certificate of Title means a solicitor's or licensed conveyancer's report or certificate of title obtained in respect of each Property substantially in the form of the pro forma set out in the Standard Documentation.

Closing Date Collections means the aggregate of the Closing Date Principal Collections and the Closing Date Revenue Collections.

Closing Date Principal Collections means an amount representing an aggregate of all amounts referred to in the definition of Principal Receipts (to the extent applicable and, for the avoidance of doubt, other than item (f) of the definition of Principal Receipts) estimated as having been received in respect of the Mortgage Portfolio during the period between the Cut-Off Date and the Closing Date as

determined by the Seller (based solely on information provided by the Interim Servicer) on the Closing Date.

Closing Date Revenue Collections means an amount representing an aggregate of all amounts referred to in the definition of Revenue Receipts (to the extent applicable) estimated as having been received in respect of the Mortgage Portfolio during the period from (and including) the Cut-off Date to (and including) the Closing Date as determined by the Seller (based solely on information provided by the Interim Servicer) on the Closing Date.

Collection Period means each period from (and including) the first day in a calendar month to (and including) the last day of that same calendar month.

Cut-Off Date means 31 March 2017.

Calculation Date or **Interest Calculation Date** means the date falling 3 Business Days prior to each Interest Payment Date.

Flexible Loan means a type of Loan product that typically incorporates features that give the Borrower options (which may be subject to certain conditions) to, amongst other things, redraw overpayments, overpay or underpay interest and principal in a given month and/or to take a Payment Holiday.

FOS means the Financial Ombudsman Service or any successor entity that assumes its relevant functions.

In Arrears means when an amount equal to one or more Monthly Payments in respect of a Mortgage Account or Loan is overdue.

Insurance Contracts means any insurance contracts or policies arranged by the relevant Legal Title Holder from time to time relating to the Loans in the Mortgage Portfolio, including any Building Policies.

Loan means unless specified otherwise any loan which is sold and (as applicable) assigned by the Seller to the Issuer pursuant to the terms of the Mortgage Sale Agreement and referenced by its loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other monies (including all Further Advances and Flexible Drawings) due or owing with respect to that Loan under the relevant Mortgage Conditions to which such Loan is subject by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same but excluding (for the avoidance of doubt) each Loan and its Related Security which is repurchased by the Seller pursuant to the Mortgage Sale Agreement and is no longer beneficially owned by the Issuer;

Loan Agreement means, in relation to a Loan, the loan agreement entered into between the relevant Borrower and the relevant Originator.

Loan Files means the file or files relating to each Loan (including files kept in microfiche format or similar electronic data retrieval system or the substance of which is transcribed and held on an electronic data retrieval system) containing *inter alia* and where applicable correspondence between the Borrower and the relevant Originator and including mortgage documentation applicable to each Loan, each letter of offer for that Loan, the Valuation Report and the Certificate of Title (where available), whether in original form or otherwise.

Mortgage means a first ranking legal charge secured over a Mortgaged Property located in England or Wales in respect of any Loan, or an interest which is, or is to be, sold, assigned or transferred by

the Seller to the Issuer pursuant to the Mortgage Sale Agreement in respect of a Loan, in each case, which secures the repayment of the relevant Loan pursuant to the Mortgage Conditions applicable to it.

Mortgage Conditions means in respect of a Loan, all the terms and conditions of the Loan, all the conditions documented in the relevant offer letters and the relevant general conditions of each Originator, each as varied from time to time by the relevant Loan Agreement, the relevant Mortgage Deed and the Offer Conditions.

Mortgage Deed means, in respect of any Mortgage, the deed in written form creating such Mortgage.

Mortgaged Property or **Property** means, in relation to any Loan, the freehold or leasehold property in England and Wales and all rights and security attached or appurtenant or related thereto and all buildings and fixtures thereon which are subject to the Mortgage securing repayment of such Loan.

Offer Conditions means in respect of a Loan, the terms and conditions applicable to such Loan as set out in the offer letter to the relevant Mortgage Borrower.

Prudent Mortgage Servicer means a leading residential mortgage servicer who is acting prudently in servicing residential Loans and their collateral security in respect of residential property in England and Wales and which have in all material respects the same or similar characteristics to the Portfolio and are administered to standards, criteria and procedures as ought to have been applied in relation to the Portfolio or, if the relevant content in the Relevant Servicing Agreement relates to a specific Loan, as ought to have been applied in relation to such Loan.

Received Collections means the aggregate of the Received Principal Collections and the Received Revenue Collections.

Received Principal Collections means an amount representing an aggregate of all amounts referred to in the definition of Principal Receipts (to the extent applicable and, for the avoidance of doubt, other than item (f) of the definition of Principal Receipts) received in respect of the Mortgage Portfolio during the period between the Cut-Off Date and the Closing Date as determined by the Seller (based solely on information provided by the Interim Servicer) and notified to the Cash Manager on the True-up Date.

Received Revenue Collections means an amount representing an aggregate of all amounts referred to in the definition of Revenue Receipts (to the extent applicable) received in respect of the Mortgage Portfolio during the period from (and including) the Cut-Off Date to (and including) the Closing Date as determined by the Seller (based solely on information provided by the Interim Servicer) and notified to the Cash Manager on the True-up Date.

Receiver means any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Assets by the Security Trustee pursuant to the Deed of Charge.

Related Security means, in relation to a Loan, the security for the repayment of that Loan including the relevant Mortgage and all other matters applicable thereto acquired as part of the Portfolio sold to the Issuer pursuant to the Mortgage Sale Agreement including (without limitation):

- (a) the benefit of all affidavits, declarations, consents, renunciations, guarantees, indemnities, waivers and postponements (including, without limitation, deeds of consent relating to the relevant Property) from occupiers and other persons having an interest in or rights in connection with the relevant Mortgaged Property;

- (b) each right of action of the relevant Legal Title Holder against any person (including, without limitation, any solicitor, licensed conveyancer, qualified conveyancer, valuer, registrar or registry or other person) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion (including, without limitation, each certificate of title and valuation report) given or received in connection with all or part of any Loan and its Related Security or affecting the decision of the relevant Legal Title Holder to make or offer to make all or part of the Loan; and
- (c) the benefit of (including, without limitation, the rights as the insured person under and as notations of interest on, and returns of premium and proceeds of claims under) insurance and assurance policies (including, the relevant Insurance Contracts and charges) deposited, charged, obtained or held in connection with the relevant Loan, Mortgage and/or Mortgaged Property and relevant Loan Files.

Repeating Loan Warranties means the Loan Warranties numbered 9, 11, 12, 14, 15, 16, 17, 20, 21, 22, 24, 25, 27, 33, 34 and 36.

Standard Documentation means the standard documentation of the Originator being the documents which were used by the relevant Originator at the relevant time in connection with its activities as a residential mortgage lender, a list or CD of which is set out in or appended to Exhibit 1 to the Mortgage Sale Agreement, or any update or replacement therefor as permitted by the terms of the Mortgage Sale Agreement.

Taxes means any present or future tax and any levy, impost, duty, charge, fee, deduction or withholding in the nature of tax (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of any jurisdiction or any sub-division of it or by any authority in it having power to tax, and taxes, taxation, taxable and comparable expressions shall be construed accordingly.

Title Deeds means, in relation to a Loan, the deed constituting the relevant Mortgage and any documents of title to the relevant Mortgaged Property and to the Related Security.

Underpayment means the amount less than the Monthly Payment as agreed between the Borrower and Mortgage Express that a Borrower is permitted to pay up to the total amount of Overpayments.

Valuation Report means the valuation report or reports for mortgage purposes, in the form of the pro forma contained in the Standard Documentation, obtained by the relevant Legal Title Holder from a valuer in respect of each Mortgaged Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a Reasonable Prudent Mortgage Lender.

Servicer Facilitator Agreement

The Issuer, the Security Trustee, the initial Legal Title Holders, the Seller, the Servicer Facilitator and the Back-Up Servicer Facilitator will enter into, on or about the Closing Date, a servicer facilitator agreement (the **Servicer Facilitator Agreement**). The services to be provided by the Servicer Facilitator are set out in the Servicer Facilitator Agreement (the **Servicer Facilitator Services**). The Servicer Facilitator Services will be limited to (i) procuring the appointment on behalf of the Issuer in the event that the Interim Servicer's appointment is terminated prior to the Long-Term Servicer Effective Date, using its reasonable endeavours to ensure that the Long-Term Servicer begins servicing the Loans pursuant to the Long-Term Servicing Agreement within 30 days of such termination; (ii) procuring the appointment of a replacement long-term servicer following termination of the appointment of the Long-Term Servicer; (iii) providing certain directions to Topaz as Long-Term Servicer and Legal Title Holder on behalf of the Issuer in the circumstances set out in the

Long-Term Servicing Agreement; and (iv) to perform any other functions imposed on the Servicer Facilitator pursuant to the Transaction Documents.

Title to the Mortgages, Registration and Notifications

During the Interim Period, legal title in the Loans and their Related Security which comprise the Portfolio will remain with B&B and MX. On the Transfer Date, the Seller will direct the transfer of legal title in the Loans and their Related Security to Topaz, who will from the Transfer Date hold legal title on trust for the benefit of the Issuer. Notice of the transfer of legal title in the Loans and their Related Security from B&B or MX (as applicable) to Topaz will be given to each Borrower on or around the Transfer Date.

Following the Transfer Date, legal title to the Loans and their Related Security passes to Topaz, where legal title remains until the occurrence of a Perfection Trigger Event. Other than as described above, notice of the sale of the Loans and their Related Security to the Issuer will not be given to any Borrower until the occurrence of a Perfection Trigger Event.

Accordingly, the Issuer will hold only the equitable title in those Loans and their Related Security and will therefore be subject to certain risks as set out in the risk factor entitled "*The Legal Title Holders to retain legal title to the Loans and risks relating to set-off*" in the section entitled "*Risk Factors - Risks Related to the Mortgages*".

The Issuer (or, following the delivery of an Enforcement Notice, the Security Trustee) may by notice in writing (a **Perfection Notice**) to the Legal Title Holder (with a copy to the Seller the Security Trustee) require each Legal Title Holder to transfer, or procure the transfer by way of the assignment to the Issuer (or to its nominee) of the legal title to the Loans and their Related Security as soon as reasonably practicable, following the occurrence of any of the following events (each a **Perfection Trigger Event**) where:

- (i) an Enforcement Notice has been delivered by the Note Trustee following the occurrence of an Event of Default which is continuing;
- (ii) the Legal Title Holder(s) are required to perfect the Issuer's legal title to the Loans by an order of a court of competent jurisdiction or by a regulatory authority which has jurisdiction over the Legal Title Holder or by an organisation of which the Legal Title Holder is a member;
- (iii) it becomes necessary by law or regulation to do any or all of the acts referred to in paragraph (ii) above;
- (iv) the security created under or pursuant to the Deed of Charge or any material part of that security is, in the opinion of the Security Trustee, in danger of being seized or sold under any form of distress, diligence, attachment, execution or other legal process or otherwise in jeopardy;
- (v) (e) the occurrence of any Relevant Servicer Termination Event in circumstances where all applicable grace periods have expired and (i) no replacement Relevant Servicer has been appointed pursuant to the Relevant Servicing Agreement or (ii) any Replacement Servicer that has been or is to be appointed pursuant to a Relevant Servicing Agreement is not the Legal Title Holder; and
- (vi) there is an Insolvency Event in relation to a Legal Title Holder or any other entity in which legal title to any Loan is vested,

provided that there shall be no perfection of the legal title in the Loans to the Issuer (or to its nominee), prior to the end of the Interim Period.

The relevant Legal Title Holder(s) shall, as soon as reasonably practicable following the delivery of a Perfection Notice, do such acts, matters and things as the Issuer reasonably requires the Legal Title Holder(s) to do in order to give effect to the terms of the assignments and transfer of legal title contemplated in the Servicer Facilitator Agreement, the Relevant Servicing Agreement and the Mortgage Sale Agreement, including:

- (a) executing or procuring the execution of the transfers and performing the other obligations specified in the Servicer Facilitator Agreement;
- (b) providing a bulk transfer of Direct Debit mandates, to the extent this is possible under the Direct Debiting Scheme or any replacement direct debiting scheme;
- (c) in the case of all relevant Borrowers who do not make payment by Direct Debit, ensuring that such Borrowers are instructed to make all payments under the relevant Loans directly to the Transaction Account or such replacement bank account as the Issuer (with the prior written consent of the Security Trustee) requires;
- (d) promptly upon request by the Issuer, procuring (on behalf of the Issuer) that any notices which the Issuer may require the relevant Legal Title Holder(s) to give pursuant to the Servicer Facilitator Agreement are so given by the relevant Legal Title Holder(s); and
- (e) giving to the Issuer (copied to the Seller and, following the delivery of an Enforcement Notice, the Security Trustee) notice of the completion of registration or recording of the transfer of all the relevant Mortgages and other acts required to perfect the transfer of the legal title in and to the relevant Loans and their Related Security to the Issuer.

The Issuer will, as soon as reasonably practicable following receipt of notification to it or its agents from the Relevant Servicer of completion of the registration or recording of the transfer of all of the relevant Mortgages and other acts required to perfect the transfer of the relevant Loans and their Related Security to the Issuer, give notice thereof to the relevant Legal Title Holder, the successor Legal Title Holder and, following the delivery of an Enforcement Notice, the Security Trustee.

Save for Title Deeds held at the Land Registry, all the Title Deeds and the mortgage files and computer tapes relating to each of the Loans and their Related Security are held (i) during the Interim Period, by the Interim Servicer (or the Interim Delegated Servicer on its behalf) or its solicitors or agents on behalf of B&B and MX (as applicable) as the Legal Title Holder and (ii) during the Long-Term Period, by the Long-Term Servicer or its solicitors on behalf of Topaz as the Legal Title Holder, and the Title Deeds are held in dematerialised form or are returned to the Borrower's solicitors. Each Legal Title Holder acknowledges that the relevant mortgage files and Title Deeds relating to the Loans and their Related Security are held to the order of the Issuer and that it has, in its capacity as Legal Title Holder, no beneficial interest in them.

The appointment of the Servicer Facilitator may be terminated by the Issuer if any of the following events (each a **Servicer Facilitator Termination Event**) occurs:

- (a) default is made by the Servicer Facilitator in the performance or observance of any of its covenants and obligations under the Transaction Documents to which it is a party which is materially prejudicial to the interests of the Secured Creditors and such default continues unremedied for a period of 15 Business Days after the earlier of the Servicer Facilitator becoming aware of such default and receipt by the Servicer Facilitator of written notice from

the Issuer or (following delivery of an Enforcement Notice) the Security Trustee, as appropriate, requiring the same to be remedied; or

- (b) an Insolvency Event in respect of the Servicer Facilitator,

provided that, the Servicer Facilitator's appointment shall not be terminated where no Back-Up Servicer Facilitator is in place or until a successor servicer facilitator has been appointed.

Replacement of Collection Account Bank prior to the Transfer Date

Prior to the Transfer Date, following (i) the occurrence of an Insolvency Event in relation to the Collection Account Bank, or (ii) the Collection Account Bank ceasing to have the Collection Account Bank Rating, the Issuer and the Legal Title Holders will and the Servicer Facilitator shall use reasonable endeavours to:

- (a) appoint a replacement financial institution with the Collection Account Bank Rating to act as replacement Collection Account Bank which is a bank for the purposes of Section 878 Income Tax Act 2007 and which will pay interest in relation to the Collection Account in the ordinary course of its business;
- (b) procure that such financial institution enters into a replacement collection account agreement;
- (c) procure that such financial institution enters into a deed on terms substantially similar to those set out in the Collection Account Declaration of Trust with respect to the replacement collection account; and
- (d) procure that a new collection account is opened and established at the replacement institution and further procure that all amounts held on trust for the Issuer standing to the credit of the Interim Period Collection Accounts are transferred to the replacement account at such replacement institution as soon as practicable or, where the Collection Account Bank ceases to have the Collection Account Bank Rating, in each case, within 30 calendar days of such downgrade.

No replacement or termination of the Collection Account Bank may be made without the prior written consent of the Issuer and the Security Trustee save when failure to terminate the appointment of the Collection Account Bank and appoint a replacement Collection Account Bank would cause, or could reasonably be expected to cause, some or all of the Notes to be downgraded.

Back-Up Servicer Facilitator

Pursuant to the Servicer Facilitator Agreement, the Issuer appoints the Back-Up Servicer Facilitator as its agent to, upon the occurrence of the applicable Servicer Facilitator Termination Event, replace the Servicer Facilitator and perform the services of the Servicer Facilitator including the selection of a replacement Long-Term Servicer or a replacement Collection Account Bank.

The Servicer Facilitator Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Long-Term Servicing Agreement

Introduction

The Issuer, the Seller, the Security Trustee, Topaz in its capacity as the Legal Title Holder (the **New Legal Title Holder**), the Servicer Facilitator, the Back-Up Servicer Facilitator and the Long-Term

Servicer will enter into on or about the Closing Date, a long-term servicing agreement (the **Long-Term Servicing Agreement**) pursuant to which the Long-Term Servicer will commence servicing the Loans on the earlier of:

- (i) the date that is 12 months from the Closing Date; and
- (ii) such earlier date which is on or after the Transfer Date as may be agreed between the Long-Term Servicer and the Servicer Facilitator,

(the **Long-Term Servicer Effective Date**).

Appointments

On or about the Closing Date, the Long-Term Servicer will be appointed by the Issuer. The Long-Term Servicer's action in servicing the Loans and their Related Security in accordance with the terms of the Long-Term Servicing Agreement (including the procedures of the Long-Term Servicer) are binding on the Issuer. The Long-Term Servicer is appointed to:

- (a) service and manage the Loans in accordance with the applicable provisions of the New Legal Title Holder's Policies (**New Legal Title Holder's Policies** being the administration, arrears and enforcement policies and procedures which are applied from time to time to the Loans and the security for their repayment and which may be amended by the Long-Term Servicer from time to time subject to the terms of the Long-Term Servicing Agreement) and provide the services set out in the Long-Term Servicing Agreement in relation to the Loans and their Related Security comprising the Portfolio;
- (b) exercise the Issuer's rights, powers and discretions under and in relation to the Loans and their Related Security;
- (c) perform other management and administration services imposed on the Long-Term Servicer by the Long-Term Servicing Agreement; and
- (d) perform any other functions imposed on the Long-Term Servicer by any other Transaction Document to which it is a party.

Topaz will not, however, be obliged to commence its role as Long-Term Servicer during the period from the Closing Date to the Long-Term Servicer Effective Date, regardless of whether an Interim Servicer Termination Event or an Automatic Termination Event occurs during that period.

Topaz has also agreed to hold the Loans and the Related Security on bare trust for the Issuer as Legal Title Holder, with effect from the Transfer Date.

The Long-Term Services

The services to be provided by the Long-Term Servicer (as agent for the Issuer) are set out in the Long-Term Servicing Agreement (the **Long-Term Services**).

The Long-Term Services include, but are not limited to:

- (a) determining, setting and changing the interest rate(s) applicable to the Loans in accordance with the Mortgage Conditions (including as a result of a change in the Bank of England Base Rate or a change in the applicable LTV of a Split PVR Loan) and Applicable Laws and as may be undertaken in accordance with the standards of a Prudent Mortgage Servicer;

- (b) collecting payments on the Loans and discharging Loans and Related Security upon redemption;
- (c) monitoring and, where appropriate, procuring and pursuing arrears (in accordance with the Arrears Policy and Arrears Procedures) and enforce the Related Security;
- (d) taking all reasonable steps to ensure safe custody of all title deeds and documents in respect of the Loans and their Related Security which are in its possession;
- (e) managing the Issuer's interests in the Insurance Contracts and other Related Security related to the Loans;
- (f) processing transfers of titles, notices of death or forfeitures or irritation of leases, sale and exchange of land, account conversions, term amendments, deed amendments, compensation and enforcement notices;
- (g) dealing with all types of transactions, posting and refunding fees, setting up direct debits, payment date changes and payment holidays;
- (h) dealing with all customer correspondence on other aspects of Loans once the Loan is drawn down, including changes in customer details and changes on the customer mortgage;
- (i) dealing with Flexible Drawings, Further Advances, Product Switches, Payment Holidays or Authorised Underpayments requests in accordance with the provisions of the Mortgage Sale Agreement, the Mortgage Conditions and the Long-Term Servicing Agreement;
- (j) keeping records and books of account for the Issuer in relation to the Loans and their Related Security comprised in the Mortgage Portfolio;
- (k) keeping records for all taxation purposes and VAT;
- (l) notifying relevant Borrowers of any change in their Contractual Monthly Payment;
- (m) assisting the auditors of the Issuer and providing information to them upon reasonable prior written request;
- (n) notifying relevant Borrowers of any other matter or thing which the applicable Mortgage Conditions require them to be notified of, in the manner and at the time required by the relevant Mortgage Conditions;
- (o) subject to the provisions of the Long-Term Servicing Agreement, taking all reasonable steps to recover all sums due to the Issuer including, without limitation, by the institution of proceedings and/or the enforcement of any Loan comprised in the Mortgage Portfolio or any Related Security, actions against valuers/solicitors, claims under Insurance Contracts and against/at the Land Registry;
- (p) acting as collection agent for the Issuer under the Direct Debiting Scheme in accordance with the provisions of the Long-Term Servicing Agreement; and
- (q) taking, or procuring the taking of (as applicable) all other action and doing all other things which it would be reasonable to expect a Reasonable Prudent Mortgage Lender to do in administering its loans and their related security.

The Servicing Standard

The standard applied to the Long Term Servicer in relation to the provision of services (the **Full Servicing Standard**) will be the standard of a Reasonable Prudent Mortgage Lender.

Undertakings by the Long-Term Servicer

The Long-Term Servicer has undertaken, among other things, to:

- (i) comply with any reasonable and proper directions, orders and instructions which the Issuer and/or the Security Trustee may from time to time give to it in relation to the Long-Term Services in accordance with the provisions of the Long-Term Servicing Agreement;
- (ii) make all payments required to be made by it pursuant to the Long-Term Servicing Agreement on or before the due date for payment thereof in Sterling (or as otherwise required under the Transaction Documents) in immediately available funds for value on such due date without set-off (including, without limitation, in respect of any fees owed to it) or counterclaim, but subject to any deductions required by law;
- (iii) administer the relevant Loans and their Related Security as if the same had not been sold to the Issuer but had remained on the books of the relevant Legal Title Holder and in accordance with all Applicable Laws and the new Legal Title Holder Policies as they apply to the Loans from time to time;
- (iv) comply with all Applicable Laws in respect of the administration, enforcement and servicing of the Mortgage Loans;
- (v) not introduce any changes to its procedures and administration and enforcement policies as they apply to the Mortgage Loans from time to time which would, or is reasonably likely to, breach the New Legal Title Holder's Policies or which may have a Material Adverse Effect and notify to the Issuer and Servicer Facilitator as soon as reasonably practicable of any other changes in those procedures and administration and enforcement policies;
- (vi) maintain all approvals, authorisations, permissions, consents and licences required by the Long-Term Servicer in connection with the performance of the Services and to prepare and submit on a timely basis all necessary applications and requests for any further approvals, authorisations, permissions, consents and licences required by the Long-Term Servicer in connection with the performance of the Long-Term Services;
- (vii) not knowingly fail to comply with any legal requirements in the performance of the Long-Term Services; and
- (viii) with effect from the Closing Date, prepare, provide and/or file on behalf of the Issuer, the Servicer Facilitator and the Cash Manager such loan level data and reports, documents, transaction summaries, cash flow models and investor reports as is required (A) to enable the Class A Notes to constitute eligible collateral for the purpose of the Bank of England's Discount Window Facility and the Eurosystem monetary policy framework of the European Central Bank and (B) to be uploaded to the European Data Warehouse website (or any replacement website, as the case may be), provided that it is acknowledged that during the Interim Period it will do so on the basis of data supplied by the Interim Servicer and is not liable for the accuracy of such data.

Setting of Interest Rates on the Loans

Subject to the terms of the Long-Term Servicing Agreement and the restrictions set out therein (as to which, see below), the Issuer grants the Long-Term Servicer full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine, set and change the interest rate(s) applicable to the Loans in accordance with the relevant Mortgage Conditions (including as a result of a change in the Bank of England Base Rate or a change in the applicable LTV of a Split PVR Loan) and Applicable Law and as may be undertaken in accordance with the standards of a Prudent Mortgage Servicer.

With effect on and from the Transfer Date in respect of a Loan the New Legal Title Holder shall ensure that the New Legal Title Holder's Policies shall require that it and the Long-Term Servicer will:

- (a) to the extent that a Loan is, at any time, subject to a PVR, change the PVR applicable to such Loan only if there is a change in the Bank of England Base Rate and then only in an amount equal to the relevant change in the Bank of England Base Rate, such that the PVR Margin in relation to a Loan at any time is no greater than the PVR Margin in relation to such Loan as at the Cut-Off Date (or, in respect of any Loan which reverts to a PVR at any time following the Cut-Off Date, the reversionary PVR Margin specified in or derived from the Mortgage Conditions relating to such Loan) any such change to be made at a time and in a manner which complies with the relevant Mortgage Conditions and Applicable Laws; and
- (b) to the extent that such Loan is a Split PVR Loan:
 - (i) reduce the PVR Margin in relation to such Split PVR Loan as required by, and otherwise in accordance with, the relevant Mortgage Conditions; and
 - (ii) not at any time increase, or purport to increase, the PVR Margin in relation to such Split PVR Loan notwithstanding any contractual right to do so in the relevant Mortgage Conditions.

The Issuer and the relevant Legal Title Holder shall be bound by any such changes to the interest rate(s) of the applicable to the Loans.

The Long-Term Servicer shall take such steps as are required by (i) the relevant Mortgage Conditions and (ii) Applicable Law, regulation and guidance to bring each change in the rate or rates of interest to the attention of the relevant Borrowers. The Long-Term Servicer will, as soon as reasonably practicable, notify the relevant Borrowers of any changes in the Contractual Monthly Payments in relation to the relevant Loans. The Long-Term Servicer shall bear and be responsible for all costs arising in relation to such a notification of a change in such rate or rates of interest or in such margin or Contractual Monthly Payment in relation to the relevant Loans.

In this Prospectus the capitalised terms below have the following definitions:

PVR means, in relation to a Loan which is subject to a variable rate of interest, the rate of interest from time to time in force in respect of such Loan, calculated as the aggregate of the Bank of England Base Rate plus the margin specified in, or implied by, the relevant Mortgage Conditions, and set by B&B and MX from time to time in accordance with the relevant Loan Agreement or Mortgage Conditions and all Applicable Laws.

PVR Margin means, at any time in relation to a Loan which is subject to a variable rate of interest, the percentage rate per annum equal to the remainder of:

- (i) the PVR applicable to such Loan at such time; less
- (ii) the prevailing Bank of England Base Rate at such time.

Repurchase of Loans by the Seller

In the case of a breach of Loan Warranties, the Long-Term Servicer will assist the Issuer with effecting any required repurchase of the affected Loans and their Related Security (and any other Loans secured or intended to be secured by such Related Security or any part of it) to rectify such breach in accordance with the terms of the Mortgage Sale Agreement. As soon as reasonably practicable upon becoming aware of any event which may reasonably be considered to give rise to an obligation of the Seller under the Mortgage Sale Agreement to repurchase any Loan sold by the Seller to the Issuer pursuant to the Mortgage Sale Agreement, the Long-Term Servicer shall notify the Issuer in writing of such event.

If, pursuant to the Mortgage Sale Agreement, the Issuer is required to deliver a Loan Repurchase Notice, the Long-Term Servicer shall do so on behalf of the Issuer. The Long-Term Servicer shall, following the delivery of a Loan Repurchase Notice to the Seller, take on behalf of the Issuer all action and enter into such documents as may be required under the terms of the Mortgage Sale Agreement to be taken by the Issuer and/or the Long-Term Servicer in connection with any repurchase by the Seller.

Operation of collection account after Transfer Date

On or prior to the Transfer Date, the Long-Term Servicer shall establish a new collection account to be held in the name of Topaz with the Collection Account Bank (the **Collection Account**) in respect of the Loans transferred pursuant to the Mortgage Sale Agreement. Topaz (in its capacity as the Legal Title Holder) shall declare a trust over such account on substantially similar terms (save as to the identity of the beneficiaries) as those set out in the Vendor Collection Account Declaration of Trust in favour of amongst others, the Issuer (the **Collection Account Declaration of Trust**).

Each of the Issuer, the Seller and the New Legal Title Holder appoints the Long-Term Servicer as its agent to act on its behalf to manage the Collection Account.

Replacement of Collection Account Bank

Following (i) the occurrence of an Insolvency Event in relation to the Collection Account Bank, or (ii) the Collection Account Bank ceasing to have the Collection Account Bank Rating, the Issuer will and the Long-Term Servicer shall use reasonable endeavours to:

- (a) appoint a replacement financial institution with the Collection Account Bank Rating to act as replacement Collection Account Bank which is a bank for the purposes of Section 878 Income Tax Act 2007 and which will pay interest in relation to the Collection Account in the ordinary course of its business;
- (b) procure that such financial institution enters into a replacement collection account agreement;
- (c) procure that such financial institution enters into a deed on terms substantially similar to those set out in the Vendor Collection Account Declaration of Trust with respect to the replacement collection account; and
- (d) procure that a new collection account is opened and established at the replacement institution and further procure that all amounts held on trust for the Issuer and the Seller standing to the credit of the Collection Account are transferred to the replacement account at such

replacement institution as soon as practicable or, where the Collection Account Bank ceases to have the Collection Account Bank Rating, in each case, within 30 calendar days of such downgrade or such longer period as is commensurate with the then current ratings of the Notes,

and transfer all Direct Debit mandates to such replacement collection account and procure that all Contractual Monthly Payments made by a Borrower under a payment arrangement other than the Direct Debiting Scheme are made to such replacement collection account from the date on which the replacement collection account is opened.

The New Legal Title Holder and the Long-Term Servicer each undertake that it shall not terminate the Collection Account Declaration of Trust without the prior written consent of the Security Trustee and the Seller.

No replacement or termination of the Collection Account Bank may be made without the prior written consent of the Issuer, the Security Trustee and the Seller save when failure to terminate the appointment of the Collection Account Bank and appoint a replacement Collection Account Bank would cause, or could reasonably be expected to cause, some, or all of, the ratings of the Notes to be downgraded.

Flexible Drawings, Further Advances, Product Switches, Payment Holidays and Authorised Underpayments

Where the Long-Term Servicer, on behalf of the Issuer, agrees that a Flexible Drawing must be made by a Borrower as a result of, *inter alia*, the Long-Term Servicer having determined that the conditions under the relevant Mortgage Conditions for the advancing of the Flexible Drawing have been satisfied by the relevant Borrower, the Long-Term Servicer shall then notify the Seller, the Cash Manager and the Issuer in writing, on the relevant Drawings Date, of the details of such Flexible Drawing (including the amount required to be paid by the Issuer) by delivery of the Servicer Report to the Issuer with a copy to the Seller and the Cash Manager.

If the Long-Term Servicer receives an application from a Borrower requesting a Payment Holiday or an Underpayment, it will agree to such Payment Holiday or an Underpayment provided that in the case of an Underpayment, it is an Authorised Underpayment.

If, at any time, a Borrower requests a Further Advance or a Product Switch, and the Long-Term Servicer agrees to such request, the Long-Term Servicer will promptly notify the Issuer, and the Servicer Facilitator promptly upon receipt of such request and it shall provide such assistances and enter into such documents as may be reasonably required (including, if the terms of the Mortgage Sale Agreement so require it, serving the Loan Repurchase Notice on behalf of the Issuer) to ensure that the Issuer requests the repurchase and the Seller repurchases each relevant Loan in accordance with and subject to the terms of the Mortgage Sale Agreement.

Subject to the terms of the Long-Term Servicing Agreement and the Mortgage Sale Agreement, the Long-Term Servicer will also administer and service the Loans and their Related Security in connection with any Flexible Drawings or Payment Holidays or Authorised Underpayment (if applicable) including (without limitation) determining whether the relevant Borrower has complied with the conditions for the advance of a Flexible Drawing and performing all associated functions and the lender's duties in connection with any Flexible Drawing Payment Holidays or Authorised Underpayment (if applicable) subject to the conditions of the Long-Term Servicing Agreement and the Mortgage Sale Agreement.

Compensation of the Long-Term Servicer

The Issuer will pay to Topaz a quarterly fee (the **Long-Term Servicing Fee**) for its services under the Long-Term Servicing Agreement which shall, for so long as Topaz is the Long-Term Servicer, be on terms to be agreed between the Issuer and the Long-Term Servicer.

The Long-Term Servicing Fee is payable by the Issuer to the Long-Term Servicer's account in arrears on each Interest Payment Date, in accordance with the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments.

All fees payable to the Long-Term Servicer are exclusive of VAT.

Removal or Resignation of the Long-Term Servicer

A Long-Term Servicer Termination Event shall occur if any of the following events (each, a **Long-Term Servicer Termination Event**) occur:

- (i) default is made by the Long-Term Servicer in the payment on the due date of any payment due and payable by it under the Long-Term Servicing Agreement or any other Transaction Document to which it is a party and such default continues unremedied for a period of 15 Business Days after the earlier of the Long-Term Servicer becoming aware of such default and receipt by the Long-Term Servicer of written notice from the Issuer or (following service of an Enforcement Notice) the Security Trustee requiring the same to be remedied;
- (ii) default is made by the Long-Term Servicer in the performance or observance of any of its other covenants and obligations under the Long-Term Servicing Agreement or any other Transaction Document to which it is a party, which is materially prejudicial to the interests of the Noteholders (which determination shall be binding on the other Secured Creditors) and such default continues unremedied for a period of 15 Business Days after the earlier of the Long-Term Servicer becoming aware of such default and receipt by the Long-Term Servicer of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee, as appropriate, requiring the same to be remedied;
- (iii) the Long-Term Servicer ceasing to be an authorised person under FSMA or failure by the Long-Term Servicer to obtain or maintain the necessary licences, registrations or regulatory approvals enabling it to continue servicing of the Loans; or
- (iv) an Insolvency Event in respect of the Long-Term Servicer.

Following the occurrence of a Long-Term Servicer Termination Event the Issuer (prior to the delivery of an Enforcement Notice) or (after delivery of an Enforcement Notice) the Security Trustee (in the case of paragraphs (i), (ii) or (iv) above) shall deliver written notice to the Long-Term Servicer on becoming aware of the relevant Long-Term Servicer Termination Event to terminate the Long-Term Servicer's appointment with effect from the date of receipt of such notice (and in the case of paragraph (iii) such notice shall be deemed to have been given to terminate the Long-Term Servicer's appointment as Long-Term Servicer under the Long-Term Servicing Agreement with immediate effect) **provided that**, the Long-Term Servicer's appointment shall not be terminated until a successor servicer (the **Successor Servicer**) has been appointed. Upon and following the termination of the appointment of the Long-Term Servicer as servicer under the Long-Term Servicing Agreement, the Issuer, and the Servicer Facilitator (or the Back-Up Servicer Facilitator, if applicable), if requested to do so by the Issuer, shall use its reasonable endeavours to appoint a Successor Servicer on substantially the same terms as those set out in Long-Term Servicing Agreement within 30 days following the delivery of the written notice to terminate the Long-Term Servicer's appointment.

The Issuer and (following the delivery of an Enforcement Notice) Security Trustee on becoming aware of the occurrence of a Long-Term Servicer Termination Event shall give notice in writing to the Servicer Facilitator of the occurrence of a Long-Term Servicer Termination Event and request if to identify and select a Successor Servicer. Upon being so notified, the Servicer Facilitator shall use reasonable endeavours to identify and select a Successor Servicer which satisfies the conditions set out in the Long-Term Servicing Agreement following consultation with the Servicer Facilitator within 30 calendar days of the occurrence of the applicable Long-Term Servicer Termination Event and provide details of its selection (the Proposed Successor) to the Issuer, the Seller and the Security Trustee. Promptly upon being notified of the identity of the Proposed Successor the Issuer shall appoint the Proposed Successor as Successor Servicer on substantially the same terms as the Long-Term Servicing Agreement, provided however that any such appointment shall be subject to the prior written consent of the Security Trustee (such consent to be given on receipt by the Security Trustee of a certificate signed by two Authorised Signatories of the Issuer that the Proposed Successor satisfies the conditions set out in the Long-Term Servicing Agreement) and shall not cause the ratings of the Notes to be withdrawn, qualified or downgraded. The Issuer shall notify the Rating Agencies in writing of the identity of the Successor Servicer.

Voluntary Resignation of the Long-Term Servicer

The appointment of the Long-Term Servicer under the Long-Term Servicing Agreement may be terminated by the Long-Term Servicer upon the expiry of not less than 12 months' written notice of termination given by the Long-Term Servicer to the Issuer and to the Security Trustee (with a copy to sell and the Servicer Facilitator (or by such shorter period of notice as may be agreed between the Long-Term Servicer, the Issuer, the Seller, the Services Facilitator and the Security Trustee) provided that:

- (a) the Issuer and the Security Trustee consent in writing to such termination, such consent in the case of the Security Trustee to be given on satisfaction of the conditions in the Long-Term Services Agreement
- (b) a Successor Servicer shall be appointed in accordance with the terms of the Long-Term Servicing Agreement, such appointment to be effective not later than the date of such termination and the Long-Term Servicer shall notify the Issuer with a copy to the Security Trustee in writing of the identity of such Successor Servicer.

Delivery of documents and records

If the appointment of the Long-Term Servicer is terminated or the Long-Term Servicer resigns, the Long-Term Servicer must as soon as reasonably practicable deliver (and in the meantime hold of trust for, and to the order of, the Issuer) to the Issuer (or as the Issuer shall direct), *inter alia*, the Title Deeds and Loan Files relating to the Loans and their Related Security in its possession or under its control relating to the affairs of or belonging to the Issuer and the Loans sold by the Seller to the Issuer and comprised in the Mortgage Portfolio and any other Related Security and (if practicable, on the date of receipt by the Long-Term Services) any monies then held by the Long-Term Servicer on behalf of the Issuer and any other Related Security and (if practicable, on the date of receipt by the Long-Term Servicer) on behalf of the Issuer and any other assets or the Issuer.

Neither the Note Trustee nor the Security Trustee is obliged to act as servicer in any circumstances.

Enforcement Procedures

The Long-Term Servicer will, in relation to any default by a Borrower under or in connection with a Loan or its Related Security, will comply with the enforcement procedures or, to the extent that the Enforcement Procedures are not applicable having regard to the nature of the default in question, take

such action as complies with (i) the service specification and relevant enforcement policies (as set out in the Long-Term Servicing Agreement) and (ii) the standard of a Prudent Mortgage Servicer in respect of such default, provided that:

- (a) it shall only become obliged to comply with the Enforcement Procedures (to the extent applicable) or to take action as aforesaid after it has become aware of the default; and
- (b) it is acknowledged by the Issuer that mortgage lenders generally exercise discretion in pursuing their respective enforcement procedures and that the Long-Term Servicer may exercise such discretion as would a Prudent Mortgage Servicer in applying the Enforcement Procedures to any particular defaulting Borrower or in taking action as aforesaid provided that in exercising such discretion the interests of the Issuer in the Portfolio are not materially prejudiced and, in particular but without limitation, the ability of the Issuer to claim for breach of warranty under the Mortgage Sale Agreement is not prejudiced.

Limit to Long-Term Servicer's Liability

The Long-Term Servicer shall have no obligation in respect of any Liabilities suffered or incurred by the Issuer and/or the Security Trustee and/or any other person as a result of the performance by the Long-Term Servicer of the Long-Term Services save to the extent that such Liabilities are suffered or incurred as a result of the fraud, wilful default, negligence or material breach of any agreement or breach of trust on the part of the Long-Term Servicer or its sub-contractors or delegates.

The Long-Term Servicer shall indemnify each of the Issuer and the Security Trustee and their respective directors, officers and employees against any Liabilities suffered or incurred by those parties arising as a result of a Breach of Duty by the Long-Term Servicer or any of its subcontractors or delegates in carrying out its functions as Long-Term Servicer under the Long-Term Servicing Agreement.

The maximum liability of the Long-Term Servicer, the New Legal Title Holder and any Affiliate of the Long-Term Servicer or New Legal Title Holder whether in contract, tort (including negligence and breach of statutory duty) or otherwise arising out of or in connection with the Long-Term Servicing Agreement shall be, for all claims arising in the 12 month period commencing on the Long-Term Servicer Effective Date and thereafter each successive 12 month period (or part thereof), an amount equal to the product of (a) the aggregate of the Long-Term Servicing Fees payable to the Long-Term Servicer and any amounts to be reimbursed to the Long-Term Servicer, in each case, in respect of such 12 month period and (b) 100 per cent, provided that the Long-Term Servicer does not exclude or limit its liability for:

- (a) claims relating to a failure by the Long-Term Servicer to pay over monies received from Borrowers or in connection with the Mortgage Loans; or
- (b) fraud or wilful default or for death or personal injury caused by its negligence or that of its employees or agents or for breach of any obligations not excludable by law.

The Long-Term Servicer is permitted, without obtaining the consent of the Issuer or any other person, to delegate some or all of the Long-Term Services to Homeloan Management Limited or another of its affiliates. Notwithstanding any such delegation, the Long-Term Servicer shall remain liable for all of its obligations under the Long-Term Servicing Agreement.

Governing Law

The Long-Term Servicing Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Interim Servicing Agreement

Introduction

The Issuer, the Security Trustee, the Legal Title Holders, and the Interim Servicer will enter into, on or about the Closing Date, an interim servicing agreement relating to the servicing of the Loans and their Related Security (the **Interim Servicing Agreement**). The services to be provided by the Interim Servicer (as agent for the Issuer) are set out in the Interim Servicing Agreement (the **Interim Services**).

Appointments

On or about the Closing Date, the Interim Servicer will be appointed by the Issuer and the Legal Title Holders to provide the Interim Services to the Issuer. The Interim Servicer's actions in servicing the Loans and their Related Security in accordance with the terms of the Interim Servicing Agreement (including the procedures of the Interim Servicer set out therein) are binding on the Issuer.

The Interim Services

The Interim Services include, but are not limited to:

- (a) determine, set and change the interest rate(s) applicable to the Loans in accordance with the Mortgage Conditions (including as a result of a change in the Bank of England Base Rate or a change in the applicable LTV of a Split PVR Loan) and Applicable Law;
- (b) managing business processes associated with the Loans and any loan servicing activities which the Issuer and/or the Legal Title Holders is contractually obliged to provide, including but not limited to in-bound and out-bound call handling, in-bound post handling, account related mail-outs, back-office actioning of customer requirements including transaction processing, mortgage administration, and complaints handling, redemption processing, arrears management and enforcement deeds management, and the completion of supporting administration;
- (c) providing cash collection services in respect of the Loans, including:
 - (i) the processing of Direct Debit collections into the Interim Period Collection Accounts where a valid Direct Debit mandate is held;
 - (ii) where a Borrower makes payments otherwise than by Direct Debit, the processing of the Borrower's direct payments into the Interim Period Collection Accounts;
 - (iii) transferring payments received into the Interim Period Collection Accounts in respect of the Loans to the appropriate destination account on the Business Day immediately following the day on which the relevant monies are credited to the relevant Borrower's account; and
 - (iv) such other services in connection with the processing of payments in, and the daily sweeping of cash out of, the Interim Period Collection Accounts as the Interim Servicer has provided or received during the twelve-month period immediately prior to the date of the Interim Servicing Agreement;
- (d) keeping and maintaining, in respect of each Loan, the Loan Agreements, Loan Files, Title Deeds and any books and records relating to any complaints in respect of the Loans;

- (e) providing certain administration services; and
- (f) preparing and delivering the Servicer Report to the Seller (on behalf of the Issuer).

The Servicing Standard

The standard applied to the Interim Servicer in relation to the provision of services (the **Interim Servicing Standard**) will be, from and including the Closing Date, the performance of the Interim Services to substantially the same standard and in substantially the same manner as such services have been performed or received by the Legal Title Holders during the twelve-month period immediately prior to the Closing Date, subject to any updates as may be required to comply with Applicable Laws. The Interim Servicer has delegated the performance of the Interim Services to the Interim Delegate Servicer. The Interim Servicer remains responsible for the performance of such services.

Changes to Interest Rates on the Loans

Subject to the terms of the Interim Servicing Agreement and the restrictions set out therein, the Issuer grants the Interim Servicer full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions, to determine, set and change the interest rate(s) applicable to the Loans in accordance with the relevant Mortgage Conditions (including as a result of a change in the Bank of England Base Rate or a change in the applicable LTV of a Split PVR Loan) and Applicable Law.

During the period from (and including) the Closing Date to (and including) the Transfer Date, to the extent that a Loan is subject to a PVR, the Seller shall ensure that the PVR applicable to such Loan shall change only if there is a change in the Bank of England Base Rate and then by an amount equal to the relevant change in the Bank of England Base Rate, such that the PVR Margin in relation to a Loan at any time is no greater than the PVR Margin in relation to such Loan as at the Cut-Off Date.

The Issuer and the relevant Legal Title Holder shall be bound by any such changes to the interest rate(s) applicable to the Loans set by the Interim Servicer.

The Interim Servicer shall take such steps as are required by (i) the relevant Mortgage Conditions and (ii) Applicable Law to bring each change in the rate or rates of interest to the attention of the relevant Borrowers. The Interim Servicer will, as soon as reasonably practicable, notify the relevant Borrowers of any changes in the Contractual Monthly Payments in relation to the relevant Loans.

Provision of Data for Monitoring of Loan Warranties

Without prejudice to any subsequent determination of a breach of Loan Warranty, the Interim Servicer shall provide the Seller, on behalf of the Issuer, with the data necessary to monitor and determine compliance with the Loan Warranties applicable to:

- (a) the Portfolio on the Closing Date; and
- (b) Flexible Drawings 20 days after the end of the calendar month in which the Flexible Drawings occurred,

by reference to the circumstances existing as at the Closing Date or the relevant date the Flexible Drawing was granted (the **Drawings Date**) (as applicable). Such data necessary to monitor and determine compliance with the Loan Warranties shall be contained in the form of the Servicer Report to be provided in accordance with the terms of the Interim Servicing Agreement.

Flexible Drawings, Further Advances, Payment Holidays and Authorised Underpayments

Where the Interim Servicer, on behalf of the Issuer, agrees that a Flexible Drawing must be made by a Borrower as a result of, *inter alia*, the Interim Servicer having determined that the conditions under the relevant Mortgage Conditions for the advancing of the Flexible Drawing have been satisfied by the relevant Borrower, the Interim Servicer shall then notify the Seller in writing, of the details of such Flexible Drawing (including the amount required to be paid by the Issuer) by delivery of the Servicer Report to the Seller in accordance with the terms of the Interim Servicing Agreement.

If the Interim Servicer receives an application from a Borrower requesting, a Payment Holiday or an Underpayment, it will agree to such request provided that in the case of an Underpayment, it is an Authorised Underpayment.

The Mortgage Conditions do not contain any contractual obligations requiring the relevant Legal Title Holders to agree to a Further Advance, a Product Switch, an Unauthorised Payment Holiday or an Unauthorised Underpayment.

If, at any time, a Borrower requests a Further Advance or a Product Switch and the Interim Servicer determines it is required by the applicable Mortgage Conditions or Applicable Law to accommodate such request, the Interim Servicer will notify the Seller hereof by way of delivery of a report in accordance with the terms of the Interim Servicing Agreement and shall provide such assistance as the Issuer may reasonably require.

Subject to the terms of the Interim Servicing Agreement, the Interim Servicer will also administer and service the Loans and their Related Security in connection with any Flexible Drawings or Payment Holidays (if applicable) including (without limitation) determining whether the relevant Borrower has complied with the conditions for the advance of a Flexible Drawing and performing all associated functions and the lender's duties in connection with any Flexible Drawing or Payment Holidays (if applicable) subject to the conditions of the Interim Servicing Agreement.

Compensation of the Interim Servicer

The Issuer will pay to the Interim Servicer a monthly fee (the **Interim Servicing Fee**) (but paid on a quarterly basis in accordance with the relevant Priorities of Payment) for its services under the Interim Servicing Agreement, as well as an additional fee for each Loan in arrears at the start of the relevant month, which fees shall, for so long as B&B is the Interim Servicer, be on terms to be agreed between the Issuer and the Interim Servicer.

The accrued Interim Servicing Fee is payable by the Issuer to the Interim Servicer's account quarterly on each Interest Payment Date in arrear or, in respect of the Post-Enforcement Priority of Payments on any day on which amounts are so applied, in accordance with the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments. In addition, the Issuer shall reimburse the Interim Servicer for out-of-pocket costs and expenses incurred by the Interim Servicer in connection with the provision of the Interim Services in accordance with the relevant Priority of Payments.

All fees payable to the Interim Servicer are exclusive of VAT.

Termination of the Interim Servicing Agreement and removal of the Interim Servicer

The Interim Servicing Agreement (and consequently the appointment of the Interim Servicer) may be terminated by notice in writing served by a non-defaulting party to the defaulting party if any of the following events (each an **Interim Servicer Termination Event**) occurs:

- (a) the defaulting party defaults in the payment on the due date of any amount due and payable by it under the Interim Servicing Agreement and such default continues unremedied for a period of 10 Business Days from the earlier of (i) the defaulting party becoming aware of such default or (ii) the defaulting party being notified by the other party of such default;
- (b) the defaulting party commits a material breach of any provision of the Interim Servicing Agreement and either that breach is not capable of remedy or the defaulting party does not remedy such breach within 30 days of receiving notice from the first party specifying the breach and requiring the same to be remedied;
- (c) (where the defaulting party is the Interim Servicer only) the defaulting party fails to maintain all necessary authorisations, permissions and licences required for it to perform its obligations under the Interim Servicing Agreement;
- (d) the defaulting party enters into, or any step is taken, whether by the board of directors of the defaulting party or otherwise, towards entering into a composition or arrangement with its creditors or any class of them, including, but not limited to, a company voluntary arrangement or a deed of arrangement;
- (e) any procedure is commenced with a view to the winding-up or re-organisation of the defaulting party, save that no right to terminate will arise in respect of any procedure commenced for the purpose of a solvent amalgamation or reconstruction with the prior consent of the non-defaulting party (such consent not to be unreasonably withheld or delayed);
- (f) any steps is taken or any procedure is commenced with a view to the appointment of an administrator, receiver, administrative receiver or trustee in bankruptcy in relation to the defaulting party or all or substantially all of its assets;
- (g) the defaulting party is unable to pay its debts as they fall due, the holder of any security over all or substantially all of the assets of the defaulting party takes any steps to enforce that security or all or substantially all of the assets of the defaulting party are subject to attachment, sequestration, execution or any similar process;
- (h) the defaulting party enters into, or any step is taken, whether by the board of directors of the defaulting party or otherwise, towards any analogous procedure under the laws of any jurisdiction to the procedures set out in (b) to (e) above;
- (i) a force majeure event causes a delay in the defaulting party performing or a failure by the defaulting party to perform any obligation under the Interim Servicing Agreement, which persists for more than 60 days from the date on which notification of the force majeure event is received by the non-defaulting party; or
- (j) a Perfection Trigger Event where the Interim Servicer is, or is an affiliate of, a Legal Title Holder.

The appointment of the Interim Servicer shall terminate automatically on occurrence of the following events (an **Automatic Termination Event**):

- (a) the Issuer gives irrevocable notice to the Interim Servicer that it has no further requirement to receive the Interim Services in respect of a particular Loan (in which case the Interim Servicer shall no longer be liable under the Interim Services Agreement for providing the Interim Services in respect of such Loan);

- (b) servicing of all of the Loans has commenced under another agreement (whether or not in accordance with the migration project plan set out in the Interim Servicing Agreement); and
- (c) on the date that falls 12 months from the Closing Date, or such other date as the Issuer and the Interim Servicer, acting reasonably, agree in writing;

On the occurrence of an Interim Servicer Termination Event or an Automatic Termination Event, the Issuer has appointed the Servicer Facilitator (under the Servicer Facilitator Agreement) to give notice in writing to the Long-Term Servicer of such occurrence and use commercially reasonable endeavours to ensure that it begins servicing the Loans pursuant to the terms of the Long-Term Servicing Agreement within 30 calendar days of the occurrence of the applicable Interim Servicer Termination Event or Automatic Termination Event. See further "*Key Transaction Documents – Servicer Facilitator Agreement*".

Delivery of documents and records

If the appointment of the Interim Servicer is terminated, the Interim Servicer must, unless any other arrangement has been agreed between the Issuer and the Interim Servicer, as soon as reasonable and practicable and in any event within 60 Business Days of such termination, deliver to the Issuer (or as the Issuer shall direct), *inter alia*, the Title Deeds and Loan Files relating to the Loans and their Related Security in its possession.

Neither the Note Trustee nor the Security Trustee is obliged to act as servicer in any circumstances.

Limit to Interim Servicer's Liability

The maximum liability of the Interim Servicer in respect of any claim arising out of or in connection with the Interim Servicing Agreement, whether in contract, tort (including negligence and breach of statutory duty) or otherwise, shall be limited to an amount equal to the aggregate of (i) the fees payable to the Interim Servicer under the Interim Servicing Agreement and (ii) any costs and expenses to be reimbursed to the Interim Servicer pursuant to the Interim Servicing Agreement, in each case during the relevant 12-month period. However, the Interim Servicer's limitation of liability pursuant to the Interim Servicing Agreement shall not apply in respect of any liability arising as a result of its fraud, gross negligence, or wilful default in the performance of its obligations under the Interim Servicing Agreement or as to any sum which the Interim Servicer holds or should hold on trust for the Issuer and for which the Interim Servicer fails to account to the Issuer. The Interim Servicer will delegate performance of the Interim Services to the Interim Delegated Servicer but remains fully liable for the performance of its obligations in accordance with the terms of the Interim Servicing Agreement.

Governing Law

The Interim Servicing Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

In this Prospectus, the capitalised terms below have the following definitions:

Affiliate means, in relation to any person (i) a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company; or (ii) any other person that controls, is controlled by, or is under common control with such person.

Applicable Laws means:

- (a) for the purpose of the Mortgage Sale Agreement and the Long Term Servicing Agreement (i) all applicable laws, rules, regulations, guidance, 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 requirements of any regulatory authority or government authority having jurisdiction with respect to the Loans, including, without limitation, MCOB and CONC; and (ii) any publications of any relevant regulatory authority or regulator (including the FCA's guidance, policies and publications relating to the Treating Customers Fairly initiative and good practice and guidance published by the FOS) 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 (i) of this definition;
- (b) for the purpose of the Interim Servicing Agreement, (i) all applicable laws, rules, regulations, guidance, 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 Interim Servicer; and (ii) any applicable 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 FOS) and any prevailing guidance of the Council of Mortgage Lenders including, without limitation, the Buy-to-Let Statement of Practice, in each case only to the extent such guidance, policy or publication does not conflict with any of the matters referred to in paragraph (i) of this definition;
- (c) for all other purposes, any law or regulation including, but not limited to: (i) any domestic or foreign statute or regulation; (ii) any rule or practice of any Authority with which any party is bound or accustomed to comply; and (iii) any agreement entered into by any party and any Authority or between any two or more Authorities;

Arrears Policy means the Relevant Servicer's policy for managing Loans which are in arrears and pre-arrears financial distress.

Arrears Procedures means the Relevant Servicer's procedures for managing Loans which are in arrears and pre-arrears financial distress.

Authorised Underpayment means a payment by a Borrower in respect of a Loan on a Monthly Payment Date where:

- (a) the amount paid (the **underpayment**) is less than the relevant Contractual Monthly Payment (the difference between the underpayment and such Contractual Monthly Payment being the **underpaid amount**);
- (b) the amount of such underpayment has been agreed between the Borrower and the relevant Legal Title Holder; and
- (c) the underpaid amount does not, when aggregated with the amount of all previous Authorised Underpayments, exceed the aggregate Overpayments made by the Borrower in respect of such Loan.

Authority means any competent regulatory, prosecuting, tax or governmental authority in any jurisdiction, domestic or foreign.

Breach of Duty means in relation to any person (other than the Note Trustee, the Security Trustee, the Issuer Account Bank, the Cash Manager, the Principal Paying Agent and the Registrar), a wilful

default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person and in relation to the Note Trustee, the Security Trustee, the Issuer Account Bank, the Cash Manager, the Principal Paying Agent and the Registrar, means a wilful default, fraud or gross negligence by the Note Trustee, the Security Trustee, the Issuer Account Bank, the Cash Manager, the Principal Paying Agent or the Registrar (as the case may be);

Contractual Monthly Payment means, in relation to any Loan, the amount in the ordinary course of administration of that Loan due to be paid by the relevant Borrower on each Monthly Payment Date under the Mortgage Conditions, comprising interest and, where applicable, contractual repayments of principal and other sums (as determined in accordance with the terms and conditions of that Loan).

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

Direct Debiting Scheme means the scheme for the manual or automated debiting of bank accounts operated in accordance with the detailed rules of certain members of the Association for Payment Clearing Services.

Enforcement Procedures means the exercise, in accordance with the procedures described in the relevant Legal Title Holder's Policies, of rights and remedies against a Borrower in respect of such Borrower's obligations arising from any Mortgage in respect of which such Borrower is in default.

Flexible Drawing means, in relation to a Flexible Loan, any further drawing of moneys made by a Borrower under that Flexible Loan to which the Borrower is contractually entitled but only to the extent of any previous Overpayment made in respect of such Flexible Loan.

Further Advance means, in relation to a Loan and its Related Security, any advance of further monies by the relevant Legal Title Holder to the relevant Borrower following a request from the relevant Borrower and which is secured by the same Related Security as the Loan where the relevant Legal Title Holder has a discretion as to whether to accept that request, but excluding, for the avoidance of doubt (i) the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage (ii) any Flexible Drawing and (iii) any Protective Advance.

Holding Company means, in relation to a person, any other person in respect of which it is a Subsidiary.

Initial Advance means in relation to a Loan, the initial principal amount together with the amount of any retention advanced to the relevant Borrower after completion of the Mortgage, together with any completion fees (to the extent capitalised).

Insurance Contracts means any insurance contracts or policies arranged by the relevant Legal Title Holder from time to time relating to the Loans in the Mortgage Portfolio, including any Building Policies;

An **Insolvency Event** means an event in which a relevant entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

- (c) makes a general assignment, trust, arrangement scheme or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up, examinership or liquidation by it or such regulator, supervisor or similar official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency, examinership or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up, examinership or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) (above) and:
 - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
 - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (f) has exercised in respect of it one or more of the stabilisation powers pursuant to Part 1 of the Banking Act 2009 and/or has instituted against it a bank insolvency proceeding pursuant to Part 2 of the Banking Act 2009 or a bank administration proceeding pursuant to Part 3 of the Banking Act 2009;
- (g) has a resolution passed for its winding-up, official management, examinership or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (h) seeks or becomes subject to the appointment of an administrator, provisional liquidator, examiner, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (i) has a secured party take possession of all or substantially all its assets or has a distress, execution, diligence, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
- (j) causes or is subject to any event with respect to which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (i); or
- (k) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

Legal Title Holder's Policies means:

- (a) with respect to B&B and MX, means the administration, arrears and enforcement policies and procedures which are applied from time to time and the originating, lending and underwriting policies historically applied by B&B or MX (as applicable) to Loans and the security for their repayment which are beneficially owned by the Seller or the Issuer and which may be amended by the relevant Legal Title Holder from time to time; and

- (b) with respect to Topaz, the administration, arrears and enforcement policies and procedures which are applied from time to time to buy-to-let mortgage loans and the security for their repayment which are beneficially owned solely by the Issuer by the Legal Title Holder.

Liability means, in respect of any person, any fees, loss, damage, cost, charge, award, claim, demand, expense, judgment, decree, action, proceeding or other liability whatsoever including properly incurred legal fees and any Tax (other than VAT or amounts in respect of VAT which, in each case, is recoverable and any Tax incurred on actual net income, profits or gains) and penalties incurred by that person, together with (but without double counting) any irrecoverable VAT charged or chargeable in respect of any of the sums referred to in this definition;

Loan Repurchase Notice means a notice in the form set out in the Mortgage Sale Agreement.

Long-Term Period means the period commencing on the Long-Term Servicer Effective Date and ending on the date on which the termination or resignation of the Long-Term Servicer becomes effective;

Long-Term Servicer Effective Date means the date on which the Long-Term Servicer commences servicing the Loans and the Related Security pursuant to the Long-Term Servicing Agreement;

Long-Term Servicing Agreement means the long-term servicing agreement entered into on or around the Closing Date by, amongst others, the Long-Term Servicer and the Issuer and any replacement long-term servicing agreement which is entered into by, amongst others, the Issuer and a Successor Servicer pursuant to which mortgage administration services are provided in respect of the Portfolio;

Payment Holidays means in respect of any Loan, a period of one or more Monthly Payment Dates for a maximum of six months (and limited to six months per annum) or a longer period agreed to by the lender when the relevant Borrower under such Loan is permitted by the lender in accordance with the relevant Mortgage Conditions not to make its regular Monthly Payment until the accrued Overpayments have been depleted.

Protective Advance means a payment of ground rent, service charges, insurance premia and similar items made by or on behalf of the relevant Legal Title Holder to protect the security for the Loan, which is deemed to be a further advance made by the relevant Legal Title Holder to the relevant Borrower.

Relevant Servicer means the Interim Servicer during the Interim Period and the Long-Term Servicer during the Long-Term Period.

Relevant Servicing Agreement means the Interim Servicing Agreement during the Interim Period and the Long-Term Servicing Agreement during the Long-Term Period.

Security means a mortgage, standard security, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

Subsidiary means any person (referred to as the **first person**) in respect of which another person (referred to as the **second person**):

- (a) holds a majority of the voting rights in that first person or has the right under the constitution of the first person to direct the overall policy of the first person or alter the terms of its constitution; or

- (b) is a member of that first person and has the right to appoint or remove a majority of its board of directors or equivalent administration, management or supervisory body; or
- (c) has the right to exercise (directly or indirectly) a dominant influence (which must include the right to give directions with respect to operating and financial policies of the first person which its directors are obliged to comply with whether or not for its benefit) over the first person by virtue of provisions contained in the articles (or equivalent) of the first person or by virtue of a control contract which is in writing and is authorised by the articles (or equivalent) of the first person and is permitted by the law under which such first person is established; or
- (d) is a member of that first person and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the first person or the rights under its constitution to direct the overall policy of the first person or alter the terms of its constitution; or
- (e) has the power to exercise, or actually exercises (in either case, directly or indirectly) dominant influence or control over the first person; or
- (f) together with the first person are managed on a unified basis,

and for the purposes of this definition, a person shall be treated as a member of another person if any of that person's Subsidiaries is a member of that other person or, if any shares in that other person are held by a person acting on behalf of it or any of its Subsidiaries. A subsidiary undertaking shall include any subsidiary undertaking the shares of which (if any) are subject to a Security Interest and where the legal title to the shares so secured are registered in the name of the secured party or its nominee pursuant to such Security.

Unauthorised Payment Holiday means in respect of any Loan, a period of one or more Monthly Payment Dates when the relevant Borrower under such Loan does not make its regular Monthly Payment (a) which can be funded by accrued Overpayments but (b) where the Borrower has not agreed a payment holiday arrangement in advance.

Unauthorised Underpayment means any underpayment made by a Borrower (a) which can be funded by prior overpayment but (b) where the Borrower has not agreed an underpayment in advance of the Contractual Monthly Payment.

Deed of Charge

On the Closing Date, the Issuer will enter into the Deed of Charge with, *inter alios*, the Security Trustee.

Security

Under the terms of the Deed of Charge, the Issuer will provide the Security Trustee with the benefit of, *inter alia*, the following security (the **Security**) as trustee for itself and for the benefit of the other Secured Creditors (including the Noteholders and the Certificateholders):

- (a) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, present and future, to and under the Transaction Documents (including, without limitation the Seller Deed of Charge) (other than the Trust Deed and the Deed of Charge) and any sums derived therefrom;
- (b) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit, present and future, in, to and

under the Loans and their Related Security and other related rights comprising the Portfolio and any sums derived therefrom;

- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit, present and future, to, in and under the Insurance Contracts and any sums derived therefrom;
- (d) a charge by way of first fixed charge over the Issuer's rights, title, interest and benefit, present and future, in and to monies standing to the credit of the Issuer Accounts and each other account (if any) (including any securities accounts and any securities standing to the credit thereto) maintained with the Issuer Account Bank and any other bank or custodian and all interest accruing from time to time thereon and the debt represented thereby, to hold the same unto the Security Trustee absolutely;
- (e) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit, present or future, under or in respect of the Collection Account Trust (created pursuant to the Collection Account Declaration of Trust);
- (f) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) (but subject to the right of reassignment) the benefit of the Issuer's rights, title, interest and benefit, present or future, under or in respect of the Vendors Trust (created pursuant to the Vendor Collection Account Declaration of Trust);
- (g) an assignment by way of first fixed security (and to the extent not assigned, charges by way of first fixed charge) (but subject to the right of reassignment) all of its rights, title, interest and benefit, present and future, under or in respect of each and every trust constituted by the Mortgage Sale Agreement, the Servicer Facilitator Agreement and the Relevant Servicing Agreement;
- (h) a charge by way of first fixed charge over the Issuer's rights, title, interests and benefit, present or future, to and under or in respect of any Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf; and
- (i) a charge by way of first floating charge over the whole of the Issuer's undertaking and all its property and assets, rights and revenues, whatsoever and wheresoever, both present and future, other than its share capital but including its uncalled capital, including any fixed charges which may take effect as floating charges, not otherwise subject to the charges referred to above or otherwise effectively assigned by way of security or charged by way of fixed security.

The floating charge created by the Deed of Charge may "crystallise" and become a first specific fixed charge or first ranking fixed security over the relevant class of assets owned by the Issuer at the time of crystallisation. Crystallisation will occur automatically (although subject to applicable law) following the occurrence of specific events set out in the Deed of Charge, including, among other events, service of an Enforcement Notice. A crystallised floating charge will rank ahead of the claims of unsecured creditors which are in excess of the prescribed part but will rank behind the expenses of any administration or liquidator, the claims of preferential creditors and the beneficiaries of the prescribed part on enforcement of the Security.

Pre-Enforcement Revenue Priority of Payments and Pre-Enforcement Principal Priority of Payments

Prior to the Note Trustee serving an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes, declaring the Notes to be immediately due and payable, the Cash

Manager (on behalf of the Issuer) shall apply monies standing to the credit of the Transaction Account as described in "*Cashflows*" below.

Post-Enforcement Priority of Payments

After the Note Trustee has served an Enforcement Notice on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes, declaring the Notes to be immediately due and payable, the Security Trustee (or the Cash Manager on its behalf) or any Receiver appointed by it shall apply the monies standing to the credit of the Transaction Account in accordance with the Post-Enforcement Priority of Payments defined in "*Cashflows*" below.

The Security will become enforceable after an Enforcement Notice has been served on the Issuer pursuant to Condition 11 (*Events of Default*) of the Notes provided that, if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes and Certificates, the Security Trustee will not be entitled to dispose of the assets comprised in the Security or any part thereof unless either a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the Noteholders and Certificateholders (and all persons ranking in priority to the Noteholders as set out in the Post-Enforcement Priority of Payments) or the Security Trustee is of the opinion that the cashflow expected to be received by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing: (i) to the Noteholders and Certificateholders (and all persons ranking in priority to the Noteholders and Certificates in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders and Certificates (and all such prior ranking persons) have been repaid, to the remaining Secured Creditors (other than the Certificateholders) in the order of priority set out in the Post-Enforcement Priority of Payments which opinion shall be binding on the Secured Creditors and reached after considering at any time and from time to time the advice of any financial adviser (or such other professional adviser selected by the Security Trustee for the purpose of giving such advice).

The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer in accordance with the applicable Priority of Payments. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to above without further enquiry and shall incur no liability to any person for so doing.

Governing Law

The Deed of Charge and any non-contractual obligations arising out of or in connection with it will be governed by English law.

In this Prospectus, the capitalised terms below have the following definitions:

Authorised Investments means:

- (a) Sterling gilt-edged securities; and
- (b) Sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper),

provided that in all cases such investments do not constitute securitisation positions and will only be made such that there is no withholding or deduction for or on account of taxes applicable thereto and either:

- (i) such investments (A) have a maturity date of 60 days or less and mature before the next following Interest Payment Date or within 60 days, whichever is sooner (and in each case for at least the price paid for the relevant investment), (B) may be broken or demanded by the Issuer (at no cost to the Issuer and for at least the price paid for the relevant investment) before the next following Interest Payment Date or within 60 days, whichever is sooner, (C) are rated at least P-1 by Moody's (and A2 (long term) by Moody's if the investments have a long-term rating) and F1+ by Fitch (and AA- by Fitch if the investments have a long-term rating) and A-1 by S&P and (D) are not the proceeds of or income from a Matured Authorised Investment which has yet to be paid into the Transaction Account in accordance with the Cash Management Agreement; or
- (ii) such investments (A) have a maturity date of 90 days or less and mature before the next following Interest Payment Date or within 90 days, whichever is sooner (and in each case for at least the price paid for the relevant investment), (B) may be broken or demanded by the Issuer (at no cost to the Issuer and for at least the price paid for the relevant investment) before the next following Interest Payment Date or within 90 days, whichever is sooner, (C) are rated at least P-1 by Moody's (and A2 (long term) by Moody's if the investments have a long-term rating) and F1+ by Fitch (and AA- by Fitch if the investments have a long-term rating) and A-1+ by S&P (and AA- (long term) by S&P if the investments have a long-term rating) and (D) are not the proceeds of or income from a Matured Authorised Investment which has yet to be paid into the Transaction Account in accordance with the Cash Management Agreement.

For the avoidance of doubt, investments consisting in whole or in part, actually or potentially of tranches or other asset backed securities, credit-linked rates, swaps or other derivatives instruments, synthetic securities or similar claims and/or where investments would be in a money market fund or would result in the recharacterisation of the Notes or any transaction as a "re-securitisation" or a "synthetic securitisation" as defined in Articles 4(63) and 242(11), respectively, of Regulation (EU) No 575/2013 (as amended and/or supplemented from time to time), such investments shall not qualify as "Authorised Investments".

Matured Authorised Investment means an Authorised Investment which has matured or been disposed of by the Cash Manager.

Seller Security Power of Attorney means the power of attorney granted by the Seller under the Seller Deed of Charge on or around the Closing Date substantially in the form set out in schedule 1 (Form of Seller Security Power of Attorney) to the Seller Deed of Charge.

Seller Power of Attorney means the power of attorney delivered by the Seller pursuant to the Mortgage Sale Agreement.

Secured Creditors means the Security Trustee, any Appointee of the Security Trustee, any Appointee of the Note Trustee, any Receiver appointed by the Security Trustee pursuant to the Deed of Charge, the Note Trustee, the Noteholders, the Certificateholders, the Seller, the Relevant Servicer, the Legal Title Holders, the Servicer Facilitator, the Back-Up Servicer Facilitator, the Cash Manager, the Replacement Cash Manager Facilitator, the Issuer Account Bank, the Corporate Services Provider, the Paying Agents, the Registrar, the Agent Bank, the Collection Account Bank and any other person who is expressed in any deed supplemental to the Deed of Charge to be a secured creditor.

Transaction Documents means the Agency Agreement, the Bank Account Agreement, the Deed Poll, the Retention Holder Deed Poll, the Cash Management Agreement, the Seller Power of Attorney, the Vendor Collection Account Declaration of Trust, the Collection Account Declaration of Trust, the Corporate Services Agreement, the Deed of Charge, the Deed of Charge, the Issuer Power of Attorney, the Seller Deed of Charge, each Legal Title Holder Power of Attorney, a master

definitions and construction schedule made between amongst others, the Issuer, the Seller and the Security Trustee (the **Master Definitions and Construction Schedule**), the Servicer Facilitator Agreement, the Interim Servicing Agreement, the Long-Term Servicing Agreement, the Mortgage Sale Agreement, the Servicer Power of Attorney, the Share Trust Deed, the Trust Deed, the Deed of Covenant and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes and/or the Certificates.

Trust Deed

On or about the Closing Date, the Issuer and the Note Trustee will enter into the Trust Deed pursuant to which the Issuer and the Note Trustee will agree that the Notes and the Certificates are subject to the provisions in the Trust Deed. The Conditions and the Certificate Conditions and the forms of each class of Notes and the Certificates will each be constituted by, and set out in, the Trust Deed.

The Note Trustee will agree to hold the benefit of the Issuer's covenant to pay amounts due in respect of the Notes and the Certificates on trust for the Noteholders and the Certificateholders.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Note Trustee for its services under the Trust Deed at the rate and times agreed between the Issuer and the Note Trustee (exclusive of VAT) together with payment of any liabilities incurred by the Note Trustee in relation to the Note Trustee's performance of its obligations under or in connection with the Trust Deed and the other Transaction Documents.

Retirement of Note Trustee

The Note Trustee may retire at any time upon giving not less than 60 days' notice in writing to the Issuer without giving any reason therefor and without being responsible for any liabilities occasioned by such retirement. The holders of the Most Senior Class may, by Extraordinary Resolution, remove all trustees (but not some only) for the time being who are acting pursuant to the Trust Deed and the Deed of Charge. The retirement of the Note Trustee shall not become effective unless there remains a trust corporation entitled by rules made under the Public Trustee Act 1906 to carry out the functions of a custodian trustee (a trust corporation) in office after such retirement or removal by Extraordinary Resolution. The Issuer will agree in the Trust Deed that, in the event of the sole trustee or the only trustee under the Trust Deed giving notice of its retirement, the Issuer shall use its best endeavours to procure a new trustee to be appointed as soon as practicable thereafter and if, after 60 days from the date the Note Trustee gives its notice of retirement or the applicable Extraordinary Resolution of the holders of the Most Senior Class, the Issuer is not able to find such replacement, the Note Trustee will be entitled to procure that a new trustee be appointed but no such appointment shall take effect unless previously approved by Extraordinary Resolution of the holders of the Most Senior Class.

Governing Law

The Trust Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Agency Agreement

Pursuant to an agency agreement (the **Agency Agreement**) dated on or prior to the Closing Date and made between the Issuer, the Note Trustee and the Security Trustee, the Principal Paying Agent, the Registrar and the Agent Bank, provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes and the payment of Certificate Payments in respect of the Certificates.

Governing Law

The Agency Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Cash Management Agreement

On the Closing Date, the Cash Manager, the Replacement Cash Manager Facilitator, the Issuer, the Seller, the Interim Servicer, the Retention Holder and the Security Trustee will enter into a cash management agreement (the **Cash Management Agreement**).

Cash Management Services to be provided to the Issuer

Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer or, upon the Security Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer, the Security Trustee. The Cash Manager's principal function will be effecting payments to and from the Transaction Account. In addition, the Cash Manager will, among other things:

- (a) on each Interest Payment Date prior to the delivery of an Enforcement Notice, apply, or cause to be applied, Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments;
- (b) on each Calculation Date determine if there would be a Revenue Shortfall following the application of Available Revenue Receipts (disregarding for such purposes any Principal Addition Amounts) on the immediately following Interest Payment Date and any Principal Addition Amount;
- (c) on each Calculation Date, determine whether the immediately following Interest Payment Date is the Final Redemption Date;
- (d) on each Calculation Date, determine if there are sufficient Available Principal Receipts available to redeem the Notes in full on the immediately following Interest Payment Date;
- (e) record credits to, and debits from, the Ledgers, as and when required; and
- (f) if required (i) during the Determination Period, calculate the Interest Determination Ratio, the Calculated Revenue Receipts and the Calculated Principal Receipts and (ii) following any Determination Period, upon receipt by the Cash Manager of the Servicer Reports in respect of such Determination Period, reconcile the calculations to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amounts in accordance with Condition 6.10 (*Determinations and Reconciliation*), Certificates Condition 6.8 (*Determination and Reconciliation*) and the Cash Management Agreement.

In addition, the Cash Manager will also:

- (a) maintain the following ledgers (the **Ledgers**) on behalf of the Issuer:
 - (i) the **Principal Ledger**, which will record as a credit all Principal Receipts received by the Issuer and as a debit the distribution of the Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments (as applicable) or Principal Receipts distributed to purchase Flexible Drawings on any day;

- (ii) the **Revenue Ledger**, which shall record as a credit all Revenue Receipts and as a debit the distribution of the Available Revenue Receipts and the distribution of any other relevant amounts recorded on the Revenue Ledger in accordance with the Pre-Enforcement Revenue Priority of Payments or the Post-Enforcement Priority of Payments (as applicable) or by way of Permitted Withdrawals;
 - (iii) the **General Reserve Fund Ledger**, which will record amounts credited to, and debited from, the general reserve fund (the **General Reserve Fund**). On each Interest Payment Date (prior to service of an Enforcement Notice), the Cash Manager will record, as a debit, amounts standing to the credit of the General Reserve Fund applied as (i) prior to the date on which the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are each redeemed in full (**Class F Notes Redemption Date**), Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments or (ii) following the Class F Notes Redemption Date, as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments and, as a credit, amounts credited in the General Reserve Fund from Available Revenue Receipts in accordance with item (p) of the Pre-Enforcement Revenue Priority of Payments (see "*Credit Structure – General Reserve Fund*" below);
 - (iv) the **Liquidity Reserve Fund Ledger**, which will record amounts credited to, and debited from, the liquidity reserve fund (the **Liquidity Reserve Fund**). On each Interest Payment Date (prior to service of an Enforcement Notice), the Cash Manager will record, as a debit, amounts standing to the credit of the Liquidity Reserve Fund applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and, as a credit, amounts credited in the Liquidity Reserve Fund Available Revenue Receipts in accordance with item (i) of the Pre-Enforcement Revenue Priority of Payments and on the Closing Date any amounts drawn under the Class R Notes which have been designated to credit the Liquidity Reserve Fund. (see "*Credit Structure – Liquidity Reserve Fund*" below);
 - (v) the **Principal Deficiency Ledger**, which will record on the appropriate sub-ledger as a debit deficiencies arising from Losses on the Portfolio (on the date the Cash Manager is informed of such Losses by the Relevant Servicer via the Seller), any Available Principal Receipts applied as Principal Addition Amounts (on the Calculation Date on which such Principal Addition Amounts are determined by the Cash Manager), and record as a credit Available Revenue Receipts applied as Available Principal Receipts pursuant to the Pre-Enforcement Revenue Priority of Payments (if any) on each Interest Payment Date (see "*Credit Structure – Principal Deficiency Ledger*" below); and
 - (vi) the **Issuer Profit Ledger**, which shall record as a credit any amounts retained by the Issuer as profit in accordance with the Pre-Enforcement Revenue Priority of Payments and the Post-Enforcement Priority of Payments and as a debit any amount used to discharge any tax liability of the Issuer;
- (b) calculate on each Calculation Date (prior to service of an Enforcement Notice) the amount of Available Revenue Receipts (including any Principal Addition Amounts), and Available Principal Receipts to be applied on the immediately following Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Principal Priority of Payments (as applicable);
 - (c) (assuming delivery by the Relevant Servicer of the monthly Servicer Report by no later than the date falling five Business Day after the end of the relevant Collection Period) provide the

Monthly Investor Report by no later than the date falling two Business Days following the day on which the monthly Servicer Report is received by the Cash Manager (other than in months in which an Interest Payment Date falls, in which case such Quarterly Interest Report will be provided in accordance with paragraph (d) below), to the Issuer, the Relevant Servicer, the Security Trustee, the Noteholders, the Certificateholders, the Rating Agencies and Bloomberg; and

- (d) (assuming delivery by the Relevant Servicer of the previous Servicer Reports in accordance with paragraph (c) above) provide the Quarterly Investor Report by no later than two Business Days prior to the immediately following Interest Payment Date to the Issuer, the Servicer Facilitator, the Relevant Servicer, the Security Trustee, the Noteholders, the Certificateholders, the Rating Agencies and Bloomberg.

At the direction of the Seller, the Cash Manager, on behalf of and in the name of the Issuer, may invest monies standing from time to time to the credit of the Transaction Account in Authorised Investments as determined by the Seller, subject to the following provisions:

- (a) any investment in any Authorised Investments shall be made in the name of the Issuer;
- (b) any costs properly and reasonably incurred in making, changing or otherwise disposing of any investment in any Authorised Investments will be reimbursed to the Cash Manager by the Issuer;
- (c) all income and other distributions arising on, or proceeds following the disposal or maturity of, Authorised Investments shall be credited to the Transaction Account prior to the relevant Calculation Date;
- (d) such Authorised Investments shall mature at least one Business Day before the next Calculation Date; and
- (e) the Seller shall obtain and hold all applicable regulatory consents and approvals required in respect of directing investment in Authorised Investments.

The Cash Manager shall not be responsible (save where any loss results from the Cash Manager's own fraud, wilful default or gross negligence) for any loss occasioned by reason of any such investment in any Authorised Investments or any purported investment in any Authorised Investments whether by depreciation in value or otherwise, provided that any such investment in any Authorised Investments was made in accordance with the terms of the Cash Management Agreement.

Cash Manager and Directions from the Security Trustee

The Cash Manager will act upon the direction of the Security Trustee (given in accordance with the terms and provisions of the Deed of Charge) upon the Security Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer.

Remuneration of Cash Manager

The Cash Manager will be paid a cash management fee for its cash management services under the Cash Management Agreement. Such fees will be determined under a separate fee letter between the Issuer and the Cash Manager. Any sum (or other consideration) payable (or provided) by the Issuer to the Cash Manager in respect of that fee shall be deemed to be inclusive of VAT, if any, chargeable on any supply for which the cash management fee is the consideration (in whole or in part) for VAT purposes. The cash management fee is payable in the manner contemplated by and in accordance

with the provisions of the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments.

Termination of Appointment and Replacement of Cash Manager

If any of the following events (**Cash Manager Termination Events**) shall occur:

- (a) default is made by the Cash Manager in the giving of a payment instruction, on the due date, in respect of any payment due and payable by it under the Cash Management Agreement (provided that in each case there are funds available for such payment standing to the credit of the relevant Issuer Accounts) and such default continues unremedied for a period of three Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied; or
- (b) default is made by the Cash Manager in the performance or observance of any of its other covenants and obligations under the Cash Management Agreement, which in the opinion of the Note Trustee as notified to the Security Trustee is materially prejudicial to the interests of the Noteholders, and such default continues unremedied for a period of 30 Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Security Trustee, as the case may be, requiring the same to be remedied; or
- (c) an Insolvency Event occurs with respect to the Cash Manager; or
- (d) it becomes unlawful for the Cash Manager to perform its obligations under the Cash Management Agreement or under any other Transaction Document,

then prior to the delivery of an Enforcement Notice, the Issuer (with the written consent of the Security Trustee), or following the delivery of an Enforcement Notice, the Security Trustee, may, with the assistance of the Replacement Cash Manager Facilitator, at once or at any time thereafter while such default continues, by notice in writing to the Cash Manager (with a copy to the Security Trustee if such notice is delivered by the Issuer), terminate its appointment as Cash Manager under the Cash Management Agreement with effect from a date (not earlier than the date of the notice) specified in such notice. In determining whether to give or withhold consent to the termination of the Cash Manager by the Issuer, the Security Trustee will have regard to factors including, *inter alia*, the availability of a substitute cash manager. Upon termination of the appointment of the Cash Manager, the Issuer shall use reasonable endeavours to appoint a substitute cash manager that satisfies the conditions set out below.

Any substitute cash manager:

- (a) must agree to enter into an agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute cash manager agrees to assume and perform all material duties and obligations of the Cash Manager under the Cash Management Agreement;
- (b) must be a party that the Rating Agencies have previously confirmed by whatever means such Rating Agencies consider appropriate (provided that the Issuer is permitted to and does confirm in writing (including by e-mail) to the Security Trustee that such confirmation has been obtained) the appointment of which will not cause the then current ratings of the Rated Notes to be adversely affected; and
- (c) will be subject to the prior written approval of the Security Trustee.

Resignation of the Cash Manager

The Cash Manager may resign on giving not less than 60 days' written notice (or such shorter time as may be agreed between the Cash Manager, the Issuer, the Servicer Facilitator and the Security Trustee) of its resignation to the Issuer, the Servicer Facilitator and the Security Trustee without providing any reason therefor and without being responsible for any Liability incurred by reason thereof unless such Liability arises as a result of its own gross negligence, wilful default or fraud or that of its officers, directors or employees, provided that:

- (a) a substitute cash manager shall be appointed by the Issuer (with the assistance of the Replacement Cash Manager Facilitator), such appointment to be effective not later than the date of such termination;
- (b) such substitute cash manager has the requisite cash management experience to perform the functions to be given to it under the Cash Management Agreement and is approved by the Issuer and the Security Trustee; and
- (c) such substitute cash manager enters into a cash management agreement with the Issuer on terms commercially acceptable in the market, pursuant to which the substitute cash manager agrees to assume and perform all material duties and obligations of the Cash Manager under the Cash Management Agreement.

To the extent the Issuer does not appoint a substitute Cash Manager in accordance with the terms of the Cash Management Agreement prior to the termination date specified in the notice delivered by the Cash Manager in accordance the Cash Management Agreement, the Cash Manager may appoint a substitute Cash Manager, provided that such appointment satisfies the provisions of the Cash Management Agreement.

Replacement Cash Manager Facilitator

The Replacement Cash Manager Facilitator shall, within 60 days of the date on which a Cash Manager Termination Event occurs, use best efforts to identify, on behalf of the Issuer, a suitably experienced replacement Cash Manager which meets the requirements for a substitute Cash Manager provided for by the Cash Management Agreement and outlined above.

Governing Law

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

The Bank Account Agreement

Pursuant to the terms of a bank account agreement entered into on or about the Closing Date between the Issuer, the Issuer Account Bank, the Cash Manager and the Security Trustee (the **Bank Account Agreement**), the Issuer will maintain the transaction account (the **Transaction Account**) with the Issuer Account Bank which will be operated in accordance with the Bank Account Agreement, the Cash Management Agreement and the Deed of Charge, as applicable. The Issuer Account Bank is required to have the Account Bank Rating.

Governing Law

The Bank Account Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

The Corporate Services Agreement

On or prior to the Closing Date, the Issuer, the Corporate Services Provider, the Share Trustee, Holdings and the Security Trustee will enter into a corporate services agreement (the **Corporate Services Agreement**) pursuant to which the Corporate Services Provider will provide the Issuer and Holdings with certain corporate and administrative functions against the payment of a fee. Such services include, *inter alia*, the performance of all general book-keeping, secretarial, registrar and company administration services for the Issuer and Holdings (including the provision of directors), providing the directors with information in connection with the Issuer and Holdings, and the arrangement for the convening of shareholders' and directors' meetings.

The fees due to the Corporate Services Provider in relation to the fees of the Corporate Services Provider will be as agreed between the Issuer and the Corporate Services Provider. Fees due and payable to the Corporate Services Provider will be paid ahead of all outstanding Notes and Certificates.

Governing Law

The Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

The Seller Deed of Charge and the Deed of Covenant

On the Closing Date, the Seller will enter into a deed of charge (the **Seller Deed of Charge**) with, *inter alios*, the Issuer and the Security Trustee. Under the terms of the Seller Deed of Charge, the Seller will provide the Issuer with the benefit of an assignment by way of security of certain of the Seller's rights under the Vendor Mortgage Sale Agreement in respect of representations, warranties, undertakings, covenants and indemnities provided to the Seller in respect of, *inter alia*, the Loans and the Related Security therefor.

The Vendor Mortgage Sale Agreement contains a provision requiring any assignee of the benefit of the Vendor Mortgage Sale Agreement to perform certain of the obligations of the Seller (as Purchaser under the Vendor Mortgage Sale Agreement) in order to be able to enforce the assigned rights. On or about the Closing Date the Issuer will enter into a deed of covenant (the **Deed of Covenant**) with the Seller and the Vendor to perform such obligations. The Deed of Covenant also imposes a requirement to ensure that any subsequent transferee of the Loans complies with such obligations.

Prior to the enforcement of the security created by the Seller Deed of Charge, the Seller shall be entitled to exercise or refrain from exercising its rights under the Vendor Mortgage Sale Agreement in its sole and absolute discretion without regard to the interests of the Issuer (but subject to and in accordance with any other express provisions of the Seller Deed of Charge). Upon the enforcement of the Seller Deed of Charge, a certified copy of the Vendor Mortgage Sale Agreement will be delivered by the Seller to the Issuer, the Security Trustee and the Note Trustee.

The security created by the Seller Deed of Charge will become enforceable if (A) (i) an Insolvency Event occurs in respect of the Seller or (ii) the Seller fails to discharge its obligations pursuant to the terms of the Mortgage Sale Agreement and such Insolvency Event or such failure is continuing and (B) the Issuer or (following service of an Enforcement Notice) the Security Trustee gives notice to the Seller that the security created by the Seller Deed of Charge is enforceable.

Governing Law

The Seller Deed of Charge and the Deed of Covenant and any non-contractual obligations arising out of or in connection with either of them will be governed by English law.

The Vendors Trust

During the Interim Period, all collections arising in respect of Loans will be paid into the collection accounts in the name of the Vendor and MX (the **Interim Period Collection Accounts**) or in the case of Shortfall Proceeds, into certain accounts in the name of the Vendor and MX the **Shortfall Proceeds Accounts**). The Vendor and MX will on or prior to the Closing Date enter into a declaration of trust pursuant to which they will each declare a trust over all of their right, title and beneficial interest in all amounts standing to the credit of the Interim Period Collection Accounts held with the Collection Account Bank (the **Interim Period Collection Account Trust Property**) (the **Vendors Trust** and the declarations of trust the **Vendor Collection Account Declaration of Trust**). Pursuant to the terms of the Vendor Collection Account Declaration of Trust:

- (i) the Interim Period Collection Account Trust Property will be held by the Vendor and MX (as applicable) absolutely for, *inter alios*: (a) the Vendor and MX (as applicable, each in their capacity as a beneficiary), (b) the Issuer; (c) the Seller and (c) certain other additional beneficiaries that may accede to the terms of the Vendors Trust in the manner and in the proportions specified in the Vendor Collection Account Declaration of Trust; and
- (ii) where Shortfall Proceeds in respect of Loans beneficially owned by the Issuer are paid into the Shortfall Proceeds Accounts, the Vendor shall pay, or procure the payment of, an amount equal to such Shortfall Proceeds into the Transaction Account within 5 Business Days of receipt of the monthly Servicer Report.

The Issuer's share of the Vendors Trust at any relevant time (the **Interim Period Issuer Trust Share**) shall equal all amounts credited to the Interim Period Collection Accounts at such time in respect of the Loans and their Related Security comprising in the Portfolio taking into account any amounts previously paid to the Issuer in respect of the Loans and their Related Security.

Additional beneficiaries may from time to time on and from the Closing Date accede to the Vendor Collection Account Declaration of Trust without the consent of the Issuer or the Security Trustee, however any such accession will not affect the manner in which the Interim Period Issuer Trust Share is calculated.

The cash administrator will procure that amounts constituting the Interim Period Issuer Trust Share will be transferred on each Business Day from the Interim Period Collection Accounts in cleared funds to a single Collection Account (the **Final Collection Account**) and amounts received in the Final Collection Account during the previous Business Day will be transferred to the Transaction Account. The Interim Servicer will continue to procure such transfer, notwithstanding the change of collection accounts.

On or before the Transfer Date, the Legal Title Holder shall establish a new collection account to be held in the name of the Legal Title Holder with the replacement Collection Account Bank (the **Collection Account**) in respect of the Loans transferred pursuant to the Mortgage Sale Agreement (see "*The Collection Account Declaration of Trust*" below).

On and from the Transfer Date, all collections arising in respect of the Loans (including all Recovery Proceeds in connection therewith) will be paid into the Collection Account and the Legal Title Holder shall arrange for the transfer of all Direct Debit mandates to such replacement collection account and procure that all Contractual Monthly Payments made by a Borrower under a payment arrangement other than the Direct Debiting Scheme are made to the Collection Account from the date on which the Collection Account is opened.

The Issuer's beneficial interest in the Vendors Trust shall cease and be wound up on the date falling six months after the Transfer Date.

Shortfall Proceeds means, in respect of a Loan and its Related Security which has been subject to enforcement proceedings, and following completion of such enforcement proceeding, there were insufficient proceeds received to repay all amounts owed by the Borrower under the relevant Loan in full (such amount being the **Shortfall**), any proceeds subsequently received in respect of that Shortfall.

Governing Law

The Vendors Trust and any non-contractual obligations arising out of or in connection with it will be governed by English law.

The Collection Account Declaration of Trust

On or prior to the Transfer Date the Issuer, the Seller, Topaz (as Legal Title Holder) the Security Trustee and others will enter into a declaration of trust pursuant to which Topaz will declare a trust over all of its rights, title and beneficial interest in all amounts standing to the credit of the Collection Account (the **Collection Account Declaration of Trust**). Pursuant to the terms of the Collection Account Declaration of Trust, Topaz as Legal Title Holder will declare a trust (the **Collection Account Trust** over all its rights, title, interest and benefit, present and future, to the credit of the Collection Account (the **Collection Account Trust Property**), absolutely for itself, the Issuer, the Seller and any new beneficiaries that may accede to the Collection Account Declaration of Trust, as beneficiaries in the manner and in the proportions specified in the Collection Account Declaration of Trust without the consent of the Issuer or the Security Trustee, however any such accession will not affect the manner in which the Issuer Trust Share is calculated.

The Issuer's share of the Collection Account Trust at any relevant time shall equal all amounts credited to the Collection Account at such time in respect of the Loans and their Related Security comprised in the Portfolio taking into account any amounts previously paid to the Issuer in respect of the Loans and their Related Security.

The Long-Term Servicer will procure that amounts constituting the Issuer Trust Share will be transferred from the Collection Account in cleared funds to the Transaction Account, in the case of Direct Debit payments, no later than 1 Business Day after its receipt and identification, in accordance with the provisions of the Long-Term Servicing Agreement. The Long-Term Servicer will continue to procure such transfer, notwithstanding the change of collection accounts.

Governing Law

The Collection Account Declaration of Trust and any non-contractual obligations arising out of or in connection with it will be governed by English law.

CREDIT STRUCTURE

The Notes are obligations of the Issuer only. The Notes are not obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. In particular, the Notes are not obligations of, or the responsibility of, or guaranteed by, any of the Relevant Parties. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Relevant Parties or by any other person other than the Issuer.

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

1. **Liquidity Support for the Notes and Certificates provided by Available Revenue Receipts**

During the life of the Notes, the interest payable by Borrowers on the Loans may, even assuming that all of the Loans are fully performing, result in Available Revenue Receipts not being sufficient to pay the amounts payable under items (a) to (u) (inclusive) of the Pre-Enforcement Revenue Priority of Payments, see "*Risk Factors – The Issuer has a limited source of funds which may be insufficient to allow for repayment in full of the Notes and Certificates*" for further information. The actual amount of any excess payable to the Certificateholders without regard to the Pre-Enforcement Revenue Priority of Payments will vary during the life of the Notes. Two of the key factors determining such variation are the interest rates applicable to the Loans in the Portfolio relative to the payments due on the Notes and the Certificates and the performance of the Portfolio.

Available Revenue Receipts will be applied (after making payments ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments, towards reducing any Principal Deficiency Ledger entries which may arise from Losses on the Portfolio and (prior to the redemption of the Floating Rate Rated Notes in full) from the application of Available Principal Receipts as Available Revenue Receipts to cure any Revenue Shortfall in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments.

2. **General Reserve Fund**

The general reserve fund (the **General Reserve Fund**) will be established by the Issuer or the Cash Manager on the Issuer's behalf on the Closing Date. The Issuer may invest the amounts standing to the credit of the General Reserve Fund Ledger from time to time in Authorised Investments. On and from the first Interest Payment Date, the General Reserve Fund will be available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments (but only to the extent necessary (after applying all other Available Revenue Receipts (other than items (e), (h) and (i) of the definition of Available Revenue Receipts) to do so)) to pay a General Reserve Fund Payment or the Post-Enforcement Priority of Payments (as applicable). On and from the first Interest Payment Date, the General Reserve Fund will be credited up to the General Reserve Fund Required Amount in accordance with paragraph (r) of the Pre-Enforcement Revenue Priority of Payments. Following redemption in full of the Floating Rate Rated Notes, amounts standing to the credit of the General Reserve Fund will be available to be applied as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments (as applicable).

General Reserve Fund Payment means prior to the redemption in full of the Floating Rate Rated Notes, payments required to be made pursuant to items (a) to (q) of the Pre-Enforcement Revenue Priority of Payments.

General Reserve Fund Required Amount means an amount equal to (i) on any Interest Payment Date prior to the redemption in full of the Floating Rate Rated Notes, (a) an amount equal to 2.50 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes as at the Closing Date less (b) the amount standing to the credit of the Liquidity Reserve Fund as at that Interest Payment Date; or (ii) following the redemption in full of the Floating Rate Rated Notes, zero.

3. **Liquidity Reserve Fund**

The liquidity reserve fund (the **Liquidity Reserve Fund**) will be established by the Issuer or the Cash Manager on the Issuer's behalf on the Closing Date. On the Closing Date the Issuer will issue and the Retention Holder will subscribe for the Class R Notes for an amount equal to the Initial Liquidity Reserve Fund Required Amount, and such amount will be deposited in the Transaction Account (with a corresponding credit being made to the Liquidity Reserve Fund Ledger). The Issuer may invest the amounts standing to the credit of the Liquidity Reserve Fund Ledger from time to time in Authorised Investments.

On and from the first Interest Payment Date, the Liquidity Reserve Fund will be available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments (but only to the extent necessary (after applying all other Available Revenue Receipts (other than items (e) and (i) of the definition of Available Revenue Receipts) to do so)) to pay Senior Revenue Amounts or the Post-Enforcement Priority of Payments (as applicable). On and from the first Interest Payment Date, any Liquidity Reserve Fund Excess Amount will be available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments. On and from the first Interest Payment Date, the Liquidity Reserve Fund will be credited up to the Liquidity Reserve Fund Required Amount in accordance with paragraph (i) of the Pre-Enforcement Revenue Priority of Payments.

Initial Liquidity Reserve Fund Required Amount means on any Interest Payment Date, prior to the redemption in full of the Class A Notes and the Class B Notes, an amount equal to 2.50 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes as at the Closing Date.

Liquidity Reserve Fund Excess Amount means on any Interest Payment Date, an amount equal to the amount (if any) by which the amount standing to the credit of the Liquidity Reserve Fund after application of item (h) of the definition of Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and application of Available Revenue Receipts to pay items (a) to (h) of the Pre-Enforcement Revenue Priority of Payments exceeds the Liquidity Reserve Fund Required Amount.

Liquidity Reserve Fund Required Amount means on any Interest Payment Date, prior to the redemption in full of the Class A Notes and the Class B Notes, an amount equal to 2.50 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes and the Class B Notes as at that Interest Payment Date as determined prior to any redemptions of the Class A Notes and Class B Notes on such Interest Payment Date.

Senior Revenue Amounts means all amounts to be paid pursuant to items (a), (b), (c), (d), (e) and (g) of the Pre-Enforcement Revenue Priority of Payments.

4. **Use of Available Principal Receipts to pay a Revenue Shortfall**

On each Calculation Date prior to the service of an Enforcement Notice or the redemption in full of the Floating Rate Rated Notes, and with reference to the immediately following

Interest Payment Date, the Cash Manager will calculate whether there will be a Revenue Shortfall on such Interest Payment Date. If the Cash Manager determines that there will be a Revenue Shortfall, then pursuant to item (a) of the Pre-Enforcement Principal Priority of Payments, the Cash Manager on behalf of the Issuer shall apply Available Principal Receipts as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments (the **Principal Addition Amounts**).

Any Available Principal Receipts applied as Principal Addition Amounts will be recorded as a debit on the Principal Deficiency Ledger (as further described below).

5. **Principal Deficiency Ledger**

A Principal Deficiency Ledger will be established to record any Losses affecting the Loans in the Portfolio and any Principal Addition Amounts. The **Principal Deficiency Ledger** will comprise eight sub-ledgers: the Principal Deficiency Ledger relating to the Class A Notes (the **Class A Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class B Notes (the **Class B Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class C Notes (the **Class C Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class D Notes (the **Class D Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class E Notes (the **Class E Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class F Notes (the **Class F Principal Deficiency Sub-Ledger**) the Principal Deficiency Sub-Ledger relation to the Class G Notes (the **Class G Principal Deficiency Sub-Ledger**) and the Principal Deficiency Ledger relating to the Class Z Notes (the **Class Z Principal Deficiency Sub-Ledger**) (each a **Principal Deficiency Sub-Ledger**). Any Principal Addition Amounts will be recorded on the date such Principal Addition Amounts are determined by the Cash Manager and any Losses on the Portfolio will be recorded on the date that the Cash Manager is informed of such Losses by the Relevant Servicer, and will each be recorded as a debit (a) first, to the Class Z Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class Z Notes; (b) second, to the Class G Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class G Notes; (c) third, to the Class F Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class F Notes; (d) fourth, to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes; (e) fifth, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes; (f) sixth, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; (g) seventh, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; and (h) eighth, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes. Investors should note that realised Losses in any period will be calculated after applying any recoveries following enforcement of a Loan and its Related Security to outstanding fees and interest amounts due and payable on the relevant Loan. The Cash Manager will record as a credit to the Principal Deficiency Ledger Available Revenue Receipts applied pursuant to items (f), (h), (k), (m), (o), (q), (s) and (t) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon become Available Principal Receipts).

6. **Available Revenue Receipts and Available Principal Receipts**

Available Revenue Receipts and Available Principal Receipts shall be applied on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, respectively. Other than amounts

which the Issuer expects to generate in each accounting period as its profit in respect of the business of the Issuer in accordance with item (d) of the Pre-Enforcement Revenue Priority of Payments, it is not intended that any surplus will be accumulated in the Issuer.

If, on any Interest Payment Date on which there are Rated Notes outstanding, the Issuer has insufficient Available Revenue Receipts to pay the interest due in respect of such Rated Notes or interest due on the Notes that would otherwise be payable (absent the deferral provisions in respect of the Notes) (other than in respect of the Class A Notes), then the Issuer will be entitled under Condition 17 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. Any such deferral in accordance with the deferral provisions contained in the Conditions will not constitute an Event of Default. However, failure to pay interest on the Class A Notes (or, if different, the then Most Senior Class of Rated Notes) within any applicable grace period in accordance with the Conditions or the Certificates Conditions shall constitute an Event of Default under the Notes which may result in the Notes being accelerated and the Security Trustee enforcing the Security.

CASHFLOWS

Definition of Revenue Receipts

Revenue Receipts means (a) payments of interest and other fees due from time to time under the Loans (including any Arrears of Interest arising after the Cut-Off Date) but excluding any Capitalised Arrears and any Capitalised Expenses, (b) recoveries of interest and other amounts that do not represent Principal Receipts from defaulting Borrowers under Loans being enforced, (c) recoveries of all amounts relating to interest (but excluding any Capitalised Arrears and any Arrears of Interest arising prior to the Cut-Off Date) from defaulting Borrowers under Loans following enforcement and sale of the relevant property, (d) the proceeds of payments attributable to Repurchase/Indemnity Interest Amounts only of any repurchase of a Loan by the Seller or any indemnity payment made by the Seller to the Issuer pursuant to the Mortgage Sale Agreement, (e) proceeds received by the Issuer from any insurance claim, in each case to the extent that such proceeds constitute or are attributable to interest or represent action in respect of interest; (f) in respect of the first Interest Payment Date only, the Closing Date Revenue Collections and any True-up Amount (representing revenue) paid by the Seller to the Issuer pursuant to the terms of the Mortgage Sale Agreement; and (g) any other amounts received by the Issuer in respect of the Loans and their Related Security that do not represent Principal Receipts.

Definition of Available Revenue Receipts

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

- (a) Revenue Receipts received (i) by or on behalf of the Issuer during the immediately preceding Quarterly Collection Period or (ii) if representing amounts received in respect of any indemnity payments made by the Seller pursuant to the Mortgage Sale Agreement from (but excluding) the Calculation Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to (and including) the immediately preceding Calculation Date; or (iii) in respect of the exercise of the Portfolio Purchase Option, amounts received from the Portfolio Option Holder to be applied as Revenue Receipts including Accrued Interest, fees, costs and expenses for the Issuer and other amounts to be applied as revenue to effect a redemption in full of the Notes pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), Condition 8.4 (*Optional Redemption of the Notes in full*), Condition 8.5 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*) or Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*), within two Business Days prior to such Interest Payment Date or such later date as may be agreed with the Security Trustee;
- (b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Quarterly Collection Period and income from any Authorised Investments to be received on or prior to the Calculation Date;
- (c) any amounts standing to the credit of the Transaction Account that do not represent Principal Receipts and excluding all amounts standing to the credit of the Issuer Profit Ledger, the Liquidity Reserve Ledger and the General Reserve Ledger and any amounts in respect of the Certificate Payments withheld by the Paying Agent on a previous Interest Payment Date;
- (d) other net income of the Issuer received during the immediately preceding Quarterly Collection Period, excluding any Principal Receipts;

- (e) Principal Addition Amounts to be applied as Available Revenue Receipts in accordance with paragraph (a) of the Pre-Enforcement Principal Priority of Payments;
- (f) on each Interest Payment Date, any Reconciliation Amounts deemed to be Available Revenue Receipts in accordance with Condition 6.10 (*Determinations and Reconciliation*);
- (g) any amounts standing to the credit of the General Reserve Fund, but only to the extent necessary (after applying all other Available Revenue Receipts (other than items (e), (h) and (i) of the definition of Available Revenue Receipts) to do so) to make a General Reserve Fund Payment;
- (h) any amounts standing to the credit of the Liquidity Reserve Fund, but only to the extent necessary (after applying all other Available Revenue Receipts (other than item (e) and (i) of the definition of Available Revenue Receipts) to do so) to pay Senior Revenue Amounts;
- (i) subject to the Liquidity Reserve Fund Excess Amount being applied in accordance with item (f) of the definition of Available Principal Receipts, after the application of any amounts standing to the credit of the Liquidity Reserve Fund in accordance with item (h) above and the application of Available Revenue Receipts to pay items (a) to (i) of the Pre-Enforcement Revenue Priority of Payments, all amounts equal to the Liquidity Reserve Fund Excess Amount; and
- (j) any Available Principal Receipts to be applied as Available Revenue Receipts pursuant to item (k) of the Pre-Enforcement Principal Priority of Payments;

less

- (k) amounts applied from time to time during the immediately preceding Quarterly Collection Period in making payment of certain monies in connection with the acquisition, disposal, holding and/or servicing of the Loans which properly belong to third parties (including the Seller) such as (but not limited to):
 - (i) certain costs and expenses charged by the Relevant Servicer in respect of its servicing of the Loans and the Related Security comprising the Portfolio, costs or expenses incurred in relation to any audit in respect of title and security, other than any amounts payable by way of the Interim Servicing Fees and the Long-Term Servicing Fees in accordance with items (b)(iv) and (b)(v) of the Pre-Enforcement Revenue Priority of Payments and not otherwise covered by the items below;
 - (ii) payments of certain insurance premiums in respect of the Insurance Contracts (to the extent referable to the Loans);
 - (iii) amounts under a Direct Debit which are repaid to the bank making the payment if such bank is unable to recoup or recall such amount itself from its customer's account or is required to refund an amount previously debited and such other amounts that have been paid in error or otherwise recalled or is required by the Collection Account Bank to be credited to a reserve which will set aside an amount for such payments in the collection account of the Seller or Legal Title Holder, as applicable; and
 - (iv) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service to that Borrower,

(items within this paragraph (k) being collectively referred to herein as **Permitted Withdrawals**);

- (l) any tax payments paid or payable by the Issuer during the immediately preceding Quarterly Collection Period to the extent not funded from amounts standing to the credit of the Issuer Profit Ledger;
- (m) (taking into account any amount paid by way of Permitted Withdrawals) amounts to remedy any overdraft in relation to the Collection Accounts of the Legal Title Holder, or to pay any amounts due to the Collection Account Bank in respect of the Loans; and
- (n) any True-up Amount (representing revenue) owed by the Issuer to the Seller pursuant to the terms of the Mortgage Sale Agreement.

Application of Available Principal Receipts to cure a Revenue Shortfall

Prior to service of an Enforcement Notice on the Issuer and prior to the redemption of the Floating Rate Rated Notes in full, if the Cash Manager calculates that there will be a Revenue Shortfall on the immediately following Interest Payment Date, the Issuer shall use Available Principal Receipts (to the extent available, and disregarding for these purposes item (a) of the Pre-Enforcement Principal Priority of Payments) to cure such a Revenue Shortfall on such Interest Payment Date, and such amounts will be applied as Available Revenue Receipts on such Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments.

If any Principal Addition Amounts are applied on any Interest Payment Date in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments, the Issuer (or the Cash Manager on its behalf) will make a corresponding debit entry in the relevant Principal Deficiency Ledger.

Application of Available Revenue Receipts prior to the service of an Enforcement Notice on the Issuer

On each relevant Interest Payment Date prior to the service of an Enforcement Notice by the Note Trustee on the Issuer, the Cash Manager, on behalf of the Issuer, shall apply or provide for the application of the Available Revenue Receipts in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the **Pre-Enforcement Revenue Priority of Payments**):

- (a) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
 - (i) any fees, costs, charges, liabilities, expenses and all other amounts then due to the Note Trustee (in its personal capacity as such) and any Appointee (in its personal capacity as such) under the provisions of the Trust Deed and the other Transaction Documents together with (if payable) VAT thereon as provided therein; and
 - (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due to the Security Trustee (in its personal capacity as such) and any Appointee (in its personal capacity as such) under the provisions of the Deed of Charge and the other Transaction Documents together with (if payable) VAT thereon as provided therein;
- (b) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof, in each case then due or which are projected to become due during the next Interest Period, (in each case without double counting) of:
 - (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agent and any fees, costs, charges, liabilities and expenses then due to them

- under the provisions of the Agency Agreement, together with (if payable) VAT thereon as provided therein;
- (ii) any remuneration then due and payable to the Cash Manager and any fees, costs, charges liabilities and expenses then due to the Cash Manager under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
 - (iii) any remuneration then due and payable to the Replacement Cash Manager Facilitator and any fees, costs, charges, liabilities and expenses then due to the Replacement Cash Manager Facilitator under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
 - (iv) any remuneration then due and payable to the Interim Servicer and any fees, costs, charges, liabilities and expenses then due to the Interim Servicer under the provisions of the Interim Servicing Agreement, together with VAT (if payable) thereon as provided therein;
 - (v) any remuneration then due and payable to the Long-Term Servicer and any fees, costs, charges, liabilities and expenses then due to the Interim Servicer under the provisions of the Long-Term Servicing Agreement, together with VAT (if payable) thereon as provided therein;
 - (vi) any remuneration then due and payable to the Servicer Facilitator including fees, costs, charges, liabilities and expenses then due to the Servicer Facilitator under the provisions of the Servicing Agreement, together with VAT (if payable) thereon as provided therein;
 - (vii) any remuneration then due and payable to the Corporate Services Provider and any fees, costs, charges, liabilities and expenses then due to it under the provisions of the Corporate Services Agreement, together with (if payable) VAT thereon as provided therein;
 - (viii) any remuneration then due and payable to the Issuer Account Bank and any fees, costs, charges, liabilities and expenses then due to it under the provisions of the Bank Account Agreement, together with (if applicable) VAT thereon as provided therein;
 - (ix) any remuneration then due and payable to the Collection Account Bank and any fees, costs, charges, liabilities and expenses then due to it under the provisions of the Collection Account Declaration of Trust, together with (if applicable) VAT thereon as provided therein; and
 - (x) any remuneration then due and payable to the Back-Up Servicer Facilitator and any fees, costs, charges, liabilities and expenses then due to it under the provisions of the Servicer Facilitator Agreement, together with (if applicable) VAT thereon as provided therein;
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and any amounts required to pay or discharge any liability of the Issuer for corporation tax of the Issuer (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under paragraph (d) below);

- (d) *fourth*, to pay the Issuer an amount equal to £1,000 to be retained by the Issuer as profit in respect of the business of the Issuer (the **Issuer Profit Amount**) (which may be used by the Issuer to pay or discharge any liability of the Issuer for corporation tax thereon);
- (e) *fifth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, interest due and payable on the Class A Notes together with (if applicable) interest thereon;
- (f) *sixth*, (so long as the Class A Notes remain outstanding), to credit the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (g) *seventh*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, any interest due and payable, and all arrears of interest remaining unpaid on the Class B Notes;
- (h) *eighth*, (so long as the Class B Notes remain outstanding), to credit the Class B Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (i) *ninth*, to credit the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (j) *tenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, any interest due and payable, and all arrears of interest remaining unpaid on the Class C Notes;
- (k) *eleventh*, (so long as the Class C Notes remain outstanding), to credit the Class C Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (l) *twelfth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, any interest due and payable, and all arrears of interest remaining unpaid on the Class D Notes;
- (m) *thirteenth*, (so long as the Class D Notes remain outstanding), to credit the Class D Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (n) *fourteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, any interest due and payable, and all arrears of interest remaining unpaid on the Class E Notes;
- (o) *fifteenth*, (so long as the Class E Notes remain outstanding), to credit the Class E Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (p) *sixteenth*, to provide for amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, any interest due and payable, and all arrears of interest remaining unpaid on the Class F Notes;
- (q) *seventeenth*, (so long as the Class F Notes remain outstanding), to credit the Class F Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);

- (r) *eighteenth*, to credit the General Reserve Fund up to the General Reserve Fund Required Amount;
- (s) *nineteenth*, (so long as the Class G Notes remain outstanding), to credit the Class G Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (t) *twentieth*, (so long as the Class Z Notes remain outstanding), to credit the Class Z Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);
- (u) *twenty-first*, to pay any costs and expenses of the Issuer which remain unpaid following the application of Available Revenue Receipts pursuant to paragraph (c) above; and
- (v) *twenty-second*, to provide for any amounts due on the relevant Interest Payment Date, to pay, *pro rata* and *pari passu*, the Certificate Payment on the Certificates (which shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations under paragraphs (a) to (u) above).

As used in this Prospectus:

Accrued Interest means as at any date in relation to any Loan the aggregate amount of interest accrued or charged on such Loan but not yet paid from (and including) the immediately preceding Monthly Payment Date to (but excluding) that given date, but excluding any Conversion Interest.

Appointee means any attorney, manager, agent, delegate, nominee, custodian, financial adviser or other professional adviser or other person properly appointed by the Note Trustee under the Trust Deed or the Security Trustee under the Deed of Charge (as applicable) to discharge any of its functions.

Arrears of Interest means as at any date and in relation to any Loan, the aggregate of all interest (other than Capitalised Arrears or Accrued Interest) on such Loan which is currently due, payable and unpaid on that date other than an Authorised Underpayment.

Authorised Underpayment means a payment by a Borrower in respect of a Loan on a Monthly Payment Date where:

- (a) the amount paid (the **underpayment**) is less than the relevant Contractual Monthly Payment (the difference between the underpayment and such Contractual Monthly Payment being the **underpaid amount**);
- (b) the amount of such underpayment has been agreed between the Borrower and the relevant Legal Title Holder; and

the underpaid amount does not exceed, when aggregated with the amount of all previous Authorised Underpayments, the aggregate Overpayments made by the Borrower in respect of such Loan.

Capital Balance means, in relation to any Loan at any date, the principal balance of that Loan to which the relevant interest rate at which interest on each Loan applies.

Capitalised Arrears means, in relation to a Loan, on any date, amounts (excluding Arrears of Interest or amounts comprising Capitalised Expenses) which as at that date have been added to the Capital Balance of such Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower (but excluding Capital Balance of Flexible Drawings).

Capitalised Expenses means for any Loan at any date, expenses which as at that date have been added to the Capital Balance of that Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower.

Closing Date Principal Collections means an amount representing an aggregate of all amounts referred to in the definition of Principal Receipts (to the extent applicable and, for the avoidance of doubt, other than item (f) of the definition of Principal Receipts) estimated as having been received in respect of the Mortgage Portfolio during the period between the Cut-Off Date and the Closing Date as determined by the Seller (based solely on information provided by the Interim Servicer) on the Closing Date.

Mortgage Enforcement Action means any action which may be taken against a Borrower, the Property or any other Related Security by way of enforcement by a lender of its rights in respect of the Loan.

Early Repayment Charge means any charge (other than a Redemption Fee) which a Borrower is required to pay in the event that he or she repays all or any part of the relevant Loan before a specified date in the Mortgage Conditions.

Interest Period means the period from (and including) an Interest Payment Date (except in the case of the first Interest Period, which shall commence on (and include) the Closing Date) to (but excluding) the next following Interest Payment Date.

Monthly Payment means, in respect of a Loan, the amount which the applicable Mortgage Conditions to which such Loan is subject require the relevant Borrower to pay on a Monthly Payment Date in respect of that Loan.

Monthly Payment Date means, in respect of a Loan, the date in each month on which the relevant Borrower is required to make a payment of interest and, if applicable, principal, in respect of such Loan, as required by the applicable Mortgage Conditions to which such Loan is subject.

Overpayment means in respect of any Loan, any additional amounts of principal receipts received in a month above the regular, scheduled Monthly Payment, paid by the relevant Borrower which:

- (a) is permitted by the terms of such Loan or by agreement with the Borrower; and
- (b) reduces the Current Balance of such Loan;

Redemption Fee means the standard redemption fee charged to the Borrower by the Relevant Servicer where the Borrower makes a repayment of the full outstanding principal of a Loan on the maturity date of such Loan.

Repurchase/Indemnity Interest Amounts means any interest amounts in respect of the relevant Loan which include any amounts attributable to Accrued Interest and Arrears of Interest (other than that arising on or prior to the Cut-Off Date) thereon and other interest amounts in respect of the relevant Loans and any fees as at the relevant repurchase date, but excluding Capitalised Arrears and Capitalised Expenses.

Revenue Shortfall means the amount by which Available Revenue Receipts available for such purpose are insufficient to provide for payments of items (a), (b), (c), (d), (e), (g), (j), (l), (n) and (p) of the Pre-Enforcement Revenue Priority of Payments.

Principal Receipts means payments received by the Issuer representing (without double counting):

- (a) any payment in respect of principal received in respect of any Loan (including Capitalised Arrears and Capitalised Expenses but excluding Accrued Interest and Arrears of Interest other than that arising on or prior to the Cut-Off Date) including, for the avoidance of doubt, all prepayments and repayments including repayments at maturity or extended maturity;
 - (b) proceeds received by the Issuer from any insurance claim in respect of a Property (in each case to the extent that such are attributable to or constitute principal or the payment of any claim in respect of principal);
 - (c) any net amounts of Recovery Proceeds and all recoveries of principal and interest from defaulting Borrowers received in respect of any Loan in respect of which a Mortgage Enforcement Action has been commenced including recoveries of principal and interest under that Loan in respect of which enforcement procedures have been completed;
 - (d) any other net proceeds of any disposal in respect of any Loan;
 - (e) proceeds of the repurchase of any Loan by the Seller from the Issuer or any indemnity payment made in lieu pursuant to the Mortgage Sale Agreement which are not Repurchase/Indemnity Interest Amounts;
 - (f) any proceeds from claims against the Seller under the Mortgage Sale Agreement and the Vendor MSA Rights in each case to the extent that such proceeds constitute or are attributable to principal or represent action in respect of principal;
 - (g) any other payment received by the Issuer in the nature of principal;
 - (h) following the service of an Enforcement Notice, all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund; and
 - (i) in respect of the first Interest Payment Date only, the Closing Date Principal Collections and any True-up Amount (representing principal) paid by the Seller to the Issuer pursuant to the terms of the Mortgage Sale Agreement;
- less*
- (j) an amount equal to the aggregate of all principal repayments which have been used to purchase any Flexible Drawings but in an aggregate amount not exceeding such Principal Receipts.

Recovery Proceeds means the proceeds of discounted pay-offs, enforcement or foreclosure in respect of any Loan, including any Shortfall Proceeds.

Vendor MSA Rights means all rights, title, interest and benefit of the Seller under the Vendor Mortgage Sale Agreement in respect of any representations, warranties, undertakings and indemnities provided to the Seller in respect of, *inter alia*, the Loans and the Related Security therefor.

Definition of Available Principal Receipts

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

- (a) all Principal Receipts (i) received by or on behalf of the Issuer during the immediately preceding Quarterly Collection Period and (ii) if representing amounts received in respect of any indemnity payments made by the Seller pursuant to the Mortgage Sale Agreement

received by the Issuer from (but excluding) the Calculation Date immediately preceding the immediately preceding Interest Payment Date (or, in the case of the first Interest Payment Date, from and including the Closing Date) to (and including) the immediately preceding Calculation Date;

- (b) the amounts (if any) calculated on the Calculation Date preceding that Interest Payment Date pursuant to the Pre-Enforcement Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class B Principal Deficiency Sub-Ledger and/or the Class C Principal Deficiency Sub-Ledger and/or the Class D Principal Deficiency Sub-Ledger and/or the Class E Principal Deficiency Sub-Ledger and/or the Class F Principal Deficiency Sub-Ledger and/or the Class G Principal Deficiency Sub-Ledger and/or the Class Z Principal Deficiency Sub-Ledger is to be reduced on that Interest Payment Date by the application of Available Revenue Receipts;
- (c) on each Interest Payment Date following a Determination Period, any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 6.10 (*Determinations and Reconciliation*);
- (d) principal from any Authorised Investments to be received on or prior to the Calculation Date;
- (e) following redemption in full of the Floating Rate Rated Notes, amounts standing to the credit of the General Reserve Fund or in the event of a redemption of the Notes in accordance with Condition 8.3 or 8.4 on the relevant Interest Payment Date, amounts standing to the credit of the General Reserve Fund after application of the General Reserve Fund pursuant to item (g) of the definition of Available Revenue Receipts;
- (f) if all Notes are being redeemed in accordance with Condition 8.3 or Condition 8.4 on the relevant Interest Payment Date, then all amounts standing to the credit of the Liquidity Reserve Fund after the application of item (h) in the definition of Available Revenue Receipts;
- (g) any Remediation Receipts payable to the Issuer and received in the immediately preceding Quarterly Collection Period,

less

- (h) any True-up Amount (representing principal) owed by the Issuer to the Seller pursuant to the terms of the Mortgage Sale Agreement.

Application of Available Principal Receipts prior to the service of an Enforcement Notice on the Issuer

Prior to the service of an Enforcement Notice on the Issuer, the Cash Manager on behalf of the Issuer is required pursuant to the terms of the Cash Management Agreement to apply Available Principal Receipts on each Interest Payment Date in the following order of priority (the **Pre-Enforcement Principal Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):

- (a) *first*, any Principal Addition Amounts to be applied to meet any Revenue Shortfall (such amounts to be applied as Available Revenue Receipts), provided that Available Principal Receipts shall only be applied to provide for any such Revenue Shortfall in relation to paragraphs (g), (j), (l), (n) and (p) of the Pre-Enforcement Revenue Priority of Payments if the relevant PDL Condition applies;

- (b) *second*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (c) *third*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero;
- (d) *fourth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero;
- (e) *fifth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero;
- (f) *sixth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero;
- (g) *seventh*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class F Notes until the Principal Amount Outstanding on the Class F Notes has been reduced to zero;
- (h) *eighth*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class G Notes until the Principal Amount Outstanding on the Class G Notes has been reduced to zero;
- (i) *ninth*, in or towards repayment, *pro rata* and *pari passu*, on the principal amounts outstanding on the Class R Notes until the Principal Amount Outstanding on Class R Notes has been reduced to zero;
- (j) *tenth*, in or towards repayment, *pro rata* and *pari passu*, on the principal amounts outstanding on the Class Z Notes until the Principal Amount Outstanding on Class Z Notes has been reduced to zero; and
- (k) *eleventh*, any excess in or towards application as Available Revenue Receipts.

PDL Condition means that the debit entry on (i) for so long as the Class B Notes are not the Most Senior Class of Notes, the Class B Principal Deficiency Sub-Ledger; (ii) for so long as the Class C Notes are not the Most Senior Class of Notes, the Class C Principal Deficiency Sub-Ledger; (iii) for so long as the Class D Notes are not the Most Senior Class of Notes, the Class D Principal Deficiency Sub-Ledger; (iv) for so long as the Class E Notes are not the Most Senior Class of Notes, the Class E Principal Deficiency Sub-Ledger; and (v) so long as the Class F Notes are not the Most Senior Class of Notes, the Class F Principal Deficiency Sub-Ledger, as applicable, does not exceed 10 per cent. of the Principal Amount Outstanding of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes (respectively) and **relevant PDL Condition**, in each case as calculated following the application of Available Revenue Receipts, except item (e) and prior to the application of Available Principal Receipts on the relevant Interest Payment Date, means the condition related to that Class.

Distributions following the service of an Enforcement Notice on the Issuer

After an Enforcement Notice has been served on the Issuer, the Security Trustee (or the Cash Manager on its behalf) or any Receiver appointed by the Security Trustee in connection with the enforcement of the Security will apply all amounts received or recovered other than any amount standing to the credit of the Issuer Profit Ledger (which shall be applied by the Issuer in or towards satisfaction of any liability of the Issuer for corporation tax of the Issuer) in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the **Post-Enforcement Priority of Payments** and, together with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, the **Priority of Payments**):

- (a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:
 - (i) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Note Trustee (in its personal capacity as such), Receiver and any Appointee (in its personal capacity as such) under the provisions of the Trust Deed and the other Transaction Documents, together with VAT (if payable) thereon as provided therein; and
 - (ii) any fees, costs, charges, liabilities, expenses and all other amounts then due and payable to the Security Trustee (in its personal capacity as such), Receiver and any Appointee (in its personal capacity as such) under the provisions of the Deed of Charge and the other Transaction Documents, together with VAT (if payable) thereon as provided therein;

- (b) *second*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof of:
 - (i) any remuneration then due and payable to the Agent Bank, the Registrar and the Paying Agent and any costs, charges, liabilities and expenses then due and payable to them under the provisions of the Agency Agreement, together with VAT (if payable) thereon as provided therein;
 - (ii) any remuneration then due and payable to the Cash Manager and any fees, costs, charges, liabilities and expenses then due to the Cash Manager under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
 - (iii) to provide for any amounts then due and payable to the Replacement Cash Manager Facilitator and any fees, costs, charges, liabilities and expenses then due to the Replacement Cash Manager Facilitator under the provisions of the Cash Management Agreement, together with VAT (if payable) thereon as provided therein;
 - (iv) to provide for any amounts then due and payable to the Interim Servicer including any fees, costs, charges, liabilities and expenses then due under the provisions of the Interim Servicing Agreement, together with VAT (if payable) thereon as provided therein (applicable on such Interest Payment Date);
 - (v) to provide for any amounts then due and payable to the Long-Term Servicer including any fees, costs, charges, liabilities and expenses then due under the provisions of the Long-Term Servicing Agreement, together with VAT (if payable) thereon as provided therein (applicable on such Interest Payment Date);

- (vi) any remuneration then due and payable to the Servicer Facilitator including any fees, costs, charges, liabilities and expenses then due to the Servicer Facilitator under the provisions of the Servicer Facilitator Agreement, together with VAT (if payable) thereon as provided therein;
 - (vii) any remuneration then due and payable to the Corporate Services Provider including any fees, costs, charges, liabilities and expenses then due and payable to the Corporate Services Provider under the provisions of the Corporate Services Agreement together with VAT (if payable) thereon as provided therein;
 - (viii) any remuneration then due and payable to the Issuer Account Bank and any fees, costs, charges, liabilities and expenses then due and payable to the Issuer Account Bank under the provisions of the Bank Account Agreement, together with VAT (if payable) thereon as provided therein; and
 - (ix) any remuneration then due and payable to the Collection Account Bank and any fees, costs, charges, liabilities and expenses then due to it under the provisions of the Collection Account Declaration of Trust, together with VAT (if applicable) thereon as provided therein; and
 - (x) any remuneration then due and payable to the Back-Up Servicer Facilitator and any fees, costs, charges, liabilities and expenses then due to it under the provisions of the Servicer Facilitator Agreement, together with (if applicable) VAT thereon as provided therein;
- (c) *third*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, first, to the amounts of interest and secondly, to the amount of any principal due and payable on the Class A Notes until the Principal Amount Outstanding on the Class A Notes has been reduced to zero and thirdly any other amounts due in respect of the Class A Notes;
 - (d) *fourth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, first, to the amounts of interest and secondly, to the amount of any principal due and payable on the Class B Notes until the Principal Amount Outstanding on the Class B Notes has been reduced to zero and thirdly any other amounts due in respect of the Class B Notes;
 - (e) *fifth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, first, to the amounts of interest and secondly, to the amount of any principal due and payable on the Class C Notes until the Principal Amount Outstanding on the Class C Notes has been reduced to zero and thirdly any other amounts due in respect of the Class C Notes;
 - (f) *sixth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, first, to the amounts of interest and secondly, to the amount of any principal due and payable on the Class D Notes until the Principal Amount Outstanding on the Class D Notes has been reduced to zero and thirdly any other amounts due in respect of the Class D Notes;
 - (g) *seventh*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, first, to the amounts of interest and secondly, to the amount of any principal due and payable on the Class E Notes until the Principal Amount Outstanding on the Class E Notes has been reduced to zero and thirdly any other amounts due in respect of the Class E Notes;
 - (h) *eighth*, to pay, *pro rata* and *pari passu*, according to the respective outstanding amounts thereof, first, to the amounts of interest and secondly, to the amount of any principal due and payable on the Class F Notes until the Principal Amount Outstanding on the Class F Notes has been reduced to zero and thirdly any other amounts due in respect of the Class F Notes;

- (i) *ninth*, to pay, *pro rata and pari passu* according to the respective outstanding amounts thereof, first, to the amount of any principal due and payable on the Class G Notes until the Principal Amount Outstanding on the Class G Notes has been reduced to zero and secondly any other amounts due in respect of the Class G Notes;
- (j) *tenth*, to pay, *pro rata and pari passu*, according to the respective outstanding amounts thereof, first, to the amount of any principal due and payable on the Class R Notes until the Principal Amount Outstanding on the Class R Notes has been reduced to zero and secondly any other amounts due in respect of the Class R Notes;
- (k) *eleventh*, to pay, *pro rata and pari passu*, according to the respective outstanding amounts thereof, first, to the amount of any principal due and payable on the Class Z Notes until the Principal Amount Outstanding on the Class Z Notes has been reduced to zero and secondly any other amounts due in respect of the Class Z Notes;
- (l) *twelfth*, in or towards satisfaction *pro rata and pari passu* according to the respective amounts thereof of any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) and any amounts required to pay or discharge any liability of the Issuer for corporation tax of the Issuer (but only to the extent not capable of being satisfied out of amounts retained by the Issuer under item (m) below or standing to the credit of the Issuer Profit Ledger);
- (m) *thirteenth*, to pay the Issuer the Issuer Profit Amount (which may be used by the Issuer to pay or discharge any liability of the Issuer for corporation tax thereon); and
- (n) *fourteenth*, to pay, *pro rata and pari passu* any Certificate Payment (which shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations ranking paragraphs (a) to (m) above).

DESCRIPTION OF THE GLOBAL NOTES

General

As at the Closing Date, each Class of Notes will be represented by either a Rule 144A Global Note and/or a Reg S Global Note, as applicable, in fully registered form without interest coupons or principal receipts. Beneficial interests in a Rule 144A Global Note may only be held through Euroclear or Clearstream, Luxembourg. Beneficial interests in a Reg S Global Note may only be held through Euroclear or Clearstream, Luxembourg or their participants. All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Rule 144A Global Notes will have an ISIN and a common code. The Reg S Global Notes will have an ISIN and a common code.

The Global Notes will be deposited on or about the Closing Date with the Common Safekeeper and registered on or about the Closing Date in the name of the nominee for the Common Safekeeper for both Euroclear and Clearstream, Luxembourg. The Registrar will maintain a register in which it will register the nominee for the Common Safekeeper as the owner of the Global Note. Upon confirmation by the Common Safekeeper that it has custody of the Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record book-entry interests (**Book-Entry Interests**) in the related Global Notes.

Book-Entry Interests in respect of each Global Note will be recorded in denominations of £100,000 and higher integral multiples of £1,000 (an **Authorised Denomination**). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg (**Participants**) or persons that hold interests in the Book-Entry Interests or the Certificate Book-Entry Interests through Participants or through other Indirect Participants (**Indirect Participants**), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Managers. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

Beneficial interests in a Rule 144A Global Note may only be held by persons who are QIBs holding their interests for their own account or for the account of another QIB. By acquisition of a beneficial interest in a Rule 144A Global Note, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Rule 144A Global Note (see "*Transfers and Transfer Restrictions*").

So long as a nominee for the Common Safekeeper is the registered holder of the Global Note underlying the Book-Entry Interests, the nominee for the Common Safekeeper will be considered the sole Noteholder of the Global Note for all purposes under the Trust Deed. Except as set out under "*Description of the Global Notes – Issuance of Registered Definitive Notes*" below, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be

entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes under the Trust Deed. See "*Action in respect of the Global Notes and the Book-Entry Interests*" below.

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

In the case of a Global Note, unless and until Book-Entry Interests are exchanged for Registered Definitive Notes, the Global Note held by the Common 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 Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out under "*Transfers and Transfer Restrictions*" below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in the Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

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

Payments on the Global Notes

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Sterling by or to the order of Citibank N.A., London Branch (the **Principal Paying Agent**), on behalf of the Issuer to the order of the Common Safekeeper or its nominee as the registered holder thereof with respect to the Global Notes. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Safekeeper or their nominees in respect of those Book-Entry Interests. All such payments will be distributed without deduction or withholding for or on account of any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither

the Issuer, the Paying Agents nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, after receipt of any payment from the Principal Paying Agent to the order of the Common Safekeeper, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg, as applicable. On each record date (the **Record Date**), Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The Record Date in respect of the Notes (i) where the Notes are in global registered form and held by Euroclear or Clearstream, Luxembourg, shall be at the close of the Business Day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to the relevant Interest Payment Date, (ii) where the Notes are in definitive registered form, shall be the date falling 15 days prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer (including the Cash Manager or a Paying Agent), the Arranger, the Manager, the Note Trustee or the Security Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer, the Note Trustee or the Security Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-

Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

Redemption

In the event that a Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the clearing systems and, upon final payment, will surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. Appropriate entries will be made in the Register. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of the Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be, deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

Cancellation

Cancellation of any Note represented by a Global Note and required by the Conditions to be cancelled following its redemption will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant schedule thereto and the corresponding entry on the Register.

Transfers and Transfer Restrictions

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants. See "*General*" above.

Each Rule 144A Global Note will bear a legend substantially identical to that appearing under "*Transfer Restrictions and Investor Representations*", and the holder of any Rule 144A Global Note or any Book-Entry Interest in such Rule 144A Global Note will be deemed to undertake that it will not transfer such Notes except in compliance with the transfer restrictions set forth in such legend. A Book-Entry Interest in a Rule 144A Global Note of one Class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Reg S Global Note of the same Class whether before or after the expiration of the period ending 40 days after the later of the commencement of the offering of the Notes and the Closing Date (the **Distribution Compliance Period**), only upon receipt by the Issuer of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144A under the Securities Act (if available).

Each Reg S Global Note will bear a legend substantially identical to that appearing under "*Transfer Restrictions and Investor Representations*". Prior to the expiration of the Distribution Compliance Period, a Book-Entry Interest in a Reg S Global Note of a particular Class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same Class only upon receipt by the Issuer of written certification from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is purchasing for its own account or for an account or accounts as to which it exercises sole investment discretion and that such person and such account or accounts is a QIB within the meaning of Rule 144A, in each case, in

a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Any Book-Entry Interest in a Reg S Global Note of one Class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same Class will, upon transfer, cease to be represented by a Book-Entry Interest in such Reg S Global Note and will become represented by a Book-Entry Interest in such Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Rule 144A Global Note for as long as it remains such a Book-Entry Interest. Any Book-Entry Interest in a Rule 144A Global Note of one Class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Reg S Global Note of the same Class will, upon transfer, cease to be represented by a Book-Entry Interest in such Rule 144A Global Note and will become represented by a Book-Entry Interest in such Reg S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Reg S Global Note as long as it remains such a Book-Entry Interest.

Issuance of Registered Definitive Notes

Holders of Book-Entry Interests in a Rule 144A Global Note or a Reg S Global Note will be entitled to receive Notes in definitive registered form (such exchanged Global Notes in definitive registered form, **Registered Definitive Notes**) in exchange for their respective holdings of Book-Entry Interests if (a) in the case of Global Notes cleared by Euroclear and Clearstream, Luxembourg, both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes and do in fact do either of those things and no alternative clearing system satisfactory to the Note Trustee is available or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive registered form.

Any Registered Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg as applicable, from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Registered Definitive Notes issued in exchange for Book-Entry Interests in the Global Note will not be entitled to exchange such Registered Definitive Notes for Book-Entry Interests in such Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set out under "*Transfers and Transfer Restrictions*" above and provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Registered Definitive Notes will be issued in a denomination that is an integral multiple of the minimum Authorised Denomination. See "*Risk Factors – Registered Definitive Notes and denominations in integral multiples*" above.

Action in respect of the Global Notes and the Book-Entry Interests

Not later than ten days after receipt by the Issuer of any notices in respect of a Global Note or any notice of solicitation of consents or requests for a waiver or other action by the holder of such Global Note, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such

information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Note and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Note in accordance with any instructions set out in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "General" above with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

Notices

Whilst any Class of Notes are represented by Global Notes the Issuer may, at its option, send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to the applicable Noteholders for communication by Euroclear and Clearstream, Luxembourg to such Noteholders. Alternatively, such notices regarding the Notes may instead be published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom; provided that if, at any time, the Issuer procures that the information contained in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders, publication in such newspaper shall not be required with respect to such information so long as the rules of the Irish Stock Exchange allow. The Issuer may elect not to publish any notice in a newspaper for so long as the Notes are held in global form and notice is given to Euroclear and Clearstream, Luxembourg. The Note Trustee may, in accordance with Condition 16.2 (*Note Trustee's Discretion to Select Alternative Method*) sanction other methods of giving notice to all or some of the Noteholders if such method is reasonable having regard to, among other things, the market practice then prevailing and the requirements of the relevant stock exchange. See also Condition 16 (*Notice to Noteholders*) of the Notes.

New Safekeeping Structure and Eurosystem Eligibility

The Notes and the Certificates are intended to be held in a manner which would allow Eurosystem eligibility this simply means that the Notes and the Certificates will be deposited with one of the ICSDs as common safekeeper. However, the deposit of the Notes and the Certificates with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that the any of the Notes or the Certificates will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

Issuer ICSDs Agreement

Prior to the issuance of the Notes and the Certificates, the Issuer will enter into an Issuer ICSDs agreement with the ICSDs in respect of the Notes and the Certificates (the **Issuer ICSDs Agreement**). The Issuer ICSDs will, in respect of the Notes and the Certificates (while being held in the new safekeeping structure), maintain their respective portion of the issue outstanding amount through their records. The Issuer ICSDs Agreement will be governed by English law.

DESCRIPTION OF THE GLOBAL CERTIFICATES

General

Each Class of Certificates, as at the Closing Date, will be represented by a Global Certificate. The Global Certificates will be registered on issue on or around the Closing Date in the name of the nominee for the Common Safekeeper for both Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**). The Registrar will maintain a register in which it will register the nominee for the Common Safekeeper as the holder of the Global Certificate.

Upon confirmation by the Principal Paying Agent that it has been issued with the Global Certificates, Euroclear or Clearstream, Luxembourg, as the case may be, will record the beneficial interests in the Global Certificate (**Certificate Book-Entry Interests**) representing beneficial interests in the Certificates attributable thereto.

Ownership of Certificate Book-Entry Interests will be limited to Participants or Indirect Participants, including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect Participants will also include persons that hold beneficial interests through such Indirect Participants. Certificate Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Certificate Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Managers. Ownership of Certificate Book-Entry Interests will be shown on, and transfers of Certificate Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Certificate Book-Entry Interests.

So long as the nominee for the Common Safekeeper is the registered holder of the Global Certificate underlying the Certificate Book-Entry Interests, it will be considered the sole Certificateholder of the Certificate represented by that Global Certificate for all purposes under the Trust Deed. Except as set out under the section entitled "*Description of the Global Notes - Issuance of Registered Definitive Notes*", Participants or Indirect Participants will not receive or be entitled to receive physical delivery of Certificates in definitive form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Certificate Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Certificate Book-Entry Interests, to exercise any rights and obligations of a holder of Certificates under the Trust Deed. See the section below entitled "*Action in respect of the Global Certificates and the Certificate Book-Entry Interests*".

Unlike legal owners or holders of the Certificates, holders of the Certificate Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Certificateholders. Instead, a holder of Certificate Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Certificate Book-Entry Interests to vote on any requested

actions on a timely basis. Similarly, upon the occurrence of an Event of Default, holders of Certificate Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Definitive Certificates are issued in accordance with the Certificates Conditions. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Unless and until Certificate Book-Entry Interests are exchanged for Definitive Certificates, the Certificates held by the nominee for the Common Safekeeper may not be transferred except as a whole by that nominee for the Common Safekeeper to a successor nominee for that Common Safekeeper or a nominee of a successor of the Common Safekeeper.

Purchasers of Certificate Book-Entry Interests in a Certificate will hold Certificate Book-Entry Interests in the Certificates relating thereto. Investors may hold their Certificate Book-Entry Interests in respect of a Certificate directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set out in the section below entitled "*Transfer and Transfer Restrictions*"), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Certificate Book-Entry Interests in each Certificate on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

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

Transfer and Transfer Restrictions

All transfers of Certificate Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants. See "*General*" above.

Issuance of Registered Definitive Certificates

Holders of Book-Entry Interests in the Global Certificate will be entitled to receive Certificates in definitive registered form (such exchanged Global Certificates in definitive registered form, **Registered Definitive Certificates**) in exchange for their respective holdings of Certificate Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Certificates and do in fact do either of those things and no alternative clearing system satisfactory to the Note Trustee is available or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Certificates which would not be required were the Notes in definitive registered form. Any Registered Definitive Certificates issued in exchange for Certificate Book-Entry Interests in the Global Certificate will be

registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Certificate Book-Entry Interests. Holders of Registered Definitive Certificates issued in exchange for Certificate Book-Entry Interests in the Global Certificate will not be entitled to exchange such Registered Definitive Certificates for Certificate Book-Entry Interests in such Global Certificate. Any Certificates issued in definitive form will be issued in registered form only and will be subject to the provisions set out under "*Transfer and Transfer Restrictions*" above and provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Certificate.

Payments on Global Certificate

Payment of amounts due in respect of the Global Certificate will be made in Sterling by or to the order of the Principal Paying Agent on behalf of the Issuer to the order of the Common Safekeeper or its nominee as the registered holder thereof with respect to the Global Certificate.

Each holder of Certificate Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Safekeeper or its nominee in respect of those Certificate Book-Entry Interests. All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then none of the Issuer, the Principal Paying Agent or any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the Common Safekeeper, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Certificate Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the **Record Date**), Euroclear and Clearstream, Luxembourg will determine the identity of the Participants for the purposes of making payments under the Certificates. The Record Date in respect of the Certificates shall be as at the close of business on the Business Day prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Certificate Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Managers, the Note Trustee or the Security Trustee, a Paying Agent, the Cash Manager or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Certificate Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Certificate Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

- Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of Certificates and any risk from lack of simultaneous transfers of securities.

- Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing.
- Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.
- Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.
- An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer, the Note Trustee or the Security Trustee requests any action of owners of Certificate Book-Entry Interests or if an owner of a Certificate Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Deed of Charge, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the Participants owning the relevant Certificate Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

Action in respect of the Global Certificates and the Certificate Book-Entry Interests

Not later than ten days after receipt by the Issuer of any notice in respect of a Global Certificate or any notice of solicitation of consents or requests for a waiver or other action by the Certificateholder of such Global Certificate, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Certificate Book-Entry Interests or the Global Certificates and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Certificate Book-Entry Interests or the Global Certificates in accordance with any instructions set out in such request. Euroclear and Clearstream, Luxembourg are expected to follow the procedures described under the section above entitled "*General*", with respect to soliciting instructions from their respective Participants.

Notices

The Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to Certificateholders for communication by Euroclear and Clearstream, Luxembourg to the Certificateholders and shall procure that the information contained in such notice shall appear on a Relevant Screen (see also Certificates Condition 15 (*Notice to Certificateholders*)). The Note Trustee

may in accordance with the Certificates Condition 15.2 (*Note Trustee's Discretion to Select Alternative Method*) sanction other methods of giving notice to all or some of the Certificateholders, if such method is reasonable having regard to the then prevailing market practice.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below).

1. GENERAL

The £1,493,326,000 Class A mortgage backed floating rate notes due August 2056 (the **Class A Notes**), £125,247,000 Class B mortgage backed floating rate notes due August 2056 (the **Class B Notes**), the £120,429,000 Class C mortgage backed floating rate notes due August 2056 (the **Class C Notes**), the £57,807,000 Class D mortgage backed floating rate notes due August 2056 (the **Class D Notes**), the £4,817,000 Class E mortgage backed floating rate notes due August 2056 (the **Class E Notes**), the £19,268,000 Class F mortgage backed floating rate notes due August 2056 (the **Class F Notes**), the £19,269,000 Class G mortgage backed fixed rate notes due August 2056 (the **Class G Notes**, and together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, the **Rated Notes**), the £40,465,000 Class R mortgage backed fixed rate notes due August 2056 (the **Class R Notes** and the £86,710,000 Class Z mortgage backed fixed rate notes due August 2056 (the **Class Z Notes** together with the Rated Notes, the **Notes**) in each case of Harben Finance 2017-1 PLC (the **Issuer**) are constituted by a trust deed (the **Trust Deed**) dated 25 April 2017 (the **Closing Date**) and made between, among others, the Issuer and Citicorp Trustee Company Limited as trustee for the Noteholders (in such capacity, the **Note Trustee**). Any reference in these terms and conditions (the **Conditions**) to a Class of Notes or of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class R Notes and the Class Z Notes as the case may be, or to the respective holders thereof. Any reference in these Conditions to a Class of Certificate or of Certificateholders shall be a reference to the Certificates or to the respective holders thereof. Any reference in these Conditions to the Noteholders means the registered holders for the time being of the Notes, or if preceded by a particular Class designation of Notes, the registered holders for the time being of such Class of Notes. The security for the Notes is constituted by a deed of charge and assignment (the **Deed of Charge**) dated the Closing Date and made between, among others, the Issuer and Citicorp Trustee Company Limited as trustee for the Secured Creditors (in such capacity, the **Security Trustee**).

Pursuant to an agency agreement (the **Agency Agreement**) dated on or prior to the Closing Date and made between the Issuer, the Cash Manager, the Note Trustee, Citibank N.A., London Branch as principal paying agent (in such capacity, the **Principal Paying Agent** and, together with any further or other paying agent appointed under the Agency Agreement, the **Paying Agent**), Citibank N.A., London Branch as registrar (in such capacity, the **Registrar**) and Citibank N.A., London Branch as agent bank (in such capacity, the **Agent Bank**), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and a master definitions and construction schedule (the **Master Definitions and Construction Schedule**) entered into by, among others, the Issuer, the Note Trustee and the Security Trustee on the Closing Date and the other Transaction Documents (as defined therein).

Physical copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of the

Paying Agent. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

2. INTERPRETATION

2.1 Definitions

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule available as described above.

2.2 Interpretation

These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

3. FORM, DENOMINATION AND TITLE

3.1 Form and Denomination

Each Class of Notes will initially be represented by a global note certificate in registered form (a **Global Note**).

For so long as any of the Notes are represented by a Global Note, transfers and exchanges of beneficial interests in such Global Note and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of, with respect to the Rule 144A Global Notes and the Reg S Global Notes, Euroclear Bank S.A./N.V. (**Euroclear**) or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**), as appropriate.

The aggregate nominal amount of each Class of Notes initially offered and sold outside the United States to non-U.S. persons pursuant to Regulation S (**Reg S**) under the United States Securities Act of 1933, as amended (the **Securities Act**) is represented by one or more global registered notes in fully registered form (the **Reg S Global Notes**) without coupons attached. The aggregate nominal amount of the Rule 144A Notes initially offered and sold within the United States to persons who are "qualified institutional buyers" as defined in, and in reliance on, Rule 144A under the Securities Act (**Rule 144A**), in transactions made in accordance with Rule 144A, is represented by one or more global registered notes in fully registered form without coupons attached (the **Rule 144A Global Notes** and together with the Reg S Global Notes, the **Global Notes**).

For so long as the Notes are represented by a Global Note, and for so long as Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in the minimum denominations (a) in respect of the Rule 144A Global Notes, of £100,000 and integral multiples of £1,000 in excess thereof and (b) in respect of the Reg S Global Notes, of £100,000 and integral multiples of £1,000 in excess thereof.

A Global Note will be exchanged for the relevant Note in definitive registered form (such exchanged Global Notes in definitive registered form, the **Registered Definitive Notes**) only if any of the following applies:

- (a) in the case of the Global Notes, both Euroclear and Clearstream, Luxembourg:
 - (i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or

- (ii) announce an intention permanently to cease business or to cease to make book-entry systems available for settlement of beneficial interests in such Global Notes or in fact do either of those things,

and in either case no alternative clearing system satisfactory to the Note Trustee is available; or

- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Notes which would not be required were the relevant Notes in definitive registered form.

If Registered Definitive Notes are issued in respect of Notes originally represented by a Global Note, the beneficial interests represented by such Global Note shall be exchanged by the Issuer for the relevant Notes in registered definitive form. The aggregate principal amount of the Registered Definitive Notes shall be equal to the Principal Amount Outstanding of the Notes at the date on which notice of exchange is given of the Global Note, subject to and in accordance with the detailed provisions of these Conditions, the Agency Agreement, the Trust Deed and the relevant Global Note.

Registered Definitive Notes (which, if issued, will be in the denomination set out below) will be serially numbered and will be issued in registered form only.

The minimum denomination of the Notes in definitive form (if issued and printed) will be issued in the minimum denominations (a) in respect of the Rule 144A Global Notes, of £100,000 and integral multiples of £1,000 in excess thereof and (b) in respect of the Reg S Global Notes, of £100,000 and integral multiples of £1,000 in excess thereof (or the equivalent thereto).

References to **Notes** in these Conditions shall include the Global Notes and the Registered Definitive Notes.

3.2 Title

Title to the Global Notes shall pass by and upon registration in the register (the **Register**) which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Note may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Note regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to a Registered Definitive Note shall only pass by and upon registration of the transfer in the Register.

Registered Definitive Notes may be transferred upon the surrender of the relevant Registered Definitive Note, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. Such transfers shall be subject to the minimum denominations specified in Condition 3.1 (*Form and Denomination*). All transfers of Registered Definitive Notes are subject to any restrictions on transfer set out on the

Registered Definitive Notes and the detailed regulations concerning transfers in the Agency Agreement.

Each new Registered Definitive Note to be issued upon transfer of such Registered Definitive Note will, within five Business Days of receipt and surrender of such Registered Definitive Note (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Registered Definitive Note to such address as may be specified in the relevant form of transfer.

Registration of a Registered Definitive Note on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

4. STATUS AND RELATIONSHIP BETWEEN THE NOTES AND SECURITY

4.1 Status and relationship between the Notes and Certificates

- (a) The Class A Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12.4 (*Limited Recourse*)) unconditional obligations of the Issuer. The Class A Notes rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class A Notes (the **Class A Noteholders**) will subordinate the interests of the holders of all other Classes of Notes and Certificates.
- (b) The Class B Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class B Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal, subordinate to the Class A Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class B Notes (the **Class B Noteholders**) will be subordinated to the interests of the Class A Noteholders (so long as any Class A Notes remain outstanding).
- (c) The Class C Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class C Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, subordinate to the Class A Notes and the Class B Notes and as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class C Notes (the **Class C Noteholders**) will be subordinated to the interests of each of the Class A Noteholders and the Class B Noteholders (so long as any Class A Notes and/or the Class B Notes remain outstanding).
- (d) The Class D Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class D Notes rank *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, subordinate to the Class A Notes, the Class B Notes and the Class C Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class D Notes (the **Class D Noteholders**) will be subordinated to the interests of each of the Class A

Noteholders, the Class B Noteholders and the Class C Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes remain outstanding).

- (e) The Class E Notes constitute direct, secured and (subject to the limited recourse provisions in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class E Notes rank *pari passu* without preference or priority among themselves in relation to the payment of principal and interest at all times, subordinate to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class E Notes (the **Class E Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (so long as any Class A Notes and/or any Class B Note and/or any Class C Notes and/or any Class D Notes remain outstanding).
- (f) The Class F Notes constitute direct, secured and (subject to the limited recourse provisions in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class F Notes rank *pari passu* without preference or priority among themselves in relation to the payment of principal and interest at all times, subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class F Notes (the **Class F Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes and/or any Class E Notes remain outstanding).
- (g) The Class G Notes constitute direct, secured and (subject to the limited recourse provisions in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class G Notes rank *pari passu* without preference or priority among themselves in relation to the payment of principal and interest at all times, subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class G Notes (the **Class G Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes and/or any Class E Notes and/or any Class F Notes remain outstanding).
- (h) The Class R Notes constitute direct, secured and (subject to the limited recourse provisions in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class R Notes rank *pari passu* without preference or priority among themselves in relation to the payment of principal at all times, subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class R Notes (the **Class R Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class G Notes (so long as any Class A Notes and/or any Class B

Notes and/or any Class C Notes and/or any Class D Notes and/or any Class E Notes and/or any Class F Notes and/or any Class G Notes remain outstanding).

- (i) The Class Z Notes constitute direct, secured and (subject to the limited recourse provisions in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*)) unconditional obligations of the Issuer. The Class Z Notes rank *pari passu* without preference or priority among themselves in relation to the payment of principal at all times, subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes and the Class R Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of Class Z Notes (the **Class Z Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and the Class R Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes and/or any Class E Notes and/or any Class F Notes and/or any Class G Notes remain outstanding and/or any Class R Notes remain outstanding).
- (j) The Certificates constitute direct, secured and (subject to the limited recourse provisions in Certificate Condition 12.4 (*Limited Recourse*)) unconditional obligations of the Issuer. The Certificates rank *pari passu* without preference or priority among themselves in relation to the payment of the Certificate Payment, subordinate to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class Z Notes and the Class R Notes as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Certificates (the **Certificateholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders, the Class R Noteholders and the Class Z Noteholders (so long as any Class A Notes and/or any Class B Notes and/or any Class C Notes and/or any Class D Notes and/or any Class E Notes and/or any Class F Notes and/or any Class G Notes and/or any Class R Notes and/or any Class Z Notes remain outstanding).
- (k) The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of holders of each Class of the Notes and each Class of Certificates as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or the Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class of Notes and/or Certificates ranking in priority to the other relevant Classes of Notes or Certificates in the Pre-Enforcement Principal Priority of Payments and, if all the Notes have been redeemed, the Certificates.
- (l) The Trust Deed and the Deed of Charge also contain provisions limiting the powers of any Class of Noteholders or Class of Certificateholders to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Class or Classes of Notes and/or Certificates ranking in priority thereto. Except in certain circumstances described in Condition 13 (*Meetings of Noteholders and Certificateholders, Modification, Waiver and Substitution*), the Trust Deed and the Deed of Charge contain no such limitation on the powers of the holders of the Most Senior Class, the exercise of which will be binding (save in respect of a Basic Terms Modification) on the holders of all other

Classes of Notes and all other Classes of Certificates in each case irrespective of the effect thereof on their respective interests.

As long as any Notes or Certificates are outstanding but subject to Condition 13.4, the Note Trustee and the Security Trustee shall not have regard to the interests of the other Secured Creditors.

4.2 Security

- (a) The security constituted by or pursuant to the Deed of Charge is granted to the Security Trustee for it to hold on trust for the Noteholders, the Certificateholders and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.
- (b) The Noteholders, the Certificateholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

5. COVENANTS AND UNDERTAKINGS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under these Conditions or any of the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertakings;
- (b) **Restrictions on activities:** (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;
- (c) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, declare any trust over or deal with, or grant any option or present or future right to acquire all or any of its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (d) **Equitable and beneficial interest:** permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (e) **Dividends or distributions by the Issuer:** pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the applicable Priority of Payments which are available for distribution in accordance with the Issuer's memorandum and articles of association and with applicable laws or issue any further shares;
- (f) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;

- (g) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;
- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied, modified, terminated, postponed, waived or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;
- (i) **Bank accounts:** have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (j) **Purchase Notes:** purchase or otherwise acquire any Notes; or
- (k) **U.S. activities:** engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

6. INTEREST

6.1 Accrual of interest

Each Note (save for the Class G Notes, the Class R Notes and the Class Z Notes) bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (save for the Class G Notes, the Class R Notes and the Class Z Notes) (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from and including the due date for redemption unless, upon due surrender in accordance with Condition 7 (*Payments*), payment of the principal in respect of the Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Trust Deed. No interest will be payable in respect of the Class G Notes, the Class R Notes and the Class Z Notes.

6.2 Interest Payment Dates

- (a) Interest will be payable in arrears on each Interest Payment Date, for all Classes of Notes (save for the Class G Notes, the Class R Notes and the Class Z Notes). The first Interest Payment Date (other than in respect of the Class G Notes, the Class R Notes and the Class Z Notes) will be the Interest Payment Date falling in August 2017. No interest will be payable in respect of the Class G Notes, the Class R Notes and the Class Z Notes.
- (b) In these Conditions, **Interest Payment Date** means the 20th day of May, August, November and February in each year or, if such day is not a Business Day, the immediately following Business Day.
- (c) Interest shall accrue from (and including) an Interest Payment Date (except in the case of the first Interest Period, which shall commence on (and include) the Closing Date) to (but excluding) the next following Interest Payment Date (each such period above, an **Interest Period**).

6.3 Rate of Interest

- (a) The rate of interest payable on the Notes from time to time (the **Rate of Interest**) will be determined on the basis of the Floating Rate of Interest as determined in accordance with paragraph (b) below.
- (b) The floating rate of interest payable from time to time in respect of the Floating Rate Rated Notes (each a **Floating Rate of Interest**) and any Interest Period will be determined on the basis of the following provisions:
- (i) the Agent Bank will determine the Relevant Screen Rate as at or about 11 am (London time) on the Interest Calculation Date (as defined below) in question. If the Relevant Screen Rate is unavailable, the Agent Bank will request the principal London office of each of the Reference Banks to provide the Agent Bank with its offered quotation to leading banks for three month Sterling deposits of £10,000,000 in the London interbank market as at or about 11 am (London time) on the relevant Interest Calculation Date. The floating rates of interest for the relevant Interest Period shall be the aggregate of (I) the Margin plus (II) the Relevant Screen Rate (or, if the Relevant Screen Rate is unavailable, the arithmetic mean of such offered quotations for three months (rounded upwards, if necessary, to five decimal places)) (the **Floating Rates of Interest**);
 - (ii) if, on any Interest Calculation Date, the Relevant Screen Rate is unavailable and only two or three of the Reference Banks provide offered quotations, the Floating Rates of Interest for the relevant Interest Period shall be determined in accordance with the provisions of paragraph (i) above on the basis of the offered quotations of those Reference Banks providing such quotations;
 - (iii) if, on any such Interest Calculation Date, only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank and the Floating Rates of Interest for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank); and
 - (iv) if no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the Floating Rates of Interest for the relevant Interest Period shall be the Floating Rates of Interest in effect for the last preceding Interest Period. Following the occurrence of the circumstances set out in this Condition 6.3(b)(iv), the Note Trustee may agree with the Issuer and the Agent Bank in making any modification to the manner in which the Floating Rates of Interest are determined for the relevant Interest Period provided that the holders of each Class of Rated Notes approve such modification or amendment acting by Extraordinary Resolution.

The minimum Rate of Interest will be zero.

No interest will be payable on the Class G Notes, the Class R Notes and the Class Z Notes.

- (c) The Margin on the Floating Rate Rated Notes changes from (and including) the Interest Payment Date falling on the First Optional Redemption Date.

- (d) In these Conditions (except where otherwise defined), the expression:
- (i) **Business Day** means a day (other than a Saturday or Sunday or a public holiday) on which banks are generally open for business in London;
 - (ii) **First Optional Redemption Date** means the Interest Payment Date falling in February 2022;
 - (iii) **Final Rated Notes Redemption Date** means the Final Redemption Date in respect of the Rated Notes;
 - (iv) **Interest Calculation Date** means the first Business Day of the Interest Period for which the rate will apply;
 - (v) **Interest Determination Ratio** means, on any Interest Payment Date, (A) the aggregate Revenue Receipts calculated in the three preceding Servicer Reports (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports) divided by (B) the aggregate of all Revenue Receipts and all Principal Receipts calculated in such Servicer Reports;
 - (vi) **LIBOR** means the London Interbank Offered Rate for Sterling deposits;
 - (vii) **Margin** means:
 - (A) in respect of the Class A Notes, (1) prior to the First Optional Redemption Date 0.80 per cent. per annum (the **Class A Base Margin**) and (2) on and after the First Optional Redemption Date (i) the Class A Base Margin plus (ii) 0.95 per cent. per annum;
 - (B) in respect of the Class B Notes, (1) prior to the First Optional Redemption Date 1.20 per cent. per annum (the **Class B Base Margin**) and (2) on and after the First Optional Redemption Date (i) the Class B Base Margin plus (ii) 1.20 per cent. per annum;
 - (C) in respect of the Class C Notes, (1) prior to the First Optional Redemption Date 1.50 per cent. per annum (the **Class C Base Margin**) and (2) on and after the First Optional Redemption Date (i) the Class C Base Margin plus (ii) 1.75 per cent. per annum;
 - (D) in respect of the Class D Notes, (1) prior to the First Optional Redemption Date 1.80 per cent. per annum (the **Class D Base Margin**) and (2) on and after the First Optional Redemption Date (i) the Class D Base Margin plus (ii) 2.45 per cent. per annum;
 - (E) in respect of the Class E Notes, (1) prior to the First Optional Redemption Date 1.80 per cent. per annum (the **Class E Base Margin**) and (2) on and after the First Optional Redemption Date (i) the Class E Base Margin plus (ii) 2.45 per cent. per annum;
 - (F) in respect of the Class F Notes, (1) prior to the First Optional Redemption Date 2.25 per cent. per annum (the **Class F Base Margin**) and (2) on and after the First Optional Redemption Date (i) the Class F Base Margin plus (ii) 2.75 per cent. per annum;

- (G) in respect of the Class G Notes, no Margin applies;
 - (H) in respect of the Class R Notes, no Margin applies; and
 - (I) in respect of the Class Z Notes, no Margin applies;
- (viii) **Most Senior Class** means the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Class A Notes, Class B Notes, Class C Notes or Class D Notes then outstanding, the Class E Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes then outstanding, the Class F Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F Notes then outstanding, the Class G Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes or Class G Notes then outstanding, the Class R Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes or Class R Notes then outstanding, the Class Z Notes, or if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes, Class R Notes or Class Z Notes then outstanding, the Certificates;
- (ix) **outstanding** means, in relation to the Notes, all the Notes issued from time to time other than:
- (A) those Notes which have been redeemed in full and cancelled pursuant to the Conditions;
 - (B) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption monies (including all interest payable thereon) have been duly paid to the Note Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relevant Noteholders in accordance with the Conditions) and remain available for payment in accordance with the Conditions;
 - (C) those Notes which have been cancelled in accordance with Condition 8.8 (Notice of Redemption) of the Notes;
 - (D) those Notes which have become void or in respect of which claims have become prescribed, in each case under Condition 10 (Prescription) of the Notes;
 - (E) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 15 (Replacement of Notes) with respect to the Notes;
 - (F) (for the purpose only of ascertaining the Principal Amount Outstanding of the Notes outstanding and without prejudice to the status for any other purpose of the relevant Note) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 15 (Replacement of Notes) with respect to the Notes; and

- (G) any Global Note to the extent that it shall have been exchanged for another Global Note in respect of the Notes of the relevant Class or for the Notes of the relevant Class in definitive form pursuant to its provisions,

provided that for each of the following purposes, namely:

- I. the right to attend and vote at any meeting of the Noteholders of any Class or Classes or to participate in any Ordinary Resolution in writing, any Extraordinary Resolution in writing, any written resolution or an electronic consent as envisaged by paragraph 1 (Definitions) of Schedule 6 (Provisions for Meetings of Noteholders and Certificateholders) to the Trust Deed and any direction or request by the holders of Notes of any Class or Classes;
- II. the determination of how many and which Notes are for the time being outstanding for the purposes of Clauses 14.1 (Action, Proceedings and Indemnification) and Schedule 2 (Form of the Regulation S Global Note) and Schedule 3 (Form of the Rule 144A Global Notes) to the Trust Deed and Conditions 11 (Events of Default), 12 (Enforcement) and 13 (Meetings of Noteholders and Certificateholders, Modification, Waiver and Substitution);
- III. any discretion, power or authority (whether contained in the trust presents, or vested by operation of law) which the Security Trustee and/or the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders or any Class or Classes thereof; and
- IV. the determination by the Note Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders or any Class or Classes thereof,

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 the Retention Holder or any direct or indirect Subsidiary or Holding Company thereof (each a **Relevant Person**), in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except, in the case of the Relevant Person where all of the Notes of any Class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such Class of Notes (the **Relevant Class of Notes**) shall be deemed to remain outstanding;

- (x) **Quarterly Collection Period** means the period from and including a Quarterly Collection Date to but excluding the following Quarterly Collection Date or, in the case of the first Quarterly Collection Period, the period from and including 1 April 2017 to but excluding the Quarterly Collection Date in August 2017;
- (xi) **Quarterly Collection Date** means the first day of February, May, August and November;
- (xii) **Reconciliation Amount** means in respect of any Collection Period (a) the actual Principal Receipts as determined in accordance with the available Servicer Reports, less (b) the Calculated Principal Receipts in respect of such Collection Period, plus (c) any Reconciliation Amount not applied in previous Collection Periods;

- (xiii) **Reference Banks** means the principal London office of each of five major banks engaged in the London interbank market selected by the Agent Bank, in consultation with the Issuer, provided that, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such;
- (xiv) **Relevant Screen Rate** means in respect of the Notes, the arithmetic mean of offered quotations for three-month Sterling deposits in the London interbank market displayed on the Reuters Screen page LIBOR01; and
- (xv) **Servicer Report** means a report to be provided by the Relevant Servicer no later than the fifth Business Day after the end of the relevant Collection Period (or if the end of the relevant Collection Period is not a Business Day, the immediately following Business Day) in accordance with the terms of the Relevant Servicing Agreement and detailing, *inter alia*, the information relating to the Portfolio necessary to produce the Investor Report.

6.4 Step-Up Margins

From and including the First Optional Redemption Date a step-up amount will (subject as provided in Condition 17 (*Subordination by Deferral*)) become payable in respect of each of the Margin payable on each of the Floating Rate Rated Notes as calculated in accordance with Condition 6.3 (*Rate of Interest*), (in each case a **Step-Up Margin**).

6.5 Determination of Floating Rates of Interest and Floating Interest Amounts

- (a) In relation to the Rated Notes, the Agent Bank shall, as soon as practicable after 11 am (London time) on the Interest Calculation Date falling in such Interest Period, but in no event later than the third Business Day thereafter, determine the Sterling amounts (the **Floating Interest Amount**) that would be payable in respect of interest on the Principal Amount Outstanding of each Class of the Rated Notes for the relevant Interest Period if the Floating Rate of Interest applies to such Rated Notes.
- (b) The Floating Interest Amounts shall, in respect of a Class of Floating Rate Rated Notes, be determined by applying the relevant Floating Rate of Interest to the Principal Amount Outstanding of such Class of Floating Rate Rated Notes and multiplying the sum by the actual number of days in the Interest Period concerned divided by 365 and rounding the figure downwards to the nearest penny.

6.6 Publication of Floating Rates of Interest and Floating Interest Amounts

The Agent Bank shall cause the Floating Rate of Interest and the Floating Interest Amounts for each Class of Notes in respect of each Interest Period and each Interest Payment Date to be notified to the Issuer, the Cash Manager, the Note Trustee, the Registrar and the Paying Agents (as applicable) and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be published in accordance with Condition 16 (*Notice to Noteholders*) as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date. The Floating Interest Amounts and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

6.7 Determination by the Note Trustee

The Note Trustee may, without liability therefor, if the Agent Bank defaults at any time in its obligation to determine the Floating Rates of Interest and the Floating Interest Amounts in accordance with the above provisions and the Note Trustee has been notified of this default, determine or cause to be determined the Floating Rates of Interest and the Floating Interest Amounts, the former at such rates as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and the Floating Interest Amounts in the manner provided in Condition 6.5 (*Determination of Floating Rates of Interest and Floating Interest Amounts*). In each case, the Note Trustee may, at the expense of the Issuer, engage an expert to make the determination and any such determination shall be deemed to be determinations made by the Agent Bank.

6.8 Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6, whether by the Reference Banks (or any of them), the Agent Bank or the Note Trustee, will (in the absence of wilful default or fraud) be binding on the Issuer, the Note Trustee, the Agent Bank, the Registrar, the Paying Agents and all Noteholders and (in the absence of wilful default or fraud) no liability to the Issuer or the Noteholders shall attach to the Reference Banks (or any of them), the Cash Manager, the Agent Bank or, if applicable, the Note Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 6.

6.9 Agent Bank

The Issuer shall procure that, so long as any of the Notes remain outstanding, there is at all times an agent bank for the purposes of the Notes. The Issuer may, subject to the prior written approval of the Note Trustee, terminate the appointment of the Agent Bank and shall, in the event of the appointed office of any bank being unable or unwilling to continue to act as the agent bank or failing duly to determine the Floating Rate of Interest or the Floating Interest Amounts in respect of any Class of Notes for any Interest Period, subject to the prior written approval of the Note Trustee, appoint another major bank engaged in the relevant interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed on terms commercially acceptable in the market.

6.10 Determinations and Reconciliation

- (a) In the event that the Cash Manager does not receive all three Servicer Reports to be delivered by the Relevant Servicer with respect to the three most recent Collection Periods (each such period, a **Determination Period**), then the Cash Manager may use the Servicer Reports in respect of the three most recent Collection Periods for which all relevant Servicer Reports are available (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports) for the purposes of calculating the amounts available to the Issuer to make payments, as set out in Condition 6.10(b). When the Cash Manager receives the Servicer Reports relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 6.10(b)(i). Any (i) calculations properly made on the basis of such estimates in accordance with Conditions 6.10(b) and/or 6.10(b)(i); (ii) payments made under any of the Notes, Certificates and Transaction Documents in accordance with such calculations; and (iii) reconciliation calculations and reconciliation payments made as a result of such reconciliation calculations, each in accordance with Condition 6.10(b) and/or 6.10(b)(i), shall be deemed to be made in accordance with the

provisions of the Transaction Documents and will in themselves not lead to an Event of Default and no liability will attach to the Cash Manager in connection with the exercise by it of its powers, duties and discretion for such purposes.

- (b) In respect of any Determination Period the Cash Manager shall on the Calculation Date immediately preceding the Determination Period:
- (i) determine the Interest Determination Ratio (as defined above) by reference to the three most recent Collection Periods in respect of which all relevant Servicer Reports are available (or, where there are not at least three previous Servicer Reports, any previous Servicer Reports);
 - (ii) calculate the Revenue Receipts for such Determination Period as the product of (A) the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period; and
 - (iii) calculate the Principal Receipts for such Determination Period as the product of (A) one minus the Interest Determination Ratio and (B) all collections received by the Issuer during such Determination Period (the **Calculated Principal Receipts**).
- (c) Following the end of any Determination Period, upon receipt by the Cash Manager of the Servicer Report in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 6.10(b) above to the actual collections set out in the Servicer Reports by allocating the Reconciliation Amount as follows:
- (i) if the Reconciliation Amount is a positive number, the Cash Manager shall apply an amount equal to the lesser of (A) the positive value of the Reconciliation Amount and (B) the amount standing to the credit of the Revenue Ledger, as Available Principal Receipts (with a corresponding debit of the Revenue Ledger); and
 - (ii) if the Reconciliation Amount is a negative number, the Cash Manager shall apply an amount equal to the lesser of (A) the positive value of the Reconciliation Amount and (B) the amount standing to the credit of the Principal Ledger, as Available Revenue Receipts (with a corresponding debit of the Principal Ledger),

provided that the Cash Manager shall apply such Reconciliation Amount in determining Available Revenue Receipts and Available Principal Receipts for such Collection Period in accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Note Trustee of such Reconciliation Amount.

7. PAYMENTS

7.1 Payment of Interest and Principal

Subject to paragraph 2 of Condition 3.1 (*Form and Denomination*), payments of any amount in respect of a Note, including principal and interest, shall be made by:

- (a) (other than in the case of final redemption) Sterling cheque; or
- (b) (other than in the case of final redemption) upon application by the relevant Noteholder to the specified office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a Sterling account maintained by the payee with a bank in London; and

- (c) (in the case of final redemption) Sterling cheque upon surrender (or, in the case of part payment only, endorsement) of the relevant Global Note or Registered Definitive Notes (as the case may be) at the specified office of any Paying Agent.

7.2 Laws and Regulations

Payments of any amount in respect of a Note including principal and interest in respect of the Notes are subject, in all cases, to (a) any fiscal or other laws and regulations applicable thereto and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto. Noteholders will not be charged commissions or expenses on payments.

7.3 Payment of Interest following a Failure to pay Principal

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 6.1 (*Accrual of interest*) will be paid in accordance with this Condition 7.

7.4 Change of Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents provided that there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London and the Registrar with a specified office in London.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Noteholders in accordance with Condition 16 (*Notice to Noteholders*) and will notify the Rating Agencies of such change or addition.

7.5 No Payment on non-Business Day

If the date for payment of any amount in respect of a Note is not a Presentation Date, Noteholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to further interest or other payment in respect of such delay. In this Condition 7.5, the expression **Presentation Date** means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

7.6 Partial Payment

If a Paying Agent makes a partial payment in respect of any Note, the Registrar will, in respect of the relevant Note, annotate the Register indicating the amount and date of such payment.

7.7 Payment of Interest

If interest is not paid in respect of a Note of any Class on the date when due and payable (other than because the due date is not a Presentation Date (as defined in Condition 7.5 (*No Payment on non-Business Day*)) or by reason of non-compliance by the Noteholder with Condition 7.1 (*Payment of Interest and Principal*)), then such unpaid interest shall itself bear

interest at the Rate of Interest applicable from time to time to such Note until such interest and interest thereon are available for payment and notice thereof has been duly given by the Issuer in accordance with Condition 16 (*Notice to Noteholders*).

8. REDEMPTION

8.1 Redemption at Maturity

Unless previously redeemed in full and cancelled as provided below, the Issuer will redeem the Notes at their respective Principal Amount Outstanding (together with accrued but unpaid interest (including any interest deferred in accordance with Condition 17 (*Subordination by Deferral*)) up to but excluding the date of redemption) on the Interest Payment Date falling in August 2056 (the **Final Redemption Date**).

8.2 Mandatory Redemption

(a) Prior to the service of an Enforcement Notice, each Class of Notes shall be redeemed on each Interest Payment Date in an amount equal to the Available Principal Receipts available for such purpose in accordance with the Pre-Enforcement Principal Priority of Payments which shall be applied, following the payment of any Principal Addition Amount, in the following order of priority:

- (i) *pro rata* and *pari passu*, to repay the Class A Notes until they are each repaid in full; and thereafter to be applied
- (ii) to repay the Class B Notes until they are each repaid in full; and thereafter to be applied
- (iii) to repay the Class C Notes until they are each repaid in full; and thereafter to be applied
- (iv) to repay the Class D Notes until they are each repaid in full; and thereafter to be applied
- (v) to repay the Class E Notes until they are each repaid in full; and thereafter to be applied
- (vi) to repay the Class F Notes until they are each repaid in full; and thereafter to be applied
- (vii) to repay the Class G Notes until they are each repaid in full; and thereafter to be applied
- (viii) to repay the Class R Notes until they are each repaid in full; and thereafter to be applied
- (ix) to repay the Class Z Notes until they are each repaid in full; and thereafter to be applied
- (x) to the Certificate Payment amount,

in each case, together with accrued but unpaid interest (including any interest deferred in accordance with Condition 17 (*Subordination by Deferral*)) up to but excluding the date of redemption.

- (b) The Principal Amount Outstanding of each Class of Notes shall be redeemed on each Interest Payment Date prior to the Final Redemption Date or the First Optional Redemption Date in accordance with the relevant Priority of Payments. The principal amount to be redeemed in respect of a Class of Notes (the **Note Principal Payment**) on any Interest Payment Date prior to the service of an Enforcement Notice shall be the Available Principal Receipts on such Interest Payment Date in accordance with the relevant Priority of Payments, as calculated on the Calculation Date immediately preceding such Interest Payment Date, divided by the amount of Notes in the relevant Class then outstanding. With respect to each Note on (or as soon as practicable after) each Calculation Date, the Issuer shall determine (or cause the Cash Manager to determine) (i) the amount of any Note Principal Payment due on the Interest Payment Date next following such Calculation Date, (ii) the Principal Amount Outstanding of each such Note and (iii) the fraction expressed as a decimal to the sixth decimal point (the **Pool Factor**), of which the numerator is the Principal Amount Outstanding of that Note (as referred to in (ii) above) and the denominator, in the case of the Notes, is the denomination the aggregate Principal Amount Outstanding on the Notes of the same class. Each determination by or on behalf of the Issuer of any principal repayment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default or manifest error) be final and binding on all persons.
- (c) The Issuer will cause each determination of a principal repayment, Principal Amount Outstanding and Pool Factor to be notified by not less than two Business Days prior to the relevant Interest Payment Date to the Note Trustee, the Paying Agents, the Agent Bank and (for so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on its Main Securities Market) the Irish Stock Exchange, and will immediately cause notice of each such determination to be given in accordance with Condition 16 (*Notice to Noteholders*) not later than two Business Days prior to the relevant Interest Payment Date. If no principal repayment is due to be made on the Notes on any Interest Payment Date a notice to this effect will be given to the holders of the Notes.

8.3 Optional Redemption for Taxation or Other Reasons

If:

- (a) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on or before the next Interest Payment Date the Issuer or the Paying Agents would be required to deduct or withhold from any payment on any Notes or of a Payment Amount on any Certificates (other than because the relevant holder has some connection with the United Kingdom other than the holding of such Notes or Certificates) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political sub-division thereof or any authority thereof or therein having power to tax; or
- (b) by reason of a change in law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any of the Notes,

then the Issuer shall, if the same would avoid the effect of such relevant event described in paragraphs (a) or (b) above appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Notes and the Trust Deed, provided that:

- (i) the Note Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the holders of the Notes (and in making such determination, the Note Trustee may rely, without investigation or inquiry, on (A) any confirmation made in writing from each of the Rating Agencies that the then current ratings of the Rated Notes would not be adversely affected by such substitution or (B) if no such confirmation from the Rating Agencies is forthcoming, the Servicer Facilitator on behalf of the Issuer has certified in writing) to the Cash Manager, the Note Trustee and the Security Trustee that such proposed action (i) (while any Rated Notes remain outstanding) has been notified to the Rating Agencies, (ii) would not have an adverse impact on the Issuer's ability to make payment when due in respect of the Notes, (iii) would not affect the legality, validity and enforceability of any of the Transaction Documents or any Security and (iv) (while any of the Rated Notes remain outstanding) would not have an adverse effect on the rating of the Rated Notes (upon which confirmation or certificate the Note Trustee shall be entitled to rely absolutely without liability to any person for so doing); and
 - (ii) such substitution would not require registration of any new security under U.S. securities laws or materially increase the disclosure requirements under U.S. law.
- (c) If the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that one or more of the events described in paragraphs (a) or (b) above is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution, then the Issuer may, on any Interest Payment Date and having given not more than 60 nor less than 30 days' notice (or, in the case of an event described in paragraph (b) above, such shorter period expiring on or before the latest date permitted by relevant law) to the Note Trustee and holders of the Notes in accordance with Condition 16 (*Notice to Noteholders*), redeem all (but not some only) of the Notes at their respective Principal Amount Outstanding together with any interest accrued (and unpaid) thereon up to (but excluding) the date of redemption provided that, 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 (i) one or more of the circumstances referred to in sub-paragraph (a) or (b) above prevail(s), (ii) setting out details of such circumstances and (iii) confirming that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution; and
 - (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 or the Paying Agents has or will become obliged to deduct or withhold amounts as a result of such change.

The Note Trustee shall be entitled to accept such certificate and opinion without any enquiry or liability as sufficient evidence of the satisfaction of the circumstance set out in paragraph (ii) immediately above, in which event they shall be conclusive and binding on each Class of the holders of the Notes.

The Issuer may only redeem the Notes as described above if the Issuer has certified to the Note Trustee that it will have the necessary funds, not subject to the interest of any other person, required to redeem the Notes and cancel the Certificates as aforesaid and any amounts required under the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments to be paid in priority to or *pari passu* with the Notes outstanding and the Certificates then in issue in accordance with the Conditions, such certification to be provided by way of a certificate signed by two directors of the Issuer on which the Note Trustee shall be entitled to rely without any enquiry or liability.

8.4 Optional Redemption of the Notes in full

- (a) On giving not more than 30 nor less than 14 days' notice to the holders of the Notes in accordance with Condition 16 (*Notice to Noteholders*) and the Note Trustee, the Issuer may redeem, on any Optional Redemption Date, all (but not some only) of the Notes on such Optional Redemption Date, provided that:
- (i) on or prior to the Interest Payment Date on which it is intended for the Notes to be redeemed in full (the **Optional Redemption Date**), no Enforcement Notice has been served;
 - (ii) the Issuer has, immediately prior to giving such notice, certified to the Note Trustee that it will have the necessary funds to pay all principal and interest due in respect of the Rated Notes, the Class R Notes and Class Z Notes on the relevant Optional Redemption Date and to discharge all other amounts required to be paid in priority to or *pari passu* with all the Rated Notes, the Class R Notes and the Class Z Notes on such Optional Redemption Date (such certification to be provided by way of certificate signed by two directors of the Issuer) (and for the avoidance of doubt, the order of priority shall be as set out in the Pre-Enforcement Revenue Priority of Payments and (as applicable) the Pre-Enforcement Principal Priority of Payments) on which the Note Trustee shall be entitled to rely without any enquiry or liability; and
 - (iii) the Optional Redemption Date is (A) the First Optional Redemption Date or any Interest Payment Date thereafter or (B) any Interest Payment Date on which the aggregate Principal Amount Outstanding of the Notes (as of the immediately preceding Calculation Date) is less than or equal to 10 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date.
- (b) Any Note redeemed pursuant to paragraph (a) above will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Notes to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to but excluding the date of redemption.

8.5 Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option

- (a) On the exercise of the Portfolio Purchase Option the consideration received by the Issuer will be applied in accordance with the Post-Enforcement Priority of Payments on the immediately succeeding Interest Payment Date and such Interest Payment Date shall be deemed to be an Optional Redemption Date with the result that the Notes will be redeemed in full in accordance with this Condition 8.5.
- (b) Any Note redeemed pursuant to Condition 8.5(a) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to but excluding the Interest Payment Date on which the redemption occurred.

8.6 Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option

- (a) On any Business Day, if a Risk Retention Regulatory Change Event occurs and the Retention Holder exercises the Risk Retention Regulatory Change Option, the Issuer will give not more than 40 nor less than five Business Days' notice to (i) the Noteholders in accordance with Condition 16 (Notice to Noteholders), (ii) the Note Trustee, and the Notes will be redeemed on the Interest Payment Date immediately following the exercise of such option by the Retention Holder, provided that the Issuer has, immediately prior to giving such notice, certified to the Note Trustee that it will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Interest Payment Date and to discharge all other amounts required to be paid in priority to or *pari passu* with the Notes and the Certificates on such Interest Payment Date (such certification to be provided by way of certificate signed by two directors of the Issuer on which the Note Trustee shall be entitled to rely without any further enquiry or liability) (and for the avoidance of doubt, the order of priority shall be as set out in the Post-Enforcement Priority of Payments).
- (b) Any Note redeemed pursuant to Condition 8.6(a) above will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to, but excluding, the relevant Interest Payment Date.

Risk Retention Regulatory Change Event means any change in or the adoption of any new law, rule or regulation or any determination of a relevant regulator which as a matter of law has a binding effect on the Retention Holder or the Seller after the Closing Date which would impose a positive obligation on either of them to subscribe for Notes over and above those required to be maintained by it under its Risk Retention Undertaking or otherwise imposes additional material obligations on the Risk Retention Holder or the Seller in order to maintain compliance with the Risk Retention Requirements.

Risk Retention Regulatory Change Option means the option of the Seller and/or the Retention Holder (or their delegate) to acquire all but not some of the Portfolio following a Risk Retention Regulatory Change Event.

Risk Retention Requirements means Articles 405 and 409 of the CRR, Article 254 of the Solvency II Regulation and Article 51 of the AIFMR, and any replacement thereof or the U.S. Credit Risk Retention Requirement.

U.S. Credit Risk Retention Requirements means Section 15 G of the U.S. Securities Exchange Act of 1934, as amended.

8.7 Principal Amount Outstanding

The **Principal Amount Outstanding** of each Class of Notes on any date shall be, in each case, their original principal amount, in respect of the Class A Notes of £1,493,326,000, in respect of the Class B Notes of £125,247,000, in respect of the Class C Notes of £120,429,000, in respect of the Class D Notes of £57,807,000, in respect of the Class E Notes of £4,817,000, in respect of the Class F Notes of £19,268,000, in respect of the Class G Notes of £19,269,000, in respect of the Class R Notes £40,465,000 and in respect of the Class Z Notes £86,710,000 in each case less the aggregate amount of all principal payments in respect of such Class of Notes which have been made since the Closing Date.

8.8 Notice of Redemption

Any such notice as is referred to in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above. Any certificate or legal opinion given by or on behalf of the Issuer pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) may be relied on by the Note Trustee without further investigation or liability and, if so relied on, shall be conclusive and binding on the Noteholders.

8.9 No Purchase by the Issuer

The Issuer will not be permitted to purchase any of the Notes.

8.10 Cancellation on redemption in full

All Notes redeemed in full will be cancelled upon redemption. Notes cancelled upon redemption in full may not be resold or re-issued.

9. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed (**Taxes**), unless the withholding or deduction of the Taxes is required by applicable law. In that event, subject to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), the Issuer or, as the case may be, the Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent nor any other person shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

10. PRESCRIPTION

Claims in respect of principal and interest on the Notes will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the relevant payment.

In this Condition 10, the **Relevant Date**, in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Noteholders in accordance with Condition 16 (*Notice to Noteholders*).

11. EVENTS OF DEFAULT

11.1 Notes

The Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class shall, (subject to being indemnified and/or pre-funded and/or secured to its satisfaction as more particularly described in the Trust Deed) give a notice (an **Enforcement Notice**) to the

Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding, together with accrued (but unpaid) interest as provided in the Trust Deed (with a copy of such Enforcement Notice being sent simultaneously to the Security Trustee, the Servicer Facilitator, the Issuer Account Bank, the Relevant Servicer and the Cash Manager), if any of the following events (each, an **Event of Default**) occur:

- (a) if default is made in the payment of any principal or interest due in respect of the Most Senior Class of Rated Notes and the default continues for: (i) a period of seven Business Days in the case of principal, or (ii) fourteen Business Days in the case of interest (including any Step-Up Margins in respect of the Most Senior Class of Rated Notes); or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions, the Certificates Conditions or any Transaction Document to which it is a party which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the failure continues for a period of 30 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the failure to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the matters giving rise to such misrepresentation are not remedied within a period of 30 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (d) if any order is made by any competent court or any resolution is passed for the winding-up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of each Class of the Noteholders and Certificateholders; or
- (e) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of each Class of the Noteholders and Certificateholders, or (ii) the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or (iii) is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or
- (f) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with the court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the undertaking or assets of the Issuer, and in any such case (other than the appointment

of an administrator or an administrative receiver appointed following presentation of a petition for an administration order), unless initiated by the Issuer, is not discharged within 30 days; or

- (g) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

11.2 General

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Condition 11.1 (*Notes*), all the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amount Outstanding, together with accrued interest as provided in the Trust Deed.

12. ENFORCEMENT

12.1 General

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

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

12.2 Preservation of Assets

If the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes or the Certificates, the Security Trustee will not be entitled to dispose of any of the Charged Assets or any part thereof unless either (a) a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the holders of the Notes and the Certificates (and all persons ranking in priority to the holders of the Notes and the Certificates), or (b) the Security Trustee is of the opinion, which shall be binding on the Secured Creditors, reached after considering at any time and from time to time the advice of any financial adviser (or such other professional advisers selected by the Security Trustee at the expense of the Issuer for the purpose of giving such advice), that the cashflow prospectively receivable by the Issuer will not (or that there is a

significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing: (i) to the Noteholders and the Certificateholders (and all persons ranking in priority to the Noteholders and the Certificateholders as set out in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders and the Certificateholders (and all such higher ranking persons) have been repaid, to the remaining Secured Creditors in the order of priority set out in the Post-Enforcement Priority of Payments. The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to in this Condition 12.2 without further enquiry and shall incur no liability to any person for so doing.

12.3 Limitations on Enforcement

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

12.4 Limited Recourse

Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Issuer to the Noteholders are limited in recourse to the property, assets and undertakings of the Issuer which are the subject of any security created under and pursuant to the Deed of Charge (the **Charged Assets**). If:

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

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain due or to be paid in respect of the Notes (including, for the avoidance of doubt, payments of principal, premium (if any) or interest in respect of the Notes) and the Issuer shall be deemed to be discharged from making any further payments in respect of the Notes and any further payment rights shall be extinguished.

13. MEETINGS OF NOTEHOLDERS AND CERTIFICATEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

13.1 General

- (a) The Trust Deed contains provisions for convening meetings of the Noteholders and/or Certificateholders of each Class and, in certain cases, more than one Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents.
- (b) For the purposes of these Conditions, **Most Senior Class** means the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Class A Notes, Class B Notes, Class C Notes or Class D Notes then outstanding, the Class E Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes then outstanding, the Class F Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F Notes then outstanding, the Class G Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes or Class G Notes then outstanding, the Class R Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes or Class R Notes then outstanding, the Class Z Notes, or if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes, Class R Notes or Class Z Notes then outstanding, the Certificates.

13.2 Most Senior Class, Limitations on other Noteholders

- (a) Other than in relation to a Basic Terms Modification, which requires an Extraordinary Resolution of the holders of each affected Class of Notes and/or Certificates then in issue, as applicable (unless the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the holders of those affected Class or Classes of Notes and/or Certificates, as applicable) and other than where an Extraordinary Resolution of each Class of the Rated Notes is required under Condition 6.3(b)(iv) (*Rate of Interest*):
 - (i) an Extraordinary Resolution passed at any meeting of the holders of the Most Senior Class shall be binding on such Noteholders and/or Certificateholders and all other Classes of Noteholders and Certificateholders irrespective of the effect upon them;
 - (ii) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on such Noteholders or Certificateholders and all other Classes of Noteholders and Classes of Certificateholders ranking junior to such Class of Noteholders or Certificateholders in the Pre-Enforcement Revenue Priority of Payments (including for these purposes the Step-Up Margins in respect of the Rated Notes), irrespective of the effect it has upon them; and
 - (iii) no Extraordinary Resolution of any Class of Noteholders or Certificateholders shall take effect for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the holders of all other Classes of Noteholders and Classes of Certificateholders ranking senior to such Class of Noteholders or Certificateholders in the Pre-Enforcement Revenue Priority of Payments (including for these purposes the Step-Up Margins in respect of the Rated Notes) or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of such senior ranking Classes of Noteholders and Certificateholders.

- (b) No Extraordinary Resolution of the holders of a Class of Notes and/or a Class of Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Class of Certificates shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding and/or the holders of each affected Class of Certificates then in issue which are affected by such Basic Terms Modification, or the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the holders of those affected Class or Classes of Notes then outstanding and/or the holders of the affected Class or Classes of Certificates (if applicable).
- (c) No Ordinary Resolution that is passed by the holders of the Notes shall take effect for any purpose while any of the Notes remain outstanding unless it shall have been sanctioned by an Ordinary Resolution of the holders of the Most Senior Class, or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

13.3 Quorum

- (a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes of Notes or Certificateholders of any Class or Classes of Certificates for passing an Ordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable.
- (b) Subject as provided below, the quorum at any meeting of Noteholders and/or Certificateholders of any Class of any Notes or Certificates for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class of Notes and/or Certificates then outstanding or in issue, as applicable.
- (c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Class of Notes or holders of any Class of Certificates for passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of any Class of the Notes or Certificates, (ii) sanction a modification of the date of payment of principal or interest or amounts due in respect of any Class of the Notes or Certificates, (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of any Class of the Notes or, where applicable, of the method of calculating the amount of any principal or interest payable in respect of any Class of the Notes, or of the method of calculating the amounts payable in respect of any Class of the Certificates, (iv) alter the currency in which payments under any Class of the Notes or Certificates are to be made, (v) alter the quorum or majority required in relation to a resolution or a meeting of holders of any Class of the Notes or Certificates, (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of the Notes or the Certificates, (vii) alter the priority of payment of interest or principal in respect of any Class of the Notes or amounts in respect of any Class of Certificates and (viii) change the definition of a Basic Terms Modification, (each a **Basic Terms Modification**) shall be one or more persons holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable.
- (d) The quorum at any adjourned meeting will be:
 - (i) for an Ordinary Resolution, one or more persons present and holding or representing not less than 10 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable; and

- (ii) subject as provided below, for an Extraordinary Resolution, one or more persons present and holding or representing in the aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable; and
- (iii) for a Basic Terms Modification, one or more persons present and holding or representing not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable.

13.4 The Note Trustee or, as the case may be, the Security Trustee may or, in the case of Condition 13.4(c) below shall at any time and from time to time, with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree with the Issuer and any other parties in making or sanctioning any modification:

- (a) to the Conditions, the Certificates Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee or, as the case may be, the Security Trustee, will not be materially prejudicial to the interests of the Noteholders or the interests of the Certificateholders, or if there are no Notes then outstanding and no Certificates then in issue, all the Secured Creditors; or
- (b) to the Conditions, the Certificates Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee or, as the case may be, the Security Trustee, such modification is of a formal, minor or technical nature or to correct a manifest error; or
- (c) that would result in the Issuer entering into any new and/or amended bank account agreement or collection account agreement (including (i) where the unsecured, unsubordinated and unguaranteed debt obligations of the Issuer Account Bank or Collection Account Bank are downgraded below any relevant rating level as set out in the relevant Transaction Document, and the Issuer is required to take certain remedial action (as set out in the relevant Transaction Documents) in order to maintain the ratings of the Notes at their then current ratings and/or (ii) on or following the Transfer Date, any collection account agreement, bank account agreement and/or declaration of trust in respect of such collection account of Topaz in its capacity as Legal Title Holder),

provided that the Issuer certifies to the Security Trustee and/or the Note Trustee (upon which the Security Trustee and Note Trustee shall rely without further enquiry or liability) that any such new agreement and/or amendment and/or appointment (as the case may be) would not have an adverse effect on the then current rating of the Most Senior Class and provided that neither the Note Trustee nor the Security Trustee shall be obliged to agree to any such new agreement and/or amendment and/or appointment which, in the sole opinion of the Note Trustee or the Security Trustee, would have the effect of (A) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (B) increasing the obligations or duties, or decreasing the protections, of the Note Trustee and/or the Security Trustee under the Transaction Documents and/or the Conditions and/or the Certificates Conditions.

13.5 The Note Trustee or, as the case may be, the Security Trustee may, without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without

prejudice to its rights in respect of any further or other breach or Event of Default, from time to time and at any time, but only if and in so far as in the sole opinion of the Note Trustee or, as the case may be, the Security Trustee, the interests of the Noteholders or the Certificateholders will not be materially prejudiced thereby, authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising pursuant to the Conditions, the Certificates Conditions or any of the Transaction Documents by any party thereto or determine that any Event of Default shall not be treated as such, provided that the Note Trustee shall not exercise any powers conferred on it by this Condition 13.5 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class or by a direction under Condition 11 (*Events of Default*) but so that no such direction shall affect any waiver, authorisation or determination previously given or made.

13.6 The Note Trustee with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) shall, without the consent or sanction of the Noteholders, the Certificateholders or any of the other Secured Creditors, concur with the Issuer (and direct the Security Trustee to concur) in making any modifications (other than in respect of a Basic Terms Modification) to the Transaction Documents and/or the Conditions of the Notes that are requested in writing by the Issuer (acting in its own discretion or at the direction of any transaction party) in order to enable the Issuer to:

- (a) comply with, or implement or reflect, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
- (b) remedy any manifest non-compliance with 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 or the U.S. Credit Risk Retention Requirements after the Closing Date, as a result of any change thereto or 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, in each case applying in respect of the Transaction;
- (c) enable the Notes (aside from the Class R Notes) to be (or to remain) listed on the Irish Stock Exchange;
- (d) enable the Issuer or any of the other transaction parties to comply with FATCA;
- (e) comply with any requirement to appoint an entity to carry out any disclosure or reporting requirements under the CRA Regulation;
- (f) comply with any changes in the requirements of the CRA Regulation after the Closing Date including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation or regulations or official guidance in relation thereto; and
- (g) comply with the provisions of Rule 17g-5 of the Securities Exchange Act of 1934,

each a **Proposed Amendment** and subject to receipt by the Note Trustee and the Security Trustee of a certificate (upon which they may rely without liability or enquiry) issued by the Issuer signed by two directors of the Issuer certifying to the Note Trustee and the Security Trustee that the requested modifications in relation to any Proposed Amendment are to be made solely for the purpose of enabling the Issuer to satisfy such obligations under any

Proposed Amendment and have been drafted solely to such effect, and in the case of a Proposed Amendment under paragraph (b) above shall include a memorandum addressed to the Note Trustee and the Security Trustee for the benefit of Noteholders, by a reputable law firm confirming that the Proposed Amendment seeks to address the non-compliance set out in paragraph (b) above) and each of the Note Trustee and the Security Trustee shall be entitled to rely on such certificate and memorandum without enquiry or liability. Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification pursuant to this Condition 13.6 which (in the sole opinion of the Note Trustee and/or the Security Trustee) would have the effect of:

- (A) exposing the Note Trustee (and/or the Security Trustee) to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or
- (B) increasing the obligations or duties, or decreasing the protections of the Note Trustee (and/or the Security Trustee) in the Transaction Documents and/or the Conditions of the Notes.

Notwithstanding anything to the contrary in the Trust Deed or the other Transaction Documents, when implementing any Proposed Amendment pursuant to this Condition 13.6, the Note Trustee shall not consider the interests of the Noteholders, the Certificateholders or any other Secured Creditor (other than itself (or the Security Trustee) as provided above) or any other person and each of the Note Trustee and the Security Trustee shall be entitled to rely, without further investigation, on any certificate or legal memorandum provided to it by the Issuer pursuant to this Condition 13.6 as evidence that the Proposed Amendments are made solely for the purpose of enabling the Issuer to satisfy any such obligation applicable to it, and have been drafted solely to such effect and shall not be liable to any Noteholder or other Secured Creditor for so acting or relying irrespective of whether any such modification is or may be materially prejudicial to the interests of the Noteholders of any Class, the Certificateholders of any Class or any other Secured Creditor or any other person.

Only modifications which comply with this Condition 13.6 may be made pursuant to this Condition 13.6. Any other modifications may only be made pursuant to Conditions 13.5, 13.6 or 13.8 and Clause 21 and Schedule 4 of the Trust Deed.

- 13.7 Any such modification, waiver, authorisation or determination by the Note Trustee and/or the Security Trustee, as applicable, in accordance with these Conditions, Certificates Conditions or Transaction Documents shall be binding on the Noteholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16 (*Notice to Noteholders*).
- 13.8 Any modification to the Transaction Documents and the Conditions shall be notified by the Issuer in writing to the Rating Agencies.
- 13.9 In connection with any such substitution of principal debtor referred to in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) or Condition 8.5 (*Mandatory Redemption in full pursuant to the exercise of the Portfolio Purchase Option*) or Condition 13.19 (*Issuer Substitution Condition*), the Note Trustee and the Security Trustee may also agree, without the consent of the Noteholders or the other Secured Creditors, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee or, as the case may be, the Security Trustee, be materially prejudicial to the interests of the Noteholders.

- 13.10 In determining whether a proposed action will not be materially prejudicial to the interests of the Noteholders or Certificateholders of any Class thereof, the Note Trustee and the Security Trustee may, among other things, have regard to whether the Rating Agencies have confirmed in writing to the Issuer or any other party to the Transaction Documents that any proposed action will not result in the withdrawal or reduction of, or entail any other adverse action with respect to, the then current ratings of the Rated Notes. It is agreed and acknowledged by the Note Trustee and the Security Trustee that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders and/or the Certificateholders. In being entitled to take into account that each of the Rating Agencies has confirmed that the then current ratings of the Rated Notes would not be adversely affected, it is agreed and acknowledged by the Note Trustee and the Security Trustee this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Security Trustee, the Note Trustee, the Noteholders, the Certificateholders or any other person, or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders, the Certificateholders or any other person, whether by way of contract or otherwise.
- 13.11 Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee is required to have regard to the interests of the Noteholders or Certificateholders of any Class or Classes, it shall (A) have regard to the general interests of the Noteholders or Certificateholders of such Class or Classes but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders or Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Noteholder or Certificateholder be entitled to claim, from the Issuer, the Note Trustee or the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Certificateholders and (B) subject to the more detailed provisions of the Trust Deed and the Deed of Charge, as applicable, have regard to the interests of holders of each Class of Notes and Class of Certificates (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or Class of Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class or Classes of Notes or Certificates ranking in priority to the other relevant Classes of Notes or Certificates.
- 13.12 **Ordinary Resolution** means, in respect of the holders of any of the Classes of Notes:
- (a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Trust Deed and these Conditions by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the relevant class of Notes and/or Certificates held by such Eligible Persons);
 - (b) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of a clear majority of the aggregate Principal Amount Outstanding

of the Notes and/or Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant class of Noteholders and/or Certificateholders of the relevant Class; or

- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding of a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes or Class of Certificates.

13.13 **Extraordinary Resolution** means, in respect of the holders of any of the Classes of Notes and/or Certificates:

- (a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Trust Deed and these Conditions by at least 75 per cent. of Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the relevant class of Notes and/or Certificates held by such Eligible Persons);
- (b) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of at least 75 per cent. of the aggregate Principal Amount Outstanding of the Notes and/or the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant class of Noteholders and/or Certificateholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding of at least 75 per cent. in aggregate Principal Amount Outstanding of the relevant class of Notes and/or the Certificates.

13.14 **Eligible Person** means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a bearer of any Voting Certificate; and
- (b) a proxy specified in any Block Voting Instruction.

13.15 **Voting Certificate** means an English language certificate issued by a Paying Agent in which it is stated:

- (a) that on the date thereof the Notes and/or Certificates (not being the Notes and/or Certificates (as applicable) in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Notes and/or Certificates will cease to be so blocked until the first to occur of:
 - (b) the conclusion of the meeting specified in such Voting Certificate; and
 - (c) the surrender of the Voting Certificate to the Paying Agent who issued the same; and
- (d) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes and/or Certificates represented by such Voting Certificate.

13.16 **Block Voting Instruction** means an English language document issued by a Paying Agent in which:

- (a) it is certified that on the date thereof Notes and/or Certificates (not being Notes and/or Certificates (as applicable) in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Notes and/or such Certificates will cease to be so blocked until the first to occur of:
 - (i) the conclusion of the meeting specified in such Block Voting Instruction; and
 - (ii) the Notes and/or the Certificates ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;
- (b) it is certified that each holder of such Notes and/or such Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the Certificates so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion thereof, neither revocable nor capable of amendment;
- (c) the aggregate principal amount or aggregate total amount of the Notes and/or the number of Certificates so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (d) one or more persons named in such Block Voting Instruction (each hereinafter called a **proxy**) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes and/or the Certificates so listed in accordance with the instructions referred to in paragraph (c) above as set out in such Block Voting Instruction, provided that no such person shall be named as a proxy:
- (e) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
- (f) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the meeting when it is resumed.

13.17 Details of any Extraordinary Resolution and any Ordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to each of the Rating Agencies by the Principal Paying Agent on behalf of the Issuer.

13.18 The Certificates will not have a Principal Amount Outstanding. However, for the purposes of the voting and quorum provisions, and the provisions concerning the giving of directions in writing to the Note Trustee or the Security Trustee, set out in the Conditions, the Certificates Conditions, the Deed of Charge and the Trust Deed any reference to the Principal Amount Outstanding of the Certificates of any Class shall be deemed to be £10,000 in respect of each Certificate.

13.19 Issuer Substitution Condition

The Note Trustee may agree, subject to such amendment of these Conditions and of any of the Transaction Documents, and to such other conditions as the Note Trustee may require and subject to the terms of the Trust Deed, but without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed and the Notes and the Certificates and in respect of the other Secured Obligations, provided that the conditions set out in the Trust Deed are satisfied including, *inter alia*, that the Notes are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Condition 5 (*Covenants and Undertakings*) (the **Issuer Substitution Condition**). In the case of a substitution pursuant to this Condition 13.19, the Note Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change in law governing the Notes, the Certificates and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Noteholders.

14. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or 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 transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15. REPLACEMENT OF NOTES

If any Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar subject to all applicable laws and stock exchange requirements. Replacement of any mutilated, defaced, lost, stolen or destroyed Note will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Note must be surrendered before a new one will be issued.

16. NOTICE TO NOTEHOLDERS

16.1 Publication of Notice

- (a) Subject to paragraph (d) below, any notice to Noteholders shall be validly given if published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in the United Kingdom,

provided that if, at any time, (i) the Issuer procures that the information concerned in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and notified to Noteholders (in each case a **Relevant Screen**), or (ii) paragraph (c) below applies and the Issuer has so elected, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such notice. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which (or on the Relevant Screen) publication is required.

- (b) In respect of Notes in definitive form, notices to Noteholders will be sent to them by first class post (or its equivalent) or (if posted to an address outside the United Kingdom) by airmail at the respective addresses on the Register. Any such notice will be deemed to have been given on the fourth day after the date of posting.
- (c) While the Notes are represented by Global Note, notices to Noteholders will be valid if published as described above or, at the option of the Issuer, if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Noteholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid shall be deemed to have been given on the day of such delivery.
- (d) So long as the relevant Notes are admitted to trading on, and listed on the official list of, the Irish Stock Exchange all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of the Irish Stock Exchange (which includes delivering a copy of such notice to the Irish Stock Exchange) and any such notice will be deemed to have been given on the date sent to the Irish Stock Exchange.

16.2 Note Trustee's Discretion to Select Alternative Method

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

17. SUBORDINATION BY DEFERRAL

17.1 Interest

Other than in respect of the Most Senior Class of Rated Notes, if, on any Interest Payment Date the Issuer has insufficient funds to make payment in full of all amounts of interest (which shall, for the purposes of this Condition 17, include any interest previously deferred under this Condition 17.1 and accrued interest thereon) payable in respect of the Rated Notes (other than in respect of the Most Senior Class of Rated Notes) after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer shall be entitled to defer to the next Interest Payment Date the payment of interest (such interest, the **Deferred Interest**) in respect of the relevant Rated Notes to the extent only of any insufficiency of funds.

17.2 General

Any amounts of Deferred Interest in respect of a Class of Rated Notes shall accrue interest (**Additional Interest**). Such Deferred Interest and Additional Interest shall, in any event, become payable on the next Interest Payment Date (unless and to the extent that Condition 17.1 (*Interest*) applies) or on such earlier date as the relevant Class of Rated Notes becomes due and repayable in full in accordance with these Conditions. This Condition 17.2 does not apply to the Most Senior Class of Rated Notes.

17.3 Notification

As soon as practicable after becoming aware that any part of a payment of interest on a Class of Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 17, the Issuer will give notice thereof to the relevant Class of Noteholders, as appropriate, in accordance with Condition 16 (*Notice to Noteholders*). Any deferral of interest in accordance with this Condition 17 will not constitute an Event of Default. The provisions of this Condition 17 shall cease to apply on the Final Redemption Date, or any earlier date on which the Notes are redeemed in full or, are required to be redeemed in full, at which time all deferred interest and accrued interest thereon shall become due and payable.

18. NON-RESPONSIVE RATING AGENCY

- (a) In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Rated Notes and any of the Transaction Documents, the Note Trustee and the Security Trustee shall be entitled but not obliged to take into account any written confirmation or affirmation (in any form acceptable to the Note Trustee and the Security Trustee) from the relevant Rating Agencies that the then current ratings of the Rated Notes will not be reduced, qualified, adversely affected or withdrawn thereby (a **Rating Agency Confirmation**).
- (b) If a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Note Trustee and the Security Trustee, as applicable) and:
- (i) (A) one or two Rating Agencies (such Rating Agency, a **Non-Responsive Rating Agency**) indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and
 - (ii) the Issuer has otherwise received no indication from that Rating Agency that its then current ratings of the Rated Notes would be reduced, qualified, withdrawn or put on negative watch as a result of such action, step or matter,

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 two directors or two Authorised Signatories certifying and confirming that each of the events in paragraphs (i) (A) or (B) and (ii) has occurred and the Note Trustee and the Security Trustee shall be entitled to rely on such certificate without further enquiry or liability.

19. JURISDICTION AND GOVERNING LAW

- (a) The Courts of England (the **Courts**) are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Certificates and/or the Transaction Documents may be brought in such Courts.
- (b) The Transaction Documents, the Notes, the Certificates and these Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law.

20. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below)

1. GENERAL

The Certificates (the **Certificates**) of Harben Finance 2017-1 plc (the **Issuer**) are constituted by a trust deed (the **Trust Deed**) dated on 25 April 2017 (the **Closing Date**) and made between, among others, the Issuer and Citicorp Trustee Company Limited as trustee (in such capacity, the **Note Trustee**) for the registered holders for the time being of the Certificates (the **Certificateholders**). Any reference in these certificates terms and conditions (the **Certificates Conditions**) to a **Class** of Notes or of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class R Notes or the Class Z Notes as the case may be, or to the respective holders thereof. Any reference in these Certificates Conditions to a **Class** of Certificates or Certificateholders shall be a reference to the Certificates or to the respective holders thereof. Any reference to the **Rated Notes** shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes. Any reference to **Notes** shall be a reference to the Rated Notes, the Class R Notes and the Class Z Notes. The security for the Certificates is constituted by a deed of charge and assignment (the **Deed of Charge**) dated on the Closing Date and made between, among others, the Issuer and Citicorp Trustee Company Limited as trustee for the Secured Creditors (in such capacity, the **Security Trustee**).

Pursuant to an agency agreement (the **Agency Agreement**) dated on or prior to the Closing Date and made between the Issuer, the Note Trustee, Citibank N.A., London Branch as principal paying agent (in such capacity, the **Principal Paying Agent** and, together with any further or other paying agent appointed under the Agency Agreement, the **Paying Agent**), Citibank N.A., London Branch as registrar (in such capacity, the **Registrar**) and Citibank N.A., London Branch as agent bank (in such capacity, the **Agent Bank**), provision is made for, *inter alia*, the payment of amounts in respect of the Certificates.

The statements in these Certificates Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and a master definitions and construction schedule (the **Master Definitions and Construction Schedule**) entered into by, among others, the Issuer, the Note Trustee and the Security Trustee on the Closing Date and the other Transaction Documents (as defined therein).

Physical copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of each of the Paying Agent. The Certificateholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

2. INTERPRETATION

2.1 Definitions

Capitalised terms not otherwise defined in these Certificates Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule available as described above.

2.2 Interpretation

These Certificates Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

3. FORM AND TITLE

3.1 Form and Denomination

Each Certificate will initially be represented by a global certificate in registered form (a **Global Certificate**).

For so long as any of the Certificates are represented by a Global Certificate, transfers and exchanges of beneficial interests in such Global Certificate and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank S.A./N.V. (**Euroclear**) or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**), as appropriate. The Global Certificate will be deposited with and registered in the name of a nominee of a common safekeeper for Euroclear and Clearstream, Luxembourg.

A Global Certificate will be exchanged for the relevant Certificate in definitive registered form (such exchanged Global Certificate in definitive registered form, the **Definitive Certificates**) only if either of the following applies:

- (a) both Euroclear and Clearstream, Luxembourg:
 - (i) are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or
 - (ii) announce an intention permanently to cease business or to cease to make their book-entry systems available for settlement of beneficial interests in the Global Certificate and do in fact do either of those things,

and in either case no alternative clearing system satisfactory to the Note Trustee is available; or

- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration by a revenue authority or a court or in the application of such laws or regulations which become effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding for or on account of tax from any payment in respect of the Certificates which would not be required were the relevant Certificates in definitive registered form.

If Definitive Certificates are issued in respect of Certificates originally represented by a Global Certificate, the beneficial interests represented by such Global Certificate shall be exchanged by the Issuer for the relevant Certificates in registered definitive form.

Definitive Certificates will be serially numbered and will be issued in registered form only.

References to **Certificates** in these Certificates Conditions shall include the Global Certificate and the Definitive Certificates.

3.2 Title

Title to the Global Certificate shall pass by and upon registration in the register (the **Register**) which the Issuer shall procure to be kept by the Registrar. The registered holder of a Global Certificate may (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Global Certificate regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

Title to Definitive Certificates shall only pass by and upon registration of the transfer in the Register.

Definitive Certificates may be transferred upon the surrender of the relevant Definitive Certificate, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. All transfers of Definitive Certificates are subject to any restrictions on transfer set out on the Definitive Certificates and the detailed regulations concerning transfers in the Agency Agreement.

Each new Definitive Certificate to be issued upon transfer of such Definitive Certificate will, within five Business Days of receipt and surrender of such Definitive Certificate (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Definitive Certificate to such address as may be specified in the relevant form of transfer.

Registration of a Definitive Certificate on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

4. STATUS AND SECURITY

4.1 Status of the Certificates

- (a) The Certificates rank pro rata and pari passu without preference or priority among themselves in relation to the Certificate Payments at all times, but subordinate to items (a) to (u) of the Pre-Enforcement Revenue Priority of Payments, as provided in these Certificates Conditions and the Transaction Documents.
- (b) The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of the holders of each Class of Notes and each Class of Certificates equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or Classes of Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class of Notes and/or Certificates ranking in priority to the other relevant Classes of Notes and/or Certificates in the Pre-Enforcement Principal Priority of Payments and, if all the Notes have been redeemed, the Certificates.
- (c) The Trust Deed and the Deed of Charge also contain provisions limiting the powers of any Class of Noteholders or Class of Certificateholders to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Class or Classes of Notes and/or Certificates ranking in priority thereto. Except in certain

circumstances described in Condition 12 (*Meetings of Certificateholders and Noteholders, Modification, Waiver and Substitution*), the Trust Deed and the Deed of Charge contain no such limitation on the powers of the holders of the Most Senior Class, the exercise of which will be binding (save in respect of a Basic Terms Modification) on the holders of all other Classes of Notes and all other Classes of Certificates, in each case irrespective of the effect thereof on their respective interests.

As long as any Notes or Certificates are outstanding but subject to Condition 13.4, the Note Trustee and the Security Trustee shall not have regard to the interests of the other Secured Creditors.

4.2 Security

The security constituted by or pursuant to the Deed of Charge is granted to the Security Trustee for it to hold on trust for the Noteholders, Certificateholders and the other Secured Creditors, upon and subject to the terms and conditions of the Deed of Charge.

The Noteholders, the Certificateholders and the other Secured Creditors will share in the benefit of the security constituted by or pursuant to the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

5. ISSUER COVENANTS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under any of these Certificates Conditions or any of the Transaction Documents, the Issuer shall not, so long as any Certificate remains outstanding:

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking;
- (b) **Restrictions on activities:** (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;
- (c) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire all or any of, its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (d) **Equitable and beneficial interest:** permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (e) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the applicable Priority of Payments which are available for distribution in accordance with the Issuer's memorandum and articles of association and with applicable laws or issue any further shares;

- (f) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;
- (g) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;
- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied, modified, terminated, postponed, waived or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;
- (i) **Bank accounts:** have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (j) **Purchase Certificates:** purchase or otherwise acquire any Certificates; or
- (k) **U.S. activities:** engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

6. PAYMENTS GENERALLY

6.1 Right to Payments

Each Certificate represents a *pro rata* entitlement to receive the Payments by way of deferred consideration for the purchase by the Issuer of the Portfolio.

6.2 Payment

A Payment shall be payable in respect of the Certificates on each Interest Payment Date as referred to below **in issue** means, in relation to the Certificates, all the Certificates issued from time to time other than:

- (a) those Certificates which have been cancelled in accordance with Certificates Condition 11.4 (Limited Recourse);
- (b) those Certificates which have become void or in respect of which claims have become prescribed, in each case under Certificates Condition 9 (Prescription);
- (c) those mutilated or defaced Certificates which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Certificates Condition 14 (Replacement of Certificates);
- (d) any Global Certificate to the extent that it shall have been exchanged for another Global Certificate or for the Certificates in definitive form pursuant to the Certificates Conditions,

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Certificateholders, the passing of an Extraordinary Resolution in writing or an Ordinary Resolution in writing or an Extraordinary Resolution by way of electronic consents through the relevant Clearing System(s) or an Extraordinary Resolution by way of electronic consents as envisaged by paragraph 1 (Definitions) of schedule 6 (Provisions for Meetings of Noteholders and Certificateholders) to the Trust Deed and any direction or request by the Certificateholders;
- (ii) the determination of how many and which Certificates are for the time being outstanding for the purposes of clause 14.1 (Action, Proceedings and Indemnification) and schedule 5 (Form of the Global Certificate) to the Trust Deed, Certificates Condition 10 (Events of Default) and Certificates Condition 11 (Enforcement);
- (iii) any discretion, power or authority (whether contained in the trust presents, or vested by operation of law) which the Security Trustee and the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Certificateholders; and
- (iv) the determination by the Security Trustee and the Note Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Certificateholders,

those Certificates (if any) which are for the time being held by or on behalf of or for the benefit of the Seller or the Retention Holder or any direct or indirect Subsidiary or Holding Company thereof (the **Relevant Person**), in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding except where all of the Certificates are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case the Certificates shall be deemed to remain in issue;

- (e) **Interest Payment Date** means the 20th day of February, May, August and November in each year or, if such day is not a Business Day, the immediately following Business Day.
- (f) **Payment** means, in relation to the Certificates, the Certificate Payment.
- (g) **Payment Amount** means, for a Certificate on any date on which amounts are to be applied in accordance with the applicable Priority of Payments, the Payment for that date, divided by the number of Certificates then in issue.
- (h) **Certificate Payment** means, on any date of determination:
 - (i) prior to the delivery of an Enforcement Notice, in respect of each Interest Payment Date from (and including) the Closing Date, the amount by which Available Revenue Receipts exceeds the amounts required to satisfy items (a) to (u) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date; and
 - (ii) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, the amount by which amounts available for payment in

accordance with the Post-Enforcement Priority of Payments exceeds the amounts required to satisfy items (a) to (m) of the Post-Enforcement Priority of Payments on that date.

6.3 Determination of Payment

The Cash Manager shall on each Calculation Date determine the Payment payable on the immediately following Interest Payment Date (if any) and the Payment Amount payable in respect of each Class of Certificates on such Interest Payment Date.

6.4 Publication of Payment and Payment Amount

The Cash Manager shall cause the Payment and Payment Amount (if any) for each Class of Certificates for each Interest Payment Date to be notified to the Issuer, the Note Trustee, the Registrar and the Paying Agents (as applicable) and to be published in accordance with Certificates Condition 15 (*Notice to Certificateholders*) as soon as possible after their determination and in no event later than two Business Days prior to the immediately succeeding Interest Payment Date.

6.5 Determination by the Note Trustee

The Note Trustee may, without liability therefor, if the Cash Manager defaults at any time in its obligation to determine the Payment and Payment Amount for any Class of Certificates (if any) in accordance with the above provisions and the Note Trustee has been notified of this default, determine or cause to be determined the Payment and Payment Amount (if any), in the manner provided in this Certificates Condition 6.5. In each case, the Note Trustee may, at the expense of the Issuer, engage an expert to make the determination and any such determination shall be deemed to be determinations made by the Agent Bank. Any such determination shall be deemed to be a determination made by the Cash Manager.

6.6 Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Certificates Condition 6.6, whether by the Cash Manager or the Note Trustee, will (in the absence of wilful default or fraud) be binding on the Issuer, the Cash Manager, the Note Trustee, the Registrar, the Paying Agents and all Certificateholders and (in the absence of wilful default or fraud) no liability to the Issuer or the Certificateholders shall attach to the Cash Manager, the Registrar or, if applicable, the Note Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Certificates Condition 6.6.

6.7 Termination of Payments

When all Payments (if any) (as set out in Certificates Condition 6.2 (*Payment*)) have been made, no further Payments will be made by the Issuer and the Certificates shall be cancelled.

6.8 Determination and Reconciliation

Condition 6.10 (*Determinations and Reconciliation*) of the Notes shall have effect in relation to the Certificates as if set out in full herein.

7. PAYMENT OF PAYMENT AMOUNTS

7.1 Payment of Payment Amounts

Subject to paragraph 2 of Certificates Condition 3.1 (*Form and Denomination*), payments of Payment Amounts shall be made by:

- (a) (other than in the case of final cancellation) Sterling cheque; or
- (b) (other than in the case of final cancellation) upon application by the relevant Certificateholder to the specified office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a Sterling account maintained by the payee with a bank in London; and
- (c) (in the case of final cancellation) Sterling cheque upon surrender (or, in the case of part-payment only, endorsement) of the relevant Global Certificate or Definitive Certificate (as the case may be) at the specified office of any Paying Agent.

7.2 Laws and Regulations

Payments of any Payment Amounts are subject, in all cases, to (a) any fiscal or other laws and regulations applicable thereto and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof or any law implementing an intergovernmental approach thereto. Certificateholders will not be charged commissions or expenses on payments.

7.3 Change of Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Registrar and to appoint additional or other agents, provided that there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London, and a person appointed to perform the obligations of the Registrar with a specified office in London.

Except where otherwise provided in the Trust Deed or the Agency Agreement, the Issuer will cause notice of no more than 30 days and no less than 15 days of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Certificateholders in accordance with Certificates Condition 15 (*Notice to Certificateholders*) and will notify the Rating Agencies of such change or addition.

7.4 No Payment on non-Business Day

If the date for payment of any amount in respect of a Certificate is not a Presentation Date, Certificateholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to interest or other payment in respect of such delay. In this Certificates Condition 7.4, the expression **Presentation Date** means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

8. TAXATION

- 8.1 Subject to Condition 8.2 below, all payments of Payment Amounts by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, all present and future taxes, levies, imports, duties, fees, deductions, withholding or charges of any nature whatsoever and wheresoever imposed (**Taxes**), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer or, as the case may be, the Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted. Neither the Issuer nor any Paying Agent nor any other person shall be obliged to make any additional payments to Certificateholders in respect of such withholding or deduction.
- 8.2 For the purposes of Condition 8.1 above, the Issuer will treat all payments of Payment Amounts 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:
- (a) the Issuer reasonably believes that the person who is beneficially entitled to the Payment Amounts 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
 - (b) the Issuer receives written confirmation from HMRC that payments of Payment Amounts can be made without withholding or deduction for or on account of United Kingdom income tax; or
 - (c) the Issuer has received a legal opinion from a reputable tax adviser to rating agency standard that payments of Payment Amounts can be made without withholding or deduction for or on account of United Kingdom income tax; or
 - (d) the Issuer has received a direction from HMRC that payments of Payment Amounts can be made without withholding or deduction for or on account of United Kingdom income tax in accordance with the terms of an applicable double taxation treaty.

9. PRESCRIPTION

Claims in respect of Payment Amounts will be prescribed after ten years from the Relevant Date in respect of the relevant payment.

In this Certificates Condition 9, the **Relevant Date**, in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the monies payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such monies having been received, notice to that effect is duly given to the relevant Certificateholders in accordance with Certificates Condition 15 (*Notice to Certificateholders*).

10. EVENTS OF DEFAULT

10.1 Certificates

The Note Trustee at its absolute discretion may, and, if so directed in writing by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class

shall (subject to being indemnified and/or pre-funded and/or secured to its satisfaction as more particularly described in the Trust Deed), give a notice (an **Enforcement Notice**) to the Issuer that all Classes of the Notes are immediately due and repayable at their respective Principal Amount Outstanding together with accrued (but unpaid) interest as provided in the Trust Deed (with a copy of such Enforcement Notice being sent simultaneously to the Security Trustee, the Servicer Facilitator, the Relevant Servicer, the Issuer Account Bank and the Cash Manager in any of the following events (each, an **Event of Default**)):

- (a) if default is made in the payment of any principal or interest due in respect of the Class A Notes and the default continues for: (i) a period of seven Business Days in the case of principal, or (ii) fourteen Business Days in the case of interest (including Step-Up Margins in respect of the Class A Notes); or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions of the Notes, these Certificates Conditions or any Transaction Document to which it is a party which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the failure continues for a period of 30 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the failure to be incapable of remedy, then no continuation or notice as is aforementioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the matters giving rise to such misrepresentation are not remedied within a period of 30 days (or such longer period as the Note Trustee may permit) (except that in any case where the Note Trustee considers the matters giving rise to such misrepresentation to be incapable of remedy, then no continuation or notice as is hereinafter mentioned will be required) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (d) if any order is made by any competent court or any resolution is passed for the winding-up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of each Class of the Noteholders and Certificateholders; or
- (e) if (i) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by Extraordinary Resolution of each Class of the Noteholders and the Certificateholders, or (ii) the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or (iii) is deemed unable to pay its debts pursuant to or for the purposes of any applicable law or is adjudicated or found bankrupt or insolvent; or
- (f) if proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or any part of the

undertaking or assets of the Issuer, and in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the Issuer, is not discharged within 30 days; or

- (g) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

10.2 General

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Certificates Condition 10.1 (*Certificates*), the Payment for the relevant Class of Certificates pursuant to the Certificates shall thereby immediately become due and payable.

11. ENFORCEMENT

11.1 General

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

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

11.2 Preservation of Assets

If the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes or the Certificates, the Security Trustee will not be entitled to dispose of any of the Charged Assets or any part thereof unless either (a) a sufficient amount would be realised to allow discharge in full on a *pro rata* and *pari passu* basis of all amounts owing to the holders of the Notes and the Certificates (and all persons ranking in priority to the holders of the Notes and the Certificates), or (b) the Security Trustee is of the opinion, which shall be binding on the Secured Creditors, reached after considering at any time and from time to time the advice of any financial adviser (or such other professional advisers selected by the Security Trustee for the purpose of giving such advice), that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will

not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing: (i) to the Noteholders and Certificateholders (and all persons ranking in priority to the Noteholders and Certificateholders as set out in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders and Certificateholders (and all such higher ranking persons) have been repaid, to the remaining Secured Creditors in the order of priority set out in the Post-Enforcement Priority of Payments. The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to in this Certificates Condition 11.2 without further enquiry and shall incur no liability to any person for so doing.

11.3 Limitations on Enforcement

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

11.4 Limited Recourse

Notwithstanding any other Certificates Condition or any provision of any Transaction Document, all obligations of the Issuer to the Certificateholders are limited in recourse to the property, assets and undertakings of the Issuer the subject of any security created under and pursuant to the Deed of Charge (the **Charged Assets**). If:

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

then the Certificateholders shall have no further claim against the Issuer in respect of any further amounts due or to be paid in respect of the Certificates (including, for the avoidance of doubt, payments of Payment Amounts in respect of the Certificates) and the Issuer shall be deemed to be discharged from making any further payments in respect of the Certificates and any further payment rights shall be extinguished.

12. MEETINGS OF CERTIFICATEHOLDERS AND NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

- 12.1 The Trust Deed contains provisions for convening meetings of the Noteholders and/or Certificateholders of each Class and, in certain cases, more than one Class, to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a

modification of these Certificates Conditions, the Conditions or the provisions of any of the Transaction Documents.

- (i) For the purposes of these Certificates Conditions, **Most Senior Class** means the Class A Notes or, if there are no Class A Notes then outstanding, the Class B Notes or, if there are no Class A Notes or Class B Notes then outstanding, the Class C Notes or, if there are no Class A Notes, Class B Notes or Class C Notes then outstanding, the Class D Notes or, if there are no Class A Notes, Class B Notes, Class C Notes or Class D Notes then outstanding, the Class E Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes then outstanding, the Class F Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes or Class G Notes then outstanding, the Class G Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes then outstanding, the Class R Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes, Class R Notes then outstanding, the Z Notes or, if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes, Class R Notes or Class Z Notes, the Certificates.

12.2 Most Senior Class, Limitations on other Noteholders and Certificateholders

- (a) Other than in relation to a Basic Terms Modification, which requires an Extraordinary Resolution of the holders of each affected Class of Notes and/or Certificates then in issue, as applicable (unless the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the holders of each affected Class or Classes of Notes and/or Certificates, as applicable):
 - (i) an Extraordinary Resolution passed at any meeting of the holders of the Most Senior Class shall be binding on all other Classes of Noteholders and Classes of Certificateholders irrespective of the effect it has upon them;
 - (ii) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on all other Classes of Noteholders and Classes of Certificateholders ranking junior to such Class of Noteholders or Certificateholders in the Pre-Enforcement Revenue Priority of Payments (including for these purposes the Step-Up Margins in respect of the Rated Notes) irrespective of the effect it has upon them; and
 - (iii) no Extraordinary Resolution of any Class of Noteholders or Certificateholders shall take effect for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the holders of all other Classes of Noteholders and Classes of Certificateholders ranking senior to such Class of Noteholders or Certificateholders in the Pre-Enforcement Revenue Priority of Payments (including for these purposes the Step-Up Margins in respect of the Rated Notes) or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of such senior ranking Classes of Noteholders and Certificateholders.
- (b) No Extraordinary Resolution of the holders of a Class of Notes and/or a Class of Certificates which would have the effect of sanctioning a Basic Terms Modification in respect of any Class of Notes or Class of Certificates shall take effect unless it has been sanctioned by an Extraordinary Resolution of the holders of each affected Class of Notes then outstanding and/or the holders of each affected Class of Certificates then in issue which are affected by such Basic Terms Modification, or the Note Trustee is of the opinion that it would not be

materially prejudicial to the respective interests of the holders of those affected Class or Classes of Notes then outstanding and the holders of the affected Class or Classes of Certificates (if applicable).

- (c) No Ordinary Resolution that is passed by the holders of the Certificates shall take effect for any purpose while any of the Notes remain outstanding unless it shall have been sanctioned by an Ordinary Resolution of the holders of the Most Senior Class, or the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

12.3 Quorum

- (a) Subject as provided below, the quorum at any meeting of Noteholders of any Class or Classes of Notes or Certificateholders of any Class or Classes of Certificates for passing an Ordinary Resolution will be one or more persons holding or representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable.
- (b) Subject as provided below, the quorum at any meeting of Noteholders and/or Certificateholders of any Class of any Notes or Certificates for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable.
- (c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Class of Notes or holders of any Class of Certificates for passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of any Class of Notes or Certificates, (ii) sanction a modification of the date of payment of principal or interest or amounts due in respect of any Class of Notes or Certificates, (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of any Class of Notes, or where applicable, of the method of calculating the amount of any principal or interest payable in respect of any Class of Notes or of the method of calculating the amounts payable in respect of any Class of the Certificates, (iv) alter the currency in which payments under any Class of Notes or Certificates are to be made, (v) alter the quorum or majority required in relation to a resolution or a meeting of holders of any Class of Notes or Certificates, (vi) sanction any scheme or proposal for the sale, conversion or cancellation of any Class of Notes or the Certificates, (vii) alter the priority of payment of interest or principal in respect of any Class of the Notes or amounts in respect of any Class of Certificates and (viii) change the definition of Basic Terms Modification, (each a **Basic Terms Modification**), shall be one or more persons holding or representing in the aggregate not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable.
- (d) The quorum at any adjourned meeting will be:
 - (i) for an Ordinary Resolution, one or more persons present and holding or representing not less than 10 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable; or
 - (ii) subject as provided below, for an Extraordinary Resolution, one or more persons present and holding or representing in the aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable; and

- (iii) for a Basic Terms Modification, one or more persons present and holding or representing not less than 75 per cent. of the aggregate Principal Amount Outstanding of the relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable.

12.4 The Note Trustee or, as the case may be, the Security Trustee may or, in the case of paragraph (c) below, shall at any time and from time to time, only with the written consent of the Secured Creditors which are a party to the relevant Transaction Document (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) but without the consent or sanction of the Noteholders, the Certificateholders or any other Secured Creditors agree with the Issuer and any other parties in making or sanctioning any modification:

- (a) to the Conditions, the Certificates Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee or, as the case may be, the Security Trustee will not be materially prejudicial to the interests of the Noteholders or the Certificateholders or the interests of the Note Trustee or the Security Trustee; or
- (b) to the Conditions, the Certificates Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note Trustee or, as the case may be, the Security Trustee such modification is of a formal, minor or technical nature or to correct a manifest error; or
- (c) that would result in the Issuer entering into any new and/or amended bank account agreement or collection account agreement (including (i) where the unsecured, unsubordinated and unguaranteed debt obligations of the Issuer Account Bank or Collection Account Bank are downgraded below any relevant rating level as set out in the relevant Transaction Document, and the Issuer is required to take certain remedial actions (as set out in the relevant Transaction Document) in order to maintain the ratings of the Notes at their then current ratings) and/or (ii) following the Transfer Date, any collection account agreement, bank account agreement and/ or declaration of trust in respect of any collection account in the name of Topaz in its capacity as Legal Title Holder),

provided that the Issuer certifies to the Security Trustee and/or the Note Trustee (upon which the Security Trustee and Note Trustee shall rely without further enquiry or liability) that any such new agreement and/or amendment and/or appointment (as the case may be) would not have an adverse effect on the then current rating of the Most Senior Class and provided that neither the Note Trustee nor the Security Trustee shall be obliged to agree to any such new agreement and/or amendment and/or appointment which, in the sole opinion of the Note Trustee or the Security Trustee, would have the effect of (a) exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections, of the Note Trustee and/or the Security Trustee under the Transaction Documents and/or the Conditions and/or the Certificates Conditions.

12.5 The Note Trustee or, as the case may be, the Security Trustee, as applicable, may, without the consent or sanction of the Noteholders, the Certificateholders or the other Secured Creditors and without prejudice to its rights in respect of any further or other breach or Event of Default, from time to time and at any time, but only if and in so far as in the sole opinion of the Note Trustee or, as the case may be, the Security Trustee the interests of the Noteholders or the Certificateholders will not be materially prejudiced thereby, authorise or waive any proposed or actual breach of any of the covenants or provisions contained in or arising

pursuant to the Conditions, the Certificates Conditions or any of the Transaction Documents by any party thereto or determine that any Event of Default shall not be treated as such, provided that the Note Trustee shall not exercise any powers conferred on it by this Certificates Condition 12.5 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class or by a direction under Certificates Condition 10 (*Events of Default*) but so that no such direction shall affect any waiver, authorisation or determination previously given or made.

12.6 The Note Trustee with the written consent of the Secured Creditors which are a party to the relevant Transaction Documents (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify such Transaction Document) shall, without the consent or sanction of the Noteholders, the Certificateholders or any of the other Secured Creditors, concur with the Issuer (and direct the Security Trustee to concur) in making any modifications (other than in respect of a Basic Terms Modification) to the Transaction Documents and/or the Conditions of the Notes that are requested in writing by the Issuer (acting in its own discretion or at the direction of any transaction party) in order to enable the Issuer to:

- (i) comply with, or implement or reflect, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time;
- (ii) remedy any manifest non-compliance with 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 or the U.S. Credit Risk Retention Requirements after the Closing Date, as a result of any change thereto or 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, in each case applying in respect of the Transaction;
- (iii) enable the Notes (aside from the Class R Notes) to be (or to remain) listed on the Irish Stock Exchange;
- (iv) enable the Issuer or any of the other transaction parties to comply with FATCA;
- (v) comply with any requirement to appoint an entity to carry out any disclosure or reporting requirements under the CRA Regulation;
- (vi) comply with any changes in the requirements of the CRA Regulation after the Closing Date including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation or regulations or official guidance in relation thereto; and
- (vii) comply with the provisions of Rule 17g-5 of the Securities Exchange Act of 1934,

each a **Proposed Amendment** and subject to receipt by the Note Trustee and the Security Trustee of a certificate (upon which they may rely without liability or enquiry) issued by the Issuer signed by two directors of the Issuer certifying to the Note Trustee and the Security Trustee that the requested modifications in relation to any Proposed Amendment are to be made solely for the purpose of enabling the Issuer to satisfy such obligations under any Proposed Amendment and have been drafted solely to such effect, and in the case of a Proposed Amendment under paragraph (ii) above, shall include a memorandum addressed to the Note Trustee and the Security Trustee for the benefit of Noteholders, by a reputable law firm confirming that the Proposed Amendment seeks to address the non-compliance set out in paragraph (ii) above and each of the Note Trustee and the Security Trustee shall be entitled to

rely on such certificate and memorandum without enquiry or liability. Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification pursuant to this Condition 12.6 which (in the sole opinion of the Note Trustee and/or the Security Trustee) would have the effect of:

- (A) exposing the Note Trustee (and/or the Security Trustee) to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or
- (B) increasing the obligations or duties, or decreasing the protections of the Note Trustee (and/or the Security Trustee) in the Transaction Documents and/or the Conditions of the Certificates.

Notwithstanding anything to the contrary in the Trust Deed or the other Transaction Documents, when implementing any Proposed Amendment pursuant to this Condition 12.6, the Note Trustee shall not consider the interests of the Noteholders, the Certificateholders or any other Secured Creditor (other than itself (or the Security Trustee) as provided above) or any other person and each of the Note Trustee and the Security Trustee shall be entitled to rely, without further investigation, on any certificate or legal memorandum provided to it by the Issuer pursuant to this Condition 12.6 as evidence that the Proposed Amendments are made solely for the purpose of enabling the Issuer to satisfy any such obligation applicable to it, and have been drafted solely to such effect and shall not be liable to any Noteholder or other Secured Creditor for so acting or relying irrespective of whether any such modification is or may be materially prejudicial to the interests of the Noteholders of any Class, the Certificateholders of any Class or any other Secured Creditor or any other person.

Only modifications which comply with this Condition may be made pursuant to this Condition 12.6. Any other modifications may only be made pursuant to Conditions 12.4, 12.5 or 12.7 and Clause 21 and Schedule 4 of the Trust Deed.

- 12.7 Any such modification, waiver, authorisation or determination by the Note Trustee and/or the Security Trustee, as applicable, in accordance with the Conditions, these Certificates Conditions or the Transaction Documents shall be binding on the Certificateholders and, unless the Note Trustee or, as the case may be, the Security Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Certificateholders as soon as practicable thereafter in accordance with Certificates Condition 15 (*Notice to Certificateholders*).
- 12.8 Any modification to the Transaction Documents and the Conditions shall be notified by the Issuer in writing to the Rating Agencies.
- 12.9 In connection with any such substitution of principal debtor referred to in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*), the Note Trustee and the Security Trustee may also agree, without the consent of the Certificateholders or the other Secured Creditors, to a change of the laws governing the Certificates, these Certificates Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee or, as the case may be, the Security Trustee be materially prejudicial to the interests of the Certificateholders.
- 12.10 In determining whether a proposed action will not be materially prejudicial to the interests of the Noteholders or Certificateholders of any Class thereof, the Note Trustee and the Security Trustee may, among other things, have regard to whether the Rating Agencies have confirmed in writing to the Issuer or any other party to the Transaction Documents that any proposed action will not result in the withdrawal or reduction of, or entail any other adverse action with respect to, the then current ratings of the Rated Notes. It is agreed and acknowledged by the

Note Trustee and the Security Trustee that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to the Noteholders and/or the Certificateholders. In being entitled to take into account that each of the Rating Agencies has confirmed that the then current ratings of the Rated Notes would not be adversely affected, it is agreed and acknowledged by the Note Trustee and the Security Trustee this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Security Trustee, the Note Trustee, the Noteholders, the Certificateholders or any other person, or create any legal relations between each of the Rating Agencies and the Security Trustee, the Note Trustee, the Noteholders, the Certificateholders or any other person, whether by way of contract or otherwise.

12.11 Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Certificates Conditions or any of the Transaction Documents (including in relation to any modification, waiver, authorisation, determination, substitution or change of laws as referred to above), the Note Trustee or the Security Trustee is required to have regard to the interests of the Noteholder or Certificateholders of any Class or Classes, it shall (A) have regard to the general interests of the Noteholder or Certificateholders of such Class or Classes but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Certificateholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders or Certificateholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof, and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Noteholders or Certificateholders be entitled to claim from the Issuer, the Note Trustee or the Security Trustee or any other person, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Certificateholders and (B) subject to the more detailed provisions of the Trust Deed and the Deed of Charge, as applicable, have regard to the interests of holders of each Class of Notes and Class of Certificates (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or Class of Certificates in any such case to have regard (except as expressly provided otherwise) to the interests of the holders of the Class or Classes of Notes or Certificates ranking in priority to the other relevant Classes of Notes or Certificates.

12.12 **Ordinary Resolution** means:

- (i) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Trust Deed and the Certificates Conditions by a clear majority of the Eligible Persons voting thereat on a show of hands or, if a poll is duly demanded, by a clear majority of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the relevant class of Notes and/or Certificates held by such Eligible Persons);
- (ii) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of not less than a clear majority of the aggregate Principal Amount Outstanding of the Notes and/or Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant class of Noteholders and/or the Certificateholders of the relevant Class; or
- (iii) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or

Certificateholders holding not less than a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes and/or Class of Certificates.

12.13 Extraordinary Resolution means:

- (i) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Trust Deed and the Certificates Conditions by at least 75 per cent. of the Eligible Persons voting at such meeting upon a show of hands or, if a poll is duly demanded, by at least 75 per cent. of the votes cast on such poll (calculated on the basis of the aggregate Principal Amount Outstanding of the relevant class of Notes and/or the Certificates held by such Eligible Persons);
- (ii) a resolution in writing signed by or on behalf of the Noteholders and/or Certificateholders of at least 75 per cent. of the aggregate Principal Amount Outstanding of the Notes and/or the Certificates, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant class of Noteholders and/or the Certificateholders of the relevant Class; or
- (iii) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding of at least 75 per cent. in aggregate Principal Amount Outstanding of the relevant class of Notes and/or Certificates.

12.14 Eligible Person means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (i) a bearer of any Voting Certificate; and
- (ii) a proxy specified in any Block Voting Instruction.

12.15 Voting Certificate means an English language certificate issued by a Paying Agent in which it is stated:

- (i) that on the date thereof the Notes and/or Certificates (not being the Notes and/or Certificates (as applicable) in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) are blocked in an account with a clearing system and that no such Notes and/or Certificates will cease to be so blocked until the first to occur of:
- (ii) the conclusion of the meeting specified in such Voting Certificate; and
- (iii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and
- (iv) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes and/or Certificates represented by such Voting Certificate.

12.16 Block Voting Instruction means an English language document issued by a Paying Agent in which:

- (a) it is certified that on the date thereof Notes and/or Certificates (not being Notes and/or Certificates (as applicable) in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting

Instruction) are blocked in an account with a clearing system and that no such Notes and/or such Certificates will cease to be so blocked until the first to occur of:

- (i) the conclusion of the meeting specified in such Block Voting Instruction; and
 - (ii) the Notes and/or the Certificates ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;
- (b) it is certified that each holder of such Notes and/or such Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the Certificates so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion thereof, neither revocable nor capable of amendment;
- (c) the aggregate principal amount or aggregate total amount of the Notes and/or the number of Certificates so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (d) one or more persons named in such Block Voting Instruction (each hereinafter called a **proxy**) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes and/or the Certificates so listed in accordance with the instructions referred to in paragraph (c) above as set out in such Block Voting Instruction, provided that no such person shall be named as a proxy:
- (i) whose appointment has been revoked and in relation to whom the relevant Paying Agent has been notified in writing of such revocation by the time which is 48 hours before the time fixed for such meeting; and
 - (ii) who was originally appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed to vote at the meeting when it is resumed.

12.17 Details of any Extraordinary Resolution and any Ordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to each of the Rating Agencies by the Principal Paying Agent on behalf of the Issuer.

12.18 The Certificates will not have a Principal Amount Outstanding. However, for the purposes of the voting and quorum provisions, and the provision concerning the giving of directions in writing to the Note Trustee or the Security Trustee, set out in the Conditions, the Certificates Conditions, the Deed of Charge and the Trust Deed any reference to the Principal Amount Outstanding of the Certificates of any Class shall be deemed to be £10,000 in respect of each Certificate.

12.19 Issuer Substitution Condition

The Note Trustee may agree, subject to such amendment of these Certificates Conditions and of any of the Transaction Documents, and to such other conditions as the Note Trustee may require and subject to the terms of the Trust Deed, but without the consent of the Certificateholders, to the substitution of another body corporate in place of the Issuer as

principal debtor under the Trust Deed, the Notes and the Certificates and in respect of the other Secured Obligations, provided that the conditions set out in the Trust Deed are satisfied including, *inter alia*, that the Certificates are unconditionally and irrevocably guaranteed by the Issuer (unless all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Certificates Condition 5 (*Issuer Covenants*) (the **Issuer Substitution Condition**). In the case of a substitution pursuant to this Certificates Condition 12.19, the Note Trustee may in its absolute discretion agree, without the consent of the Certificateholders, to a change in law governing the Certificates and/or any of the Transaction Documents unless such change would, in the opinion of the Note Trustee, be materially prejudicial to the interests of the Certificateholders.

13. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the Security, unless indemnified and/or 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 transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, individual Certificateholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

14. REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Registrar subject to all applicable laws. Replacement of any mutilated, defaced, lost, stolen or destroyed Certificate will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Certificate must be surrendered before a new one will be issued.

15. NOTICE TO CERTIFICATEHOLDERS

15.1 Publication of Notice

While the Certificates are represented by a Global Certificate, notices to Certificateholders will be valid if submitted to Euroclear and/or Clearstream, Luxembourg for communication by them to Certificateholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg, as aforesaid, shall be deemed to have been given on the day of such delivery.

While the Certificates are represented by Definitive Certificates, the Note Trustee shall be at liberty to sanction any method of giving notice to the Certificateholders if, in its opinion, such method is reasonable having regard to market practice then prevailing and provided that

notice of such other method is given to the Certificateholders in such manner as the Note Trustee shall deem appropriate.

15.2 Note Trustee's Discretion to Select Alternative Method

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Certificateholders or category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the quotation systems on or by which the Certificates are then quoted and/or traded and provided that notice of such other method is given to the Certificateholders in such manner as the Note Trustee shall require.

16. JURISDICTION AND GOVERNING LAW

- (a) The Courts of England (the **Courts**) are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes, the Certificates and the Transaction Documents (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes, the Certificates or the Transaction Documents or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Certificates and/or the Transaction Documents may be brought in such Courts.
- (b) The Transaction Documents, the Notes, the Certificates and these Certificates Conditions (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law.

17. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Certificates or these Certificates Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

UNITED KINGDOM TAXATION

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue & Customs (HMRC) practice relating 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 and Certificateholders depends on their individual circumstances and may be subject to change in the future (possibly with retrospective effect). Prospective Noteholders or Certificateholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek professional advice.

Payment of Interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of Section 1005 of the Income Tax Act 2007. The Irish Stock Exchange is a recognised stock exchange for such purposes. The Notes (other than the Class R Notes which will not be listed) will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in Member States of the European Economic Area and are admitted to trading on the Irish Stock Exchange. Provided, therefore, that such Notes are and remain so listed, interest on those Notes will be payable without withholding or deduction on account of United Kingdom income tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any available exemptions and reliefs, including an exemption for certain payments of interest to which a company within the charge to United Kingdom corporation tax is beneficially entitled. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Where Notes are issued at an issue price of less than 100 per cent. of the principal amount, any payments in respect of the discount element on any such Notes will not generally be subject to any withholding or deduction for or on account of United Kingdom income tax.

UNITED STATES FEDERAL INCOME TAXATION

A discussion of the material U.S. federal income tax consequences of the purchase, ownership and disposition of the Rule 144A Notes is set out below. As set forth in the discussion below it is anticipated that upon issuance of the Rule 144A Notes Allen & Overy LLP will deliver its opinion that, although there is no authority on the treatment of instruments substantially similar to the Rule 144A Notes, when issued, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will, and the Class F Notes should, be treated as debt for U.S. federal income tax purposes.

General

The following is a general summary of certain material U.S. federal income tax consequences that may be relevant with respect to the purchase, ownership and disposition of the Rule 144A Notes (except for the discussions under "*Taxation of Non-United States holders of the Notes*" and "*Back-up withholding and information reporting*" which apply in respect of all Notes). In general, the discussion only addresses a holder that acquires the Notes at original issuance and holds the Notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the Notes. In particular, it does not discuss special tax considerations that may apply to certain types of taxpayers, including, without limitation, the following:

- (a) financial institutions;
- (b) insurance companies;
- (c) dealers or traders in stocks, securities, notional principal contracts or currencies;
- (d) tax-exempt entities;
- (e) regulated investment companies;
- (f) real estate investment trusts;
- (g) persons that will hold the Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" for U.S. federal income tax purposes;
- (h) partnerships or other pass-through entities for U.S. federal income tax purposes;
- (i) certain former citizens or residents of the United States; and
- (j) United States holders (as defined below) that have a "functional currency" other than the US Dollar.

This discussion also does not address alternative minimum tax or net investment income tax consequences, or the indirect effects on the holders of equity interests in holders of Notes, nor does it describe any tax consequences arising under the laws of any taxing jurisdiction other than the U.S. federal government.

This discussion is based on the Code, U.S. Treasury regulations and judicial and administrative interpretations thereof, all as currently in effect and subject to change at any time, possibly with retroactive effect.

No rulings will be sought from the U.S. Internal Revenue Service (the **IRS**) on any of the issues discussed in this section and there can be no assurance that the IRS or courts will agree with the conclusions expressed herein. Accordingly, investors are encouraged to consult their own tax advisers as to the U.S. federal income tax consequences to the investor of the purchase, ownership and disposition of the Notes to them, including the possible application of state, local, non-U.S. or other tax laws, and other U.S. tax issues affecting the transaction.

As used in this section, the term **United States holder** means a beneficial owner of Notes that is for U.S. federal income tax purposes:

- (a) a citizen or resident of the United States;
- (b) a corporation created or organised in or under the laws of the United States or any state thereof (including the District of Columbia);
- (c) subject to U.S. federal income on its net income in respect of the Notes.

A **Non-United States holder** is a beneficial owner of the Notes that is not a United States holder. If a holder of Notes is a partnership for U.S. federal income tax purposes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Such partners of partnerships holding Notes are encouraged to consult their own tax advisers regarding the personal tax consequences to them.

Characterisation of the Rule 144A Notes

The Issuer will treat the Rule 144A Notes other than the Class R Notes and the Class Z Notes (the **U.S. Notes**) as indebtedness for U.S. federal income tax purposes. Each United States holder of a U.S. Note, by acceptance of such U.S. Note, will agree to treat such U.S. Note as indebtedness for U.S. federal income tax purposes. Although there is no authority regarding the treatment of instruments that are substantially similar to the U.S. Notes, upon issuance of the U.S. Notes, Allen & Overy LLP will deliver an opinion that when issued, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will, and the Class F Notes should, be treated as debt for U.S. federal income tax purposes. This opinion is not binding on the IRS, and no assurance can be given that the characterisation of the U.S. Notes as indebtedness will prevail if the issue were challenged by the IRS. No opinion will be given in respect of the Class G Notes, although the Issuer intends to treat the Class G Notes as debt of the Issuer for U.S. federal income tax purposes. In general, the characterisation of an instrument for such purposes as debt or equity by its issuer as of the time of issuance is binding on a holder, unless the holder takes an inconsistent position and discloses such position in its tax return. This characterisation, however, is not binding on the IRS. In particular, there can be no assurances that the IRS would not contend, and that a court would not ultimately hold, that the Class G Notes constitute equity of the Issuer. Prospective United States holders of the U.S. Notes should consult with their own tax advisers as to the effect of a recharacterisation of the U.S. Notes as equity interests in the Issuer. In general, if a Class of Notes were treated as equity, the discussion under the heading "*Taxation of United States holders of the Equity Notes*" below and elsewhere of the tax consequences of holding Equity Notes (as defined below) would be relevant to holders of that Class as well. Except as otherwise stated below, the remainder of this discussion assumes the U.S. Notes will be treated as indebtedness for U.S. federal income tax purposes.

The Issuer has agreed, and by its acceptance of a Class Z Note or a Class R Note (the **Equity Notes**) each United States holder of an Equity Note will be deemed to have agreed, to treat the Equity Notes as equity in the Issuer for U.S. federal income tax purposes, except as otherwise required by any governmental authority. The balance of this discussion assumes that the Equity Notes will properly be characterised as equity in the Issuer.

Taxation of United States holders of the U.S. Notes

Qualified Stated Interest and Original Issue Discount

United States holders of U.S. Notes generally will be required to include in gross income the US Dollar value of payments of "qualified stated interest" (generally, stated interest unconditionally payable at least annually at a single fixed rate) accrued or received on their U.S. Notes, in accordance with their usual method of tax accounting, as ordinary interest income. The Issuer intends to treat interest on the Class A Notes as "qualified stated interest" under U.S. Treasury regulations (**OID Regulations**) relating to original issue discount (**OID**). As a consequence, discount on a Class A Note arising from an issuance at less than par will only be required to be accrued under the OID Regulations if such discount exceeds 0.25 per cent. of the Class A Note's stated redemption price at maturity multiplied by the number of complete years to its maturity. In general, the stated redemption price at maturity of a Class A Note is the total of all payments provided by the U.S. Notes that are not payments of qualified stated interest. If the discount on a Class A Note does not exceed the above threshold, such discount will be treated as *de minimis* OID and will be included in income on a *pro rata* basis as principal payments are made on the Class A Notes.

If a United States holder holds a Class G Note or other U.S. Note issued with OID other than a Deferred Interest Note (as defined below) (any such Note, a **Discount Note**), such United States holder must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Note. The amount of OID includible in income by a United States holder of a Discount Note is the sum of the daily portions of OID with respect to the Discount Note for each day during the taxable year or portion of the taxable year on which the United States holder holds the Discount Note. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Accrual periods with respect to a Discount Note may be of any length selected by the United States holder and may vary in length over the term of the Discount Note as long as (i) no accrual period is longer than one year, and (ii) each scheduled payment of interest or principal on the Discount Note occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of interest on the Discount Note allocable to the accrual period. The "adjusted issue price" of a Discount Note at the beginning of any accrual period is equal to the "issue price" of the Discount Note (generally, the first price at which a substantial amount of U.S. Notes are sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers), increased by the amount of any OID accrued for each prior accrual period.

Because payments of stated interest on the Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes (together, the **Deferred Interest Notes**) are contingent on available funds and subject to deferral, the Deferred Interest Notes will be treated for U.S. federal income tax purposes as having OID. The total amount of such discount with respect to a Deferred Interest Note will equal the sum of all payments to be received under such Deferred Interest Note less its issue price (the first price at which a substantial amount of Deferred Interest Notes of the same Class was sold to investors). A U.S. holder of Deferred Interest Notes will be required to include OID in income as it accrues. The amount of OID accruing in any Interest Period will generally equal the stated interest accruing in that period (whether or not currently due) plus any additional amount representing the accrual under a constant yield method of any additional OID represented by the excess of the principal amount of the Deferred Interest Notes over their issue price. Accruals of any such additional OID will be based on the projected weighted average life of the Deferred Interest Notes rather than

their stated maturity. In the case of Deferred Interest Notes, accruals of OID should be calculated by assuming that interest will be paid over the life of the Deferred Interest Note based on the value of LIBOR used in setting interest for the first Interest Period, and then adjusting the income for the each subsequent Interest Period for any difference between the actual value of LIBOR used in setting interest for those periods and the assumed rate.

As an alternative to the above treatments, United States holders may elect to include in gross income all interest with respect to the U.S. Notes, including stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount, and unstated interest, as adjusted by any amortisable bond premium or acquisition premium, using the constant yield method described above.

Interest income on the U.S. Notes will be treated as foreign source income for U.S. federal income tax purposes, which may be relevant in calculating a United States holder's foreign tax credit limitation for U.S. federal income tax purposes. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The foreign tax credit rules are complex, and United States holders are encouraged to consult their own tax advisers regarding the availability of a foreign tax credit and the application of the limitation in their particular circumstances.

Sale, exchange or retirement of the U.S. Notes

In general, a United States holder of a U.S. Note will have an adjusted tax basis in such U.S. Note equal to the cost of the U.S. Note to such holder, increased by any amounts includible in income by the holder as OID, and reduced by any payments thereon other than payments of qualified stated interest. Upon a sale, exchange or retirement of the U.S. Note, a United States holder will generally recognise gain or loss equal to the difference between the amount realised (less any accrued interest, which would be taxable as such) and the holder's adjusted tax basis in the U.S. Note. Such gain or loss will be long-term capital gain or loss if the United States holder has held the U.S. Note for more than one year at the time of disposition. Long-term capital gains recognised by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to limitations.

U.S. Notes denominated in a non-US Dollar currency

A United States holder holding U.S. Notes denominated in a non-US Dollar currency will be subject to the U.S. federal income tax rules generally applicable to debt instruments denominated in a non-functional currency. Under those rules, interest income generally will be calculated in the non-US Dollar currency and converted into US Dollars based on an applicable exchange rate. The holder will recognise foreign currency gain or loss (which is ordinary income or loss) as interest payments are received to account for any difference between the amount of reported interest income and the US Dollar value of the interest payments received. OID on U.S. Notes denominated in a non-US Dollar currency for each accrual period will be determined in the non-US Dollar currency that such U.S. Note is denominated in and then translated into US Dollars in the same manner as stated interest accrued by an accrual basis United States holder. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale, exchange or retirement of a Discount Note), a United States holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into US Dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into US Dollars.

Foreign currency gain or loss also may be recognised as principal payments are received, or upon a sale, exchange or retirement of the U.S. Notes (limited by the overall gain or loss on sale, exchange or retirement of the U.S. Notes), reflecting changes in exchange rates over the period in which the U.S. Notes are held. United States holders purchasing U.S. Notes denominated in a non-US Dollar

currency should consult their own tax advisers regarding the calculation and treatment of foreign currency gain or loss.

Taxation of United States holders of the Equity Notes

Investment in a Passive Foreign Investment Company

A non-U.S. corporation will be classified as a passive foreign investment company (a **PFIC**) for U.S. federal income tax purposes if 75 per cent. or more of its gross income (including the pro rata share of the gross income of any corporation in which the non-U.S. corporation is considered to own 25 per cent. or more of the shares by value) in a taxable year is passive income. Alternatively, a non-U.S. corporation will be classified as a PFIC if at least 50 per cent. of its assets, averaged over the year and generally determined based on fair market value (including the pro rata share of the assets of any corporation in which the non-U.S. corporation is considered to own 25 per cent. or more of the shares by value) are held for the production of, or produce, passive income.

Based on the assets that the Issuer expects to hold and the income anticipated thereon, it is highly likely that the Issuer will be classified as a PFIC for U.S. federal income tax purposes. Accordingly, the following discussion assumes that the Issuer will be a PFIC throughout the term of the Equity Notes, and United States holders of Equity Notes should assume that they will be subject to the U.S. federal income tax consequences described below that result from owning stock in a PFIC (subject to the discussion under "*Investment in a Controlled Foreign Corporation*", below).

If the PFIC rules are otherwise applicable and a United States holder has not elected to treat the Issuer as a "qualified electing fund" (as described in the next paragraph), such United States holder generally will be subject to special rules with respect to (i) any "excess distribution" (generally, any distributions received by the United States holder on the Equity Notes in a taxable year that are greater than 125 per cent. of the average annual distributions received by the United States holder in the three preceding taxable years or, if shorter, the United States holder's holding period for the Equity Notes) and (ii) any gain realised on the sale, exchange or retirement of the Equity Notes. Under these rules, (a) the excess distribution or gain will be allocated rateably over the United States holder's holding period, (b) the amount allocated to the current taxable year will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest tax rate on ordinary income in effect for each taxable year to which the income is allocated, as if such distributions and gain had been recognised rateably over the United States holder's holding period for the Equity Notes. An interest charge is also applied to the deferred tax amount resulting from the deemed rateable distribution.

If a United States holder elects to treat the Issuer as a "qualified electing fund" (a **QEF**), distributions and gain will not be taxed as if recognised rateably over the United States holder's holding period or subject to an interest charge. Instead, a United States holder that makes a QEF election is required for each taxable year to include in income the United States holder's pro rata share of the ordinary earnings of the qualified electing fund as ordinary income and a pro rata share of the net capital gain of the qualified electing fund as capital gain, regardless of whether such earnings or gain have in fact been distributed (assuming the discussion below under "*Investment in a Controlled Foreign Corporation*" does not apply), and subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. Consequently, in order to comply with the requirements of a QEF election, a United States holder must receive from the Issuer certain information. The Issuer will cause its independent accountants to provide United States holders, upon request and at the expense of such United States holder, with the information reasonably available to the Issuer that a United States holder would need (i) with respect to a United States holder of Equity Notes, to make a QEF election, and (ii) with respect to any United States holder of a Class G Note (and at such holder's expense), to file a protective statement preserving such United States holder's ability to make a retroactive QEF

election with respect to the Issuer. Except as expressly noted, the discussion below assumes that a QEF election will not be made.

If the Issuer is a PFIC, each United States holder of an Equity Note must make an annual return on IRS Form 8621, reporting distributions received and gains realised with respect to each PFIC in which the United States holder holds a direct or indirect interest. If a United States holder does not file IRS Form 8621, the statute of limitations on the assessment and collection of U.S. federal income taxes of such United States holder for the related tax year may not close before the date which is three years after the date on which such report is filed. Prospective investors should consult their own tax advisers regarding the potential application of the PFIC rules.

Investment in a Controlled Foreign Corporation

Depending on the degree of ownership of the Equity Notes and other equity interests in the Issuer by United States holders and whether the Equity Notes are treated as voting securities, the Issuer may constitute a controlled foreign corporation (**CFC**). In general, a foreign corporation will constitute a CFC if more than 50 per cent. of the shares of the corporation, measured by reference to combined voting power or value, are owned, directly or indirectly, by **United States shareholders**. A United States shareholder for this purpose is any United States person that owns or is treated as owning under specified attribution rules, 10 per cent. or more of the combined voting power of all classes of shares of a foreign corporation. It is possible that the IRS may assert that the Equity Notes should be treated as voting securities and, consequently, that United States holders owning Equity Notes so treated, or any combination of such Equity Notes and other voting securities of the Issuer, that constitute 10 per cent. or more of the combined voting power of all classes of shares of the Issuer are United States shareholders for these purposes. Under such circumstances, if more than 50 per cent. of the Equity Notes and other voting securities of the Issuer are held by such United States shareholders, the Issuer would be a CFC.

If the Issuer were treated as a CFC, a United States shareholder of the Issuer would be treated, subject to certain exceptions, as receiving a dividend at the end of the taxable year of the Issuer in an amount equal to that person's pro rata share of the Issuer's **subpart F income** and investments of the Issuer's earnings in U.S. property. Among other items, and subject to certain exceptions, "subpart F income" includes dividends, interest, annuities, gains from the sale of shares and securities, certain gains from commodities transactions, certain types of insurance income and income from certain transactions with related parties. It is likely that, if the Issuer were to constitute a CFC, substantially all of its income would be subpart F income. In addition, distributions of previously taxed amounts included as dividends by a United States shareholder generally will not be treated as income to the United States shareholder when distributed. Instead, special rules apply to determine the appropriate exchange rate to be used to translate such amounts treated as a dividend and the amount of any foreign currency gain or loss with respect to distributions of previously taxed amounts attributable to movements in exchange rates between the times of deemed and actual distributions and certain "dividends" from such CFC could be recharacterised as U.S. source income for U.S. foreign tax credit purposes.

If the Issuer were to constitute a CFC, for the period during which a United States holder of Equity Notes is a United States shareholder of the Issuer, such holder generally would be taxable on the Issuer's subpart F income and investments of the Issuer's earnings in U.S. property under rules described in the preceding paragraph and not under the PFIC rules previously described. A United States holder that is a United States shareholder of the Issuer subject to the CFC rules for only a portion of the time during which it holds Equity Notes should consult its own tax adviser regarding the interaction of the PFIC and CFC rules.

Distributions on the Equity Notes

Except to the extent that distributions are attributable to amounts previously taxed by virtue of a QEF election or pursuant to the CFC rules, some or all of any distributions with respect to the Equity Notes may constitute excess distributions, taxable as previously described. Distributions of current or accumulated earnings and profits of the Issuer, as determined for U.S. federal income tax purposes, which are not excess distributions will be taxed as dividends when received. The amount of such income is determined by translating non-US Dollar currency received into US Dollars at the spot rate on the date of receipt. A United States holder may realise foreign currency gain or loss on a subsequent disposition of the non-US Dollar currency received.

Disposition of the Equity Notes

In general, a United States holder of an Equity Note will recognise gain or loss upon the sale, exchange or retirement of the Equity Note equal to the difference between the amount realised and such holder's adjusted tax basis in such Equity Note. Initially, the tax basis of a United States holder should equal the amount paid for an Equity Note. Such basis will be increased by amounts taxable to such United States holder by virtue of a QEF election or the CFC rules (if applicable), and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or are treated as a non-taxable return of capital. Unless a QEF election is made, it is highly likely that any gain realised on the sale, exchange or retirement of an Equity Note will be treated as an excess distribution and taxed as ordinary income under the special tax rules described above (assuming that the PFIC rules apply and not the CFC rules).

Subject to a special limitation for individual United States holders that have held the Equity Notes for more than one year, if the Issuer were treated as a CFC and a United States holder were treated as a United States shareholder thereof, any gain realised by such holder upon the sale, exchange or retirement of Equity Notes would be treated as ordinary income to the extent of the United States holder's pro rata share of current and accumulated earnings and profits of the Issuer and any of its subsidiaries. In this respect, earnings and profits would not include any amounts previously taxed pursuant to the CFC rules.

Foreign Currency Gain or Loss

A United States holder of Equity Notes that recognises income from the Equity Notes under the QEF or CFC rules discussed above will recognise foreign currency gain or loss attributable to movement in foreign exchange rates between the date when it recognised income under those rules and the date when the income actually is distributed. Any such foreign currency gain or loss will be treated as ordinary income or loss.

A United States holder that purchases Equity Notes with previously owned foreign currency generally will recognise foreign currency gain or loss in an amount equal to any difference between the United States holder's tax basis in the foreign currency and the US Dollar value of the foreign currency at the spot rate on the date the Equity Notes are purchased. A United States holder that receives foreign currency upon the sale or other disposition of the Equity Notes generally will realise an amount equal to the US Dollar value of the foreign currency on the date of such sale, exchange or retirement. A United States holder will have a tax basis in the foreign currency received equal to the US Dollar amount realised. Any gain or loss realised by a United States holder on a subsequent conversion of the foreign currency for a different amount will be foreign currency gain or loss.

Transfer and Other Reporting Requirements

In general, United States holders that acquire Equity Notes for cash may be required to file IRS Form 926 and to supply certain additional information to the IRS if (i) such United States holder owns

(directly or indirectly) immediately after the transfer, at least 10 per cent. by vote or value of the Issuer or (ii) the transfer when aggregated with all related transfers under applicable regulations exceeds \$100,000. In addition, a United States holder of Equity Notes that owns (actually or constructively) at least 10 per cent. by vote or value of the Issuer may be required to file an information return on IRS Form 5471. A United States holder of Equity Notes generally is required to provide additional information regarding the Issuer annually on IRS Form 5471 if it owns (actually or constructively) more than 50 per cent. by vote or value of the Issuer.

Prospective investors in the Equity Notes should consult with their own tax advisers regarding whether they are required to file IRS Form 8886 in respect of this transaction. Such filing generally will be required if such investors file U.S. federal income tax returns or U.S. federal information returns and recognise losses in excess of a specified threshold. Such filing will also generally be required by a United States holder of the Equity Notes if the Issuer both participates in certain types of transactions that are treated as "reportable transactions", such as a transaction in which its loss exceeds a specified threshold, and either (x) such United States holders owns 10 per cent. or more of the aggregate amount of the Equity Notes and makes a QEF election with respect to the Issuer or (y) the Issuer is treated as a CFC and such United States holder is a "United States shareholder" (as defined above) of the Issuer. If the Issuer does participate in a reportable transaction, it will make reasonable efforts to make such information available. Significant penalties may be imposed on taxpayers required to file IRS Form 8886 that fail to do so timely.

Foreign Financial Asset Reporting

Certain United States holders that own certain foreign financial assets, including debt or equity of foreign entities, with an aggregate value in excess of certain US Dollar thresholds may be required to file an information report with respect to such assets with their tax returns and the understatement of income attributable to such foreign financial assets may extend the statute of limitations with respect to the tax return. Failure to comply with this requirement may result in the imposition of substantial penalties. United States holders are urged to consult their tax advisers regarding the application of these reporting requirements to their ownership of the Rule 144A Notes.

Taxation of Non-United States holders of the Notes

Subject to the back-up withholding and Foreign Account Tax Compliance Act rules discussed below, a Non-United States holder generally should not be subject to U.S. federal income or withholding tax on any payments on a Note and gain from the sale, redemption or other disposition of a Note.

Non-United States holders are encouraged to consult their own tax advisers regarding the U.S. federal income and other tax consequences to them of owning Notes.

Back-up withholding and information reporting

Back-up withholding and information reporting requirements may apply to certain payments on the Notes and to proceeds of the sale or redemption of the Notes to United States holders. The Issuer, its agent, a broker or any paying agent, as the case may be, may be required to withhold tax from any payment that is subject to back-up withholding if the United States holder fails to furnish the United States holder's taxpayer identification number (usually on IRS Form W-9), to certify that such United States holder is not subject to back-up withholding, or to otherwise comply with the applicable certification requirements of the back-up withholding rules. Certain United States holders are not subject to the back-up withholding and information reporting requirements. Non-United States holders may be required to comply with applicable certification procedures (usually on IRS Form W-8BEN or IRS Form W-8BEN-E) to establish that they are not United States holders in order to avoid the application of such information reporting requirements and back-up withholding.

Back-up withholding is not an additional tax. Any amounts withheld under the back-up withholding rules will be refunded or credited against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Holders of Notes are encouraged to consult their own tax advisers as to their qualification for exemption from back-up withholding and the procedure for obtaining an exemption.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the Code, 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. The Issuer expects to be treated as a foreign financial institution for these purposes. 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. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. 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 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). Holders should consult their own tax advisers 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.

ERISA CONSIDERATIONS FOR INVESTORS

The U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**), imposes certain requirements on "employee benefit plans" (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include for ERISA purposes the assets of such plans (collectively, **ERISA Plans**), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, the **Plans**)) and persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a Plan fiduciary, who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Issuer, the Paying Agent, the Transfer Agent, the Registrar or any other party to the transactions referred to in this Prospectus may be parties in interest or disqualified persons with respect to many Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Notes is acquired or held by a Plan, including but not limited to where the Issuer, the Paying Agent, the Transfer Agent, the Registrar or any other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any Notes and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest solely by reason of providing services to the plan (and neither it nor its affiliate has or exercises discretionary authority or control, or renders investment advice with respect to assets involved in the transaction), provided that the Plan receives no less than and pays no more than adequate consideration for the transaction), Prohibited Transaction Class Exemption (**PTCE**) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective investors should consult with their advisers regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Notes.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code, may nevertheless be subject to state, local, other federal law of the United States or non-U.S. law that is substantially similar to ERISA or Section 4975 of the Code (**Similar Law**). Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for, if necessary, and the availability of, any exempted relief under any Similar Law.

In addition, the U.S. Department of Labour has promulgated a regulation, 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the **Plan Asset Regulation**), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an equity interest of an entity that is neither a publicly-offered security nor a security issued by an investment company registered under the United States Investment Company Act of 1940, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless one of the exceptions to such treatment described in the Plan Asset Regulation applies. Under the Plan Asset Regulation, a security which is in the form of debt may be considered an equity interest if it has substantial equity features. If the Issuer is deemed under the Plan Asset Regulation to hold plan assets by reason of a Plan's investment in any of the Notes, such plan assets would include an undivided interest in the assets held by the Issuer and transactions by the Issuer would be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Code. The Plan Asset Regulation provides, however, that if equity participation in any entity by "Benefit Plan Investors" is not significant, then the "look-through" rule will not apply to such entity. The term "**Benefit Plan Investors**" is defined in the Plan Asset Regulation to include (1) any employee benefit plan subject to Title I of ERISA, (2) any plan described in Section 4975(e)(1) of the Code to which Section 4975 of the Code applies, and (3) any entity whose underlying assets include "plan assets" for ERISA purposes by reason of any such employee benefit plan or plan's investment in the entity. Equity participation by Benefit Plan Investors in any entity is significant if, immediately after the most recent acquisition of any equity interest in the entity, 25 per cent. or more of the value of any class of equity interests in the entity (excluding the value of any interests held by certain persons, other than Benefit Plan Investors, exercising control over the assets of the entity or providing investment advice to the entity for a fee or certain affiliates of such persons) is held by Benefit Plan Investors. While there is little pertinent authority in this area and no assurance can be given, the Issuer believes that the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (**ERISA-Eligible Notes**) should not be treated as equity interests for the purposes of the Plan Asset Regulation and, therefore, the look-through rule of the Plan Asset Regulation should not apply. However, while not entirely clear, it is possible that the Certificates and the Class F Notes, the Class G Notes, Class Z Notes and Class R Notes could be viewed as equity interests for purposes of the Plan Asset Regulations.

Accordingly, any Notes that are not ERISA-Eligible Notes may not be purchased or held by any ERISA Plan or other Plan, and each purchaser of such Note will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds such Note will not be, an ERISA Plan or other Plan or governmental, church or non-U.S. plan subject to Similar Law, or, if it is a governmental, church or non-U.S. plan, its acquisition, holding and transfer or other disposition of such Notes will not result in a violation of Similar Law. Each purchaser of ERISA-Eligible Notes will be deemed to have represented, warranted and agreed that (i) it is not, and for so long as it holds such Note will not be, an ERISA Plan or other Plan, or a governmental, church or non-U.S. plan subject to Similar Law, or (ii) its acquisition, holding and transfer or other disposition of such Notes will not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation of Similar Law.

Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold any of the Notes should determine whether, under the documents and instruments governing the Plan, an investment in such Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in such Notes (including any governmental, church or non-U.S. plan) should consult with its counsel to confirm that such investment will not constitute or result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code (or, in the case of a governmental, church or non-U.S. plan, any Similar Law).

The sale of any Notes to a Plan is in no respect a representation by the Issuer, the Paying Agent, the Transfer Agent, the Registrar or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

SUBSCRIPTION, SALE AND SELLING RESTRICTIONS

Citigroup Global Markets Limited (**Citigroup**, the **Arranger** and **Joint Lead Manager**), Merrill Lynch International (**MLI** and a **Joint Lead Manager**) and Merrill Lynch, Pierce, Fenner & Smith Incorporated³ (**MLPFSI** and a **Joint Lead Manager**, and together with Citigroup, MLI and MLPFSI, the **Joint Lead Managers**) and AgFe Advisory Limited (the **Co-Manager**) have, pursuant to a subscription agreement dated 13 April 2017 between the Seller, the Arranger, the Joint Lead Managers, the Co-Manager and the Issuer (the **Subscription Agreement**), agreed with the Issuer and Seller (subject to certain conditions) to subscribe or purchase and pay for on the Closing Date:

- (a) £1,493,326,000 of the Class A Notes at the issue price of 100.181 per cent. of the aggregate principal amount of the Class A Notes;
- (b) £125,247,000 of the Class B Notes at the issue price of 99.079 per cent. of the aggregate principal amount of the Class B Notes;
- (c) £120,429,000 of the Class C Notes at the issue price of 98.181 per cent. of the aggregate principal amount of the Class C Notes;
- (d) £57,807,000 of the Class D Notes at the issue price of 97.527 per cent. of the aggregate principal amount of the Class D Notes;
- (e) £4,817,000 of the Class E Notes at the issue price of 96.250 per cent. of the aggregate principal amount of the Class E Notes; and
- (f) £19,268,000 of the Class F Notes at the issue price of 94.791 per cent. of the aggregate principal amount of the Class F Notes.

Each of Citigroup and MLPFSI will subscribe for the Rule 144A Notes on a several but not joint basis. Each of Citigroup and MLI will subscribe for the Reg S Notes on a several but not joint basis.

The Retention Holder has agreed to subscribe for:

- (a) £19,269,000 of the Class G Notes at the issue price of 75.00 per cent. of the aggregate principal amount of the Class G Notes;
- (b) £86,710,000 of the Class Z Notes at the issue price of 69.818 per cent. of the aggregate principal amount of the Class Z Notes; and
- (c) £40,465,000 of the Class R Notes at the issue price of 100 per cent. of the aggregate principal amount of the Class R Notes,

in each case, as at the Closing Date.

The Issuer will issue, the Certificates to the Seller on the Closing Date under the terms of the Mortgage Sale Agreement, which represent the right to deferred consideration for the purchase of the Loans and their Related Security.

The Joint Lead Managers have undertaken to subscribe for the Floating Rate Rated Notes on the Closing Date and intend to sell the Floating Rate Rated Notes to investors on or around the Closing Date. The Joint Lead Managers in their capacity as Joint Lead Managers may hold any Notes

³ Bank of America Merrill Lynch is the marketing name of Merrill Lynch International and Merrill Lynch Pierce, Fenner & Smith Incorporated.

(including the Floating Rate Rated Notes) after the Closing Date to the extent that transactions with investors do not settle on the Closing Date.

The Issuer and the Seller have agreed to indemnify the Arranger, the Joint Lead Managers, the Co-Manager against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes and the Certificates.

Pursuant to the Subscription Agreement, the Retention Holder will undertake to the Joint Lead Managers, the Co-Manager and the Arranger to:

- (a) subscribe for, hold and retain, for as long as any Class of Notes is outstanding, a material net economic interest of not less than 5% of the nominal value of the securitised exposures in the securitisation comprised in the Transaction Documents in accordance with 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 the Solvency II Regulation (or the corresponding law or rules of any applicable jurisdiction);
- (b) not change the manner or form in which it retains such net economic interest, except to the extent permitted or required under the CRR, AIFMR or the Solvency II Regulation;
- (c) not transfer, sell or hedge or otherwise enter into any credit risk mitigation, short position or any other credit risk hedge with respect to such net economic interest, except to the extent permitted or required under the CRR, AIFMR or the Solvency II Regulation;
- (d) ensure that the net economic interest described above represents downside risk in connection with the securitised exposures;
- (e) promptly notify the Arranger, the Joint Lead Managers, the Co-Manager, the Issuer and the Security Trustee if for any reason it (i) ceases to hold the retention in accordance with the requirements of the Mortgage Sale Agreement and the Subscription Agreement or (ii) fails to comply with the covenants set out in the Mortgage Sale Agreement and the Subscription Agreement in respect of the retention; and
- (f) comply with the disclosure obligations described in Article 409 of the CRR by confirming its risk retention as contemplated by Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation through the provision of the information in this Prospectus, disclosure in the Investor Reports (as prepared by the Cash Manager) and procuring provision to the Joint Lead Managers and the Issuer of access to any reasonable and relevant additional data and information referred to in Article 409 of the CRR (subject to all applicable laws), provided that the Retention Holder shall not be in breach of the requirements of this paragraph (f) if due to events, actions or circumstances beyond its control, it is not able to comply with the undertakings contained herein.

Pursuant to the Subscription Agreement, the Retention Holder represents, warrants and undertakes to the Arranger, the Joint Lead Managers and the Co-Manager that:

- (a) Prudential Loan Investments 1 S.à r.l. satisfies the definition of “sponsor” as set out in the US Credit Risk Requirements and it is the appropriate entity to comply with all legal requirements imposed on the "sponsor of a securitization transaction" in accordance with the US Credit Risk Retention Rules and it has organized and initiated an asset-backed securities transaction by selling the Portfolio to the Issuer;
- (b) it is hereby acknowledged and agreed by the parties hereto that neither the Arranger nor any of the Joint Lead Managers nor the Co-Manager accepts any liability or responsibility for such designation of Prudential Loan 1 Investments S.à r.l. as the “sponsor”;

- (c) it will comply with all legal requirements imposed on the “sponsor of a securitization transaction” in accordance with the U.S. Credit Risk Retention Requirements;
- (d) the Retention Holder or a majority-owned affiliate (as such term is defined in the U.S. Credit Risk Retention Requirements, an **MOA**) will retain an eligible horizontal residual interest in the transaction in accordance with the U.S. Credit Risk Retention Requirements for the duration required in the U.S. Credit Risk Retention Requirements, which interest will consist of a minimum 5% in the fair value of the Notes and the Certificates by retaining 100% of the Class G Notes, 100% of the Class R Notes and 100% of the Class Z Notes and 100% of the Certificates (the **Retained Interest**), as determined using the fair value measurement framework under U.S. GAAP;
- (e) the Retention Holder will be solely responsible for compliance with the disclosure requirements of the U.S. Credit Risk Retention Requirements;
- (f) the Retention Holder or one of its MOAs will hold the Retained Interest for the duration required in U.S. Credit Risk Retention Requirements and it will not engage in any activities that would constitute impermissible hedging, transfer or financing of the Retained Interest as prohibited by the U.S. Credit Risk Retention Requirements for the duration required in the U.S. Credit Risk Retention Requirements;
- (g) the Retention Holder has determined the fair value of the Retained Interest and each class of Notes and Certificates in accordance with the fair value measurement framework described in Accounting Standards Codification 820, "Fair Value Measurements and Disclosures; and
- (h) for the avoidance of doubt, neither the Arranger, any of the Joint Lead Managers nor the Co-Manager accept any liability or responsibility whatsoever in respect of the Retention Holder's determination of the fair value of the Retained Interest or Retention Holder's valuation methodology, inputs and assumptions.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

United States

The Arranger, each Joint Lead Manager and the Co-Manager have acknowledged that any Notes that are not ERISA-Eligible Notes may not be purchased or held by an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject thereto, or a "plan" as defined in Section 4975 of the Code to which Section 4975 of the Code applies, or by a person any of the assets of which are, or are deemed for purposes of ERISA or Section 4975 of the Code to be, assets of such an "employee benefit plan" or "plan" and each purchaser of such Notes will be deemed to have represented, warranted and agreed that it is not, and for so long as it holds such Notes will not be, such an "employee benefit plan", "plan" or person or governmental, church or non-U.S. plan subject to Similar Law or, if it is a governmental, church or non-U.S. plan, its acquisition, holding and transfer or other disposition of such Notes will not result in a violation of Similar Law. Each purchaser of ERISA-Eligible Notes will be deemed to have represented, warranted and agreed that (i) it is not, and for so long as it holds such Notes will not be, an ERISA Plan or other Plan, or a governmental, church or non-U.S. plan subject to Similar Law, or (ii) its acquisition, holding and transfer or other disposition of such Notes will not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation of Similar Law.

Each of the Arranger, the Joint Lead Managers and the Co-Manager has acknowledged, in the Subscription Agreement, that the Notes and Certificates have not been and will not be registered

under the Securities Act or the securities laws of any state or other jurisdiction of the United States and therefore may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except, with respect to the Rule 144A Notes only, to persons that are QIBs in reliance on Rule 144A or pursuant to any other exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or federal securities laws. In addition, the Notes cannot be resold in the United States or to U.S. persons unless they are subsequently registered or an exemption from registration is available.

In connection with any Reg S Notes, the Arranger, each Joint Lead Manager and the Co-Manager has agreed that with respect to the relevant Reg S Notes for which it has subscribed that it will not offer, sell or deliver the Reg S Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering of the Reg S Notes and the Closing Date (the **Distribution Compliance Period**) within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Rule 903 or 904 of Regulation S. The Arranger, each Joint Lead Manager and the Co-Manager has further agreed that it will have sent to each affiliate or person receiving a selling commission, fee or other remuneration that purchases Reg S Notes from it during the Distribution Compliance Period (other than resales pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Reg S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until the expiration of the Distribution Compliance Period, an offer or sale of the Notes within the United States by the Arranger or any Joint Lead Manager or the Co-Manager (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in compliance with Rule 144A or pursuant to another exemption from the registration requirements under the Securities Act. In connection with any Reg. S Notes, each Joint Lead Manager and the Co-Manager shall not engage in any directed selling efforts (as defined in Regulation S under the Securities Act).

In connection with any Rule 144A Notes, the Arranger, each Joint Lead Manager and the Co-Manager has agreed that with respect to the relevant Rule 144A Notes for which it has subscribed, it will directly or through its U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to QIBs in reliance on Rule 144A and each purchaser of Notes is hereby notified that the Arranger, the Joint Lead Managers and the Co-Manager may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Rule 144A Notes which may be purchased by a QIB is GBP£250,000 (or the approximate equivalent thereof in any other currency). To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuer has undertaken to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Notes remain outstanding as restricted securities within the meaning of Rule 144(a)(3) of the Securities Act and the Issuer is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

The Issuer, the Arranger, the Joint Lead Managers and the Co-Manager reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB within the meaning of Rule 144A to whom an offer has been made directly by the Arranger or a Joint Lead Manager or the Co-Manager or, in each case, its U.S. broker-dealer affiliate. Distribution of this Prospectus by any non-U.S. person outside the United States, or by any QIB in the United States, to any U.S. person or to any other person within the United States, other than any QIB (and those persons, if any, retained to advise such non-U.S. person or QIB with respect

thereto), is unauthorised. Any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB (and those persons, if any, retained to advise such non-U.S. person or QIB), is prohibited.

United Kingdom

Each of the Joint Lead Managers and the Co-Manager has represented and agreed with the Issuer that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issuance or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Ireland

Each of the Joint Lead Managers and the Co-Manager has represented and agreed that:

- (a) it will not underwrite the issuance of, or place the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulation 2007 (Nos. 1 to 3) of Ireland, including Regulations 7 and 152 thereof and any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) it will not underwrite the issuance of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Act 1963 to 2013 (as amended), the Irish Central Bank Acts 1942 to 2014 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989;
- (c) it will not underwrite the issuance of, or place, or do anything in Ireland with respect to the Notes otherwise than in conformity with the provisions of the Irish Prospectus (Directive 2003/71/EC) Regulations, 2005 and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act, 2005, by the Central Bank of Ireland; and
- (d) it will not underwrite the issuance of, place or otherwise act in Ireland with respect to the Notes, otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations, 2005 (as amended) and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act, 2005 by the Central Bank of Ireland.

EEA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Manager has represented and agreed, and each subscriber of Notes will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of the Notes which are the subject of the offering contemplated by the Prospectus in relation thereto to the public in that

Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Manager for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Notes referred to in paragraphs (a) to (c) above shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Notes to the public in relation to any Notes in any Relevant Member State** means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the **Prospectus Directive** in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

General

Other than admission of the Notes and Certificates to the Official List of the Irish Stock Exchange and the admission of the Notes and Certificates to trading on its Main Securities Market, no action has been taken by the Issuer, the Arranger, the Joint Lead Managers, the Co-Manager or the Seller that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each of the Issuer, the Arranger, the Joint Lead Managers and the Seller has undertaken that it will not, directly or indirectly, offer or sell any Notes or Certificates or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes or Certificates in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations (including as stated in the section entitled "Important Notices" above, not to retail investors as defined in such section) and all offers and sales of Notes by it will be made on the same terms.

It is expected that delivery of Notes will be made against payment on the Closing Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until three days prior to the Closing Date will be required, by virtue of the fact the Notes initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the Closing Date should consult their own adviser.

TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

Offers and Sales

The Notes (including any interests therein) have not been and will not be registered under the Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except pursuant to an effective registration statement or in accordance with an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. Accordingly, the Notes (and any interests therein) are being offered and sold (i) in the case of the Rule 144A Notes, in the United States only to QIBs in transactions exempt from the registration requirements of the Securities Act pursuant to Rule 144A and in accordance with any state securities law and (ii) in the case of the Reg S Notes, outside the United States to non-U.S. persons in compliance with Regulation S.

The Notes may not be reoffered, resold, pledged or otherwise transferred except (a) (i) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S, or (b) pursuant to another available exemption from the registration requirements of the Securities Act, in each case in accordance with all applicable securities laws of any state or other jurisdiction of the United States.

On or prior to the expiration of the Distribution Compliance Period, ownership of interests in Reg S Global Notes will be limited to persons who have accounts with Euroclear or Clearstream, Luxembourg, or persons who hold interests through Euroclear or Clearstream, Luxembourg, and any sale or transfer of such interests to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A as provided below. Any offers, sales or deliveries of the Notes in the United States or to U.S. persons by an investor purchasing in an offshore transaction pursuant to Regulation S prior to the end of the Distribution Compliance Period may constitute a violation of United States law.

Investor Representations and Restrictions on Resale

Each purchaser of the Notes (including any interests therein) will be deemed to have represented and agreed as follows:

- (a) the Notes are only being offered in a transaction that does not require registration under the Securities Act and the Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction of the United States and accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described in (e) below;
- (b) that (A) in the case of the Rule 144A Global Notes, it (i) is a QIB within the meaning of Rule 144A under the Securities Act, (ii) is aware, and each beneficial owner of such Notes has been advised, that the sale to it is being made in reliance on Rule 144A under the Securities Act, and (iii) is acquiring such Notes for its own account or as a fiduciary or agent for others (which others must also be QIBs) for investment purposes and not for distribution in violation of the Securities Act, (iv) it is able to bear the economic risk of an investment in such Notes and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of purchasing the Notes; or (B) in the case of the Reg S Notes, it is not a U.S. person (within the meaning of Regulation S under the Securities Act and is acquiring such Reg S Notes for its own account or as a fiduciary or agent for other non-U.S.

persons in an offshore transaction (as defined in Regulation S) pursuant to an exemption from registration provided by Regulation S;

- (c) such Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act and such notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (d) the Issuer has not been registered under the Investment Company Act;
- (e) it understands that the Notes are being offered only in a transaction that does not require registration under the Securities Act and are not fungible with any class of SEC-registered notes, and, if it decides to resell or otherwise transfer the Notes, then it agrees that it will resell or transfer such Notes only: (A) to a person whom the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A and to whom notice is given that the resale or other transfer is being made in reliance on Rule 144A; (B) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available); (C) to a non-U.S. person acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S; (D) pursuant to another available exemption from the registration requirements of the Securities Act or (E) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States, provided, that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;
- (f) it will, and will require each subsequent holder to, notify any subsequent purchaser of the Notes of the resale restrictions referred to in paragraph (e) above, if then applicable;
- (g) each purchaser and subsequent transferee of any ERISA-Eligible Note will be deemed by such purchase or acquisition of any such Note to have represented, warranted and agreed, on each day from the date on which the purchaser or transferee acquires such Note through and including the date on which the purchaser or transferee disposes of such Note, either that (A) it is not a Plan or an entity whose underlying assets include the assets of any Plan or a governmental, church or non-U.S. plan subject to Similar Law or (B) its acquisition, holding and transfer or other disposition of such Note will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental, church or non-U.S. plan, a violation of Similar Law. Each purchaser and subsequent transferee of any Note that is not an ERISA-Eligible Note will be deemed by such purchase or acquisition of any such Note to have represented, warranted and agreed, on each day from the date on which the purchaser or transferee acquires such Note through and including the date on which the purchaser or transferee disposes of such Note, either that (A) it is not a Plan or an entity whose underlying assets include the assets of any Plan or a governmental, church or non-U.S. plan subject to Similar Law, or (B) if it is a governmental, church or non-U.S. plan, its acquisition, holding and transfer or other disposition of such Note will not result in a violation of Similar Law;
- (h) it understands that the Notes offered in reliance on Rule 144A will be represented by the Rule 144A Global Notes. Before any interest in the Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Reg S Global Note, it will be required to provide a transfer agent with a written certification (in the form provided in the Trust Deed) as to compliance with applicable securities laws;

- (i) it also understands that the Notes offered in reliance on Regulation S will be represented by the Reg S Global Notes. Before any interest in the Reg S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note, it will be required to provide a transfer agent with a written certification (in the form provided in the Trust Deed) as to compliance with applicable securities laws; and
- (j) it understands that the Issuer, the Registrar, the Arranger and their affiliates and others will rely upon the truth and accuracy of the acknowledgments, representations and agreements contained in this section "*Transfer Restrictions and Investor Representations*". If it is acquiring any Notes for the account of one or more QIBs it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.
- (k) with respect to any foreign purchaser claiming an exemption from United States income or withholding tax, such purchaser has delivered to the paying agent a true and complete Form W-8BEN, W-8BEN-E, W-8ECI, W-8IMY or other applicable U.S. tax form, indicating such exemption; and the purchaser acknowledges that transfers of the issuing entity notes or any interest therein will otherwise be subject in all respects to any other restrictions applicable thereto contained in the Trust Deed.

Legend

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any series of the Notes is outstanding, a Reg S Global Note will bear a legend substantially as set forth below:

NEITHER THIS NOTE NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION OF THE UNITED STATES. THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

AS A MATTER OF U.S. LAW, PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, ANY TRANSFER OF THE NOTES MAY ONLY BE MADE: (A) TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT (**REGULATION S**), (B) TO OR FOR THE ACCOUNT OR BENEFIT OF PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (**RULE 144A**)) OR (C) PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE COMMON SAFEKEEPER OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ANY APPLICABLE REGULATIONS.

[[TO BE INCLUDED FOR NOTES THAT ARE ERISA-ELIGIBLE:] EACH PURCHASER AND TRANSFEREE OF THIS NOTE OR ANY INTEREST HEREIN, BY ITS ACQUISITION OF THIS NOTE, SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE (AND WILL NOT BE ACTING ON BEHALF OF) (I) AN **EMPLOYEE BENEFIT PLAN** AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**) WHICH IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA OR A **PLAN** AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (**THE CODE**), (II) AN EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, NON U.S. OR OTHER LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), OR (III) AN ENTITY (**PLAN ASSET ENTITY**) WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF ERISA, SECTION 4975 OF THE CODE OR ANY SIMILAR LAW, TO INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN THE ENTITY, OR (B) THAT ITS ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO SIMILAR LAW, IS NOT IN VIOLATION OF ANY SIMILAR LAW).]

[TO BE INCLUDED FOR NOTES THAT ARE NOT ERISA-ELIGIBLE:] BY ITS ACQUISITION AND HOLDING OF THIS NOTE, EACH HOLDER OF THIS NOTE OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE (AND WILL NOT BE ACTING ON BEHALF OF) (I) AN **EMPLOYEE BENEFIT PLAN** AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**) WHICH IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA OR A **PLAN** AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (**THE CODE**), (II) AN EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), OR (III) AN ENTITY (**PLAN ASSET ENTITY**) WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF ERISA, SECTION 4975 OF THE CODE, OR ANY SIMILAR LAW TO INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN THE ENTITY, OR (B) IT IS AN EMPLOYEE BENEFIT PLAN THAT IS NOT SUBJECT TO ERISA OR SECTION 4975 OF THE CODE AND IS SUBJECT TO SIMILAR LAW, AND THE ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN DOES NOT AND WILL NOT VIOLATE ANY SIMILAR LAW. ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THESE REQUIREMENTS SHALL BE NULL AND VOID AB INITIO.

THE PURCHASER OR ACQUIROR ACKNOWLEDGES THAT THE ISSUER RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any series of the Notes is outstanding, a Rule 144A Global Note will bear a legend substantially as set forth below:

NEITHER THIS NOTE NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR WILL BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAW OF ANY OTHER JURISDICTION. THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE ISSUER THAT (A) THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED, ONLY (I) IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (II) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (IV) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (V) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH OF CASES (I) THROUGH (IV) IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND (B) THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS NOTE FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE. ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THE FOREGOING REQUIREMENTS SHALL BE NULL AND VOID *AB INITIO*.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR AND CLEARSTREAM, LUXEMBOURG (THE COMMON SAFEKEEPER) TO THE REGISTRAR OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF SUCH ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF THE COMMON SAFEKEEPER OR SUCH OTHER REPRESENTATIVE OF THE COMMON SAFEKEEPER OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF THE COMMON SAFEKEEPER (AND ANY PAYMENT HEREON IS MADE TO SUCH ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF THE COMMON SAFEKEEPER), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO SUCH NOMINEES OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ANY APPLICABLE REGULATIONS.

[[TO BE INCLUDED FOR NOTES THAT ARE ERISA-ELIGIBLE:]] EACH PURCHASER AND TRANSFEREE OF THIS NOTE OR ANY INTEREST HEREIN, BY ITS ACQUISITION OF THIS NOTE, SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE (AND WILL NOT BE ACTING ON BEHALF OF) (I) AN **EMPLOYEE BENEFIT PLAN** AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**) WHICH IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA OR A **PLAN** AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), (II) AN EMPLOYEE BENEFIT PLAN

SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), OR (III) AN ENTITY (**PLAN ASSET ENTITY**) WHOSE UNDERLYING ASSETS ARE DEEMED FOR PURPOSES OF ERISA, SECTION 4975 OF THE CODE OR ANY SIMILAR LAW, TO INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN THE ENTITY, OR (B) THAT ITS ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO SIMILAR LAW, IS NOT IN VIOLATION OF ANY SIMILAR LAW).]

[*TO BE INCLUDED FOR NOTES THAT ARE NOT ERISA-ELIGIBLE:*] BY ITS ACQUISITION AND HOLDING OF THIS NOTE, EACH HOLDER OF THIS NOTE OR ANY INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE WILL NOT BE (AND WILL NOT BE ACTING ON BEHALF OF) (I) AN **EMPLOYEE BENEFIT PLAN** AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**) WHICH IS SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA OR A **PLAN** AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (**THE CODE**), (II) AN EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), OR (III) AN ENTITY (**PLAN ASSET ENTITY**) WHOSE UNDERLYING ASSETS ARE DEEMED FOR THE PURPOSES OF ERISA, SECTION 4975 OF THE CODE, OR ANY SIMILAR LAW TO INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN THE ENTITY, OR (B) IT IS AN EMPLOYEE BENEFIT PLAN THAT IS NOT SUBJECT TO ERISA OR SECTION 4975 OF THE CODE AND IS SUBJECT TO SIMILAR LAW, AND THE ACQUISITION, HOLDING AND TRANSFER OR OTHER DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN DOES NOT AND WILL NOT VIOLATE ANY SIMILAR LAW. ANY PURPORTED TRANSFER OF THIS NOTE THAT DOES NOT COMPLY WITH THESE REQUIREMENTS SHALL BE NULL AND VOID AB INITIO.]

THE PURCHASER OR ACQUIROR ACKNOWLEDGES THAT THE ISSUER RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.

GENERAL INFORMATION

1. It is expected that the admission of the Rated Notes and the Class Z Notes to the Official List of the Irish Stock Exchange and the admission of the Rated Notes and the Class Z Notes to trading on the Irish Stock Exchange's Main Securities Market will be granted on or around 25 April 2017. The Class R Notes and the Certificates will not be listed.
2. None of the Issuer or Holdings is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Holdings respectively is aware) since 17 March 2017 (being the date of incorporation of each of the Issuer and Holdings) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer or Holdings (as the case may be).
3. No statutory or non-statutory accounts within the meaning of Sections 434 and 435 of the Companies Act 2006 (as amended) in respect of any financial year of the Issuer have been prepared. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be drawn up to 31 December 2017. So long as the Rated Notes are admitted to trading on the Irish Stock Exchange's Main Securities Market, the most recently published audited annual accounts of the Issuer from time to time shall be available at the specified office of the Principal Paying Agent in London. The Issuer does not publish interim accounts.
4. For so long as the Rated Notes are admitted to the Official List of the Irish Stock Exchange and to trading on the Irish Stock Exchange's Main Securities Market, the Issuer shall maintain a Paying Agent in Ireland.
5. Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.
6. Since 17 March 2017 (being the date of incorporation of each of the Issuer and Holdings), there has been (a) no material adverse change in the financial position or prospects of the Issuer or Holdings and (b) no significant change in the financial or trading position of the Issuer or Holdings.
7. The issue of the Notes and the Certificates was authorised pursuant to a resolution of the board of directors of the Issuer passed on 13 April 2017.
8. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISINs and Common Codes. The Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISINs and Common Codes:

Class of Notes	Reg S ISIN	Reg S		Rule 144A	
		Common Code	ISIN	Common Code	ISIN
Class A Notes	XS1593589333	159358933	XS1593589416	159358941	
Class B Notes	XS1593589507	159358950	XS1593589762	159358976	
Class C Notes	XS1593589846	159358984	XS1593589929	159358992	
Class D Notes	XS1593590000	159359000	XS1593590349	159359034	
Class E Notes	XS1593590422	159359042	XS1593590935	159359093	
Class F Notes	XS1593591156	159359115	XS1593591313	159359131	
Class G Notes	XS1593591586	159359158	XS1593591743	159359174	

Class of Notes	Reg S ISIN	Reg S Common Code	Rule 144A ISIN	Rule 144A Common Code
Class Z Notes	XS1593592048	159359204	XS1593592394	159359239
Class R Notes	XS1593592634	159359263	XS1593592717	159359271
Certificates	XS1593595223	159359522	XS1593595579	159359557

9. From the date of this Prospectus and for so long as the Rated Notes are listed on the Irish Stock Exchange and admitted to trading on its Main Securities Market, physical copies of the following documents may be inspected at the registered office of the Issuer (and, with the exception of paragraph (a) below, at the specified office of the Paying Agents) during usual business hours, on any weekday (public holidays excepted):

- (a) the memorandum and articles of association of each of the Issuer and Holdings;
- (b) physical copies of the following documents:
 - (i) Agency Agreement;
 - (ii) Bank Account Agreement;
 - (iii) Cash Management Agreement;
 - (iv) Collection Account Declaration of Trust;
 - (v) Corporate Services Agreement;
 - (vi) Deed of Charge;
 - (vii) Deed of Covenant;
 - (viii) Deed Poll;
 - (ix) Issuer Power of Attorney;
 - (x) Interim Servicing Agreement;
 - (xi) Legal Title Holder Power of Attorney;
 - (xii) Long-Term Servicing Agreement;
 - (xiii) Master Definitions and Construction Schedule;
 - (xiv) Mortgage Sale Agreement;
 - (xv) Relevant Servicer Power of Attorney;
 - (xvi) Retention Holder Deed Poll;
 - (xvii) Seller Power of Attorney;
 - (xviii) Seller Deed of Charge;
 - (xix) Seller Security Power of Attorney;

- (xx) Servicer Facilitator Agreement;
 - (xxi) Share Trust Deed;
 - (xxii) Trust Deed;
 - (xxiii) Vendor Collection Account Declaration of Trust;
 - (xxiv) such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes and/or the Certificates.
- (c) The Cash Manager on behalf of the Issuer will publish (i) the Monthly Investor Report detailing, among other things, certain aggregated loan file data in relation to the Portfolio and (ii) the Quarterly Investor Report detailing, among other things, certain aggregated loan file data in relation to the Portfolio and information concerning payment priorities for the relevant Interest Payment Date. Each Investor Report will be prepared by the Cash Manager based on information contained in the Servicer Report. Each Investor Report will be published on the website at <https://sf.citidirect.com>. The website <https://sf.citidirect.com> and the contents thereof do not form part of the Prospectus. Other than as outlined above, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Loans.
10. The Issuer confirms that the Loans backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. Investors are advised that this confirmation is based on the information available to the Issuer at the date of this Prospectus and may be affected by the future performance of such assets backing the issue of the Notes. Investors are advised to review carefully any disclosure in the Prospectus together with any amendments or supplements thereto.
11. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Rated Notes and is not itself seeking admission of the Rated Notes to the Official List of the Irish Stock Exchange or to trading on the Main Securities Market of the Irish Stock Exchange.

ANNEX 1

Set out below are curves that were material for calculating the ranges of fair value of the Notes and the Certificates set out under “U.S. Credit Risk Retention Requirements and Regulatory Considerations” above.

Month	CPR	CDR	SEV
0	0	0	0
1	6.5%	0.2615%	20%
2	6.5%	0.2556%	20%
3	6.5%	0.2459%	20%
4	6.5%	0.2356%	20%
5	6.5%	0.2244%	20%
6	6.5%	0.2155%	20%
7	6.5%	0.2040%	20%
8	6.5%	0.1886%	20%
9	6.5%	0.1701%	20%
10	6.5%	0.1482%	20%
11	6.5%	0.1332%	20%
12	6.5%	0.1196%	20%
13	6.5%	0.1119%	20%
14	6.5%	0.1050%	20%
15	6.5%	0.1007%	20%
16	6.5%	0.0955%	20%
17	6.5%	0.0945%	20%
18	6.5%	0.0910%	20%
19	6.5%	0.0950%	20%
20	6.5%	0.0950%	20%

21	6.5%	0.0950%	20%
22	6.5%	0.0950%	20%
23	6.5%	0.0927%	20%
24	6.5%	0.0926%	20%
25	6.5%	0.0901%	20%
26	6.5%	0.0875%	20%
27	6.5%	0.0891%	20%
28	6.5%	0.0871%	20%
29	6.5%	0.0807%	20%
30	6.5%	0.0727%	20%
31	6.5%	0.0677%	20%
32	6.5%	0.0675%	20%
33	6.5%	0.0631%	20%
34	6.5%	0.0577%	20%
35	6.5%	0.0475%	20%
36	6.5%	0.0475%	20%
37	6.5%	0.0475%	20%
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