

Neither the Notes nor the Certificates have been and nor will they be registered under the United States Securities Act 1933, as amended (the Securities Act), or the securities laws or "blue sky" laws of any state or other jurisdiction of the United States, and neither the Notes nor the Certificates may be offered or sold (i) within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (Regulation S)) 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 (ii) in transactions that occur outside the United States, except to persons other than U.S. persons in accordance with Regulation S and, in each case, in compliance with any applicable state or local 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*".

Kentmere No. 2 plc
(Incorporated in England and Wales with limited liability, registered number 12087447)
 Legal Entity Identifier: 635400BLYSFCWESLTE75
 Securitisation Transaction Unique Identifier: 635400BLYSFCWESLTE75N201901

Class	Initial Class Principal Amount	Issue Price	Reference Rate ⁽¹⁾	Margin (per annum)	Step-Up Margin (per annum)	First Optional Redemption Date ⁽²⁾	Expected Ratings ⁽³⁾ (Moody's/S&P)	Final Redemption Date
A	£153,244,000	100 per cent.	Compounded Daily SONIA	0.80 per cent.	1.20 per cent.	Oct 2024	Aaa/AAA	Interest Payment Date falling in Jan 2042
B	£5,993,000	100 per cent.	Compounded Daily SONIA	1.40 per cent.	2.10 per cent.	Oct 2024	Aa1/AA+	Interest Payment Date falling in Jan 2042
C	£4,281,000	100 per cent.	Compounded Daily SONIA	1.75 per cent.	2.63 per cent.	Oct 2024	A2/AA	Interest Payment Date falling in Jan 2042
D	£2,568,000	100 per cent.	Compounded Daily SONIA	2.20 per cent.	3.20 per cent.	Oct 2024	Baa2/A+	Interest Payment Date falling in Jan 2042
E	£1,712,000	100 per cent.	Compounded Daily SONIA	3.00 per cent.	4.00 per cent.	Oct 2024	Ba2/A-	Interest Payment Date falling in Jan 2042
F	£3,424,000	39.81541 per cent.	Compounded Daily SONIA	5.00 per cent.	5.00 per cent.	Oct 2024	NR/NR	Interest Payment Date falling in Jan 2042
R	£2,568,000	100 per cent.	N/A (Zero Coupon)	N/A	N/A	Oct 2024	NR/NR	Interest Payment Date falling in Jan 2042
Class X Certificate ⁽⁷⁾	N/A ⁽⁴⁾	N/A	Class X Certificate Payment	N/A ⁽⁵⁾	N/A	N/A	NR/NR	N/A
Class Y Certificates ⁽⁶⁾ ⁽⁷⁾	N/A ⁽⁴⁾	N/A	Class Y Certificate Payment	N/A ⁽⁵⁾	N/A	N/A	NR/NR	N/A

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 R Notes are collectively the **Notes**. The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes are collectively the **Rated Notes**. The Class F Notes and the Class R Notes are collectively the **Unrated 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 Notes**.

Only the Rated Notes (excluding the Rated Notes purchased by the Retention Holder) are being sold through the Lead Manager. The Unrated Notes are intended to be sold in a privately placed transaction. The Certificates are not being offered by this Prospectus.

- (1) The rate of interest payable on each class of Floating Rate 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.
- (2) The First Optional Redemption Date is the Interest Payment Date in October 2024. The first Interest Payment Date will occur on the Interest Payment Date falling in January 2020, and thereafter will occur on the Interest Payment Date falling in April, July, October and January in each year, (or if such day is not a Business Day, the immediately following Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not)).
- (3) 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 F Notes, the Class R Notes and the Certificates will not be rated by any Rating Agency.
- (4) The Certificates will not have a principal amount outstanding. See "*Transaction Overview – Summary of the Terms and Conditions of the Notes and the Certificates*".
- (5) No rate of interest is earned on the Certificates. Payments on the Certificates will be payable in arrear on each Interest Payment Date.
- (6) On the Closing Date (i) 5 per cent. of each of the Rated Notes and 100 per cent. of the Class F Notes and the Class R Notes will be acquired by the Retention Holder; and (ii) the Retention Holder will concurrently transfer 95 per cent. of each of the Class F Notes and the Class R Notes to a holder pursuant to a private placement transaction.
- (7) The Certificates are not being offered by this Prospectus.

The Certificates will be issued on the Closing Date to the Seller and represent a right to deferred consideration for the sale of the Portfolio by the Seller to the Issuer. The Seller will transfer the Certificates to Barclays Bank PLC (**Barclays**) immediately following the issue of the Certificates to the Seller on the Closing Date. Barclays expects to transfer 95 per cent. of the Class Y Certificates to a holder pursuant to a private placement transaction. Barclays will be required to retain no less than 5 per cent. of the nominal value of each of the Class X Certificate and the Class Y Certificates for as long as required under the U.S. Credit Risk Retention Requirements and no less than 5 per cent. of the nominal value of the Class X Certificate for as long as required under the Securitisation Regulation. See "*Certain Regulatory Disclosures – U.S Credit Risk Retention*", and "*Certain Regulatory Disclosures – Securitisation Regulation*". Any transferee or purchaser of any Certificate is prohibited from relying on this prospectus in connection with any such transaction.

ARRANGER

BARCLAYS

LEAD MANAGER

BARCLAYS

The date of this Prospectus is 18 October 2019.

Issue Date	The Issuer will issue the Notes and the Certificates on or about 22 October 2019 (the Closing Date).
Standalone/ programme issuance	Standalone issuance.
Simple, Transparent Standardised Securitisation	and The Notes are not intended to be designated as STS securitisation for the purposes of the Securitisation Regulation.
Listing	This document comprises a prospectus (the Prospectus) for the purposes of Regulation (EU) 2017/1129 as amended or superseded (the Prospectus Regulation). This Prospectus has been approved as a prospectus by the Central Bank of Ireland (the Central Bank) as the competent authority under the Prospectus Regulation. The Central Bank only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the Central Bank should not be considered as an endorsement of the Issuer or the quality of the Notes that are the subject of this Prospectus. Such approval relates to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (together, the Rated Notes), the Class F Notes and the Class R Notes (the Unrated Notes and together with the Rated Notes, the Notes) which Notes are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (MiFID II) 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 trading as Euronext Dublin, (Euronext Dublin) for the Notes to be admitted to the official list (the Official List) and traded on its regulated market (the Regulated Market). The Regulated Market of Euronext Dublin is a regulated market for the purposes of MiFID II. Investors should make their own assessment as to the suitability of investing in the Notes. Each of the Class X Certificate and Class Y Certificates (the Certificates) will not be listed or admitted to trading. The Certificates are not being offered by this Prospectus. Information contained in this Prospectus relating to the Certificates is included herein for completeness. 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 Prospectus is valid for 12 months from its date. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply once the Notes are admitted to the Official List and trading on its regulated market.
Benchmarks Regulation	Amounts payable on Floating Rate Notes are calculated by reference to the Sterling Overnight Index Average (SONIA). As at the date of this prospectus, the administrator of SONIA is not included in ESMA's register of administrators under Article 36 of Regulation (EU) No 2016/1011 (the Benchmarks Regulation). The Bank of England, as administrator of SONIA, is exempt under Article 2 of the Benchmarks Regulation but has issued a statement of compliance with the principles for financial benchmarks issued in 2013 by the International Organisation of Securities Commissions.
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 or "blue sky" laws of any state or other jurisdiction 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 (**Regulation 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 other 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 Regulation S and, in each case, in compliance with any applicable state or local 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 "*Subscription, Sale and Selling Restrictions*" and "*Transfer Restrictions and Investor Representations*".

The Notes offered pursuant to Rule 144A are referred to herein as **Rule 144A Notes** and the Notes offered pursuant to Regulation S are referred to herein as **Regulation S Notes**. Rule 144A Notes issued in global form are referred to herein as **Rule 144A Global Notes** and Regulation S Notes issued in global form are referred to herein as **Regulation S Global Notes**. Collectively, Rule 144A Global Notes and Regulation S Global Notes are referred to herein as **Global Notes**.

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 under the Volcker Rule may be available, the Issuer has relied on the determinations that (i) it may rely on an exemption from the definition of "investment company" 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 or beneficial interest in which will be sold to the Issuer by Isle of Wight Home Loans Limited (referred to in this Prospectus as the **Seller**) and which were purchased by the Seller from Slate No. 2 plc (the **Vendor**) (and originally originated by Kensington Mortgage Company Limited (**Kensington**) or GMAC-FRC Limited (**GMAC**)) and secured over residential properties located in England and Wales and Scotland (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 each Class of Notes is provided in the following manner:

- the over collateralisation 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
- prior to the service of an Enforcement Notice and provided that the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E 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*".

Liquidity Support

Liquidity support for each class of Notes or Certificates (as applicable) 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 X Certificate only, on and from the Liquidity Reserve Fund Trigger Event and prior to the Class A Notes being redeemed in full or 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 Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class X Certificate 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 Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F 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 Certificates*" and set out in full in Condition 8 (*Redemption*) of the terms and conditions of the Notes (the **Conditions**).

Credit Agencies	Rating	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) (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		Ratings are expected to be assigned to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes as set out above on or before the Closing Date. The Class F Notes and Class R Notes will not be rated. The assignment of ratings to a Class of Notes is not a recommendation to invest in such Class of Notes or to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.
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, Barclays Bank PLC (the Retention Holder) will retain, as an originator on an ongoing basis a material net economic interest of not less than 5 per cent. in the securitisation in accordance with Article 6(1) of the Securitisation Regulation (which does not take into account any relevant national measures) (the Retention). As at the Closing Date, the Retention will comprise the Retention Holder holding no less than 5 per cent. of the nominal value of each Class of Notes sold or transferred to investors and the Class X Certificate issued to the Seller, in each case on the Closing Date, (the Retained Notes), as required by Article 6 of the Securitisation Regulation. 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 " <i>Certain Regulatory Disclosures – Securitisation Regulation</i> " for further information.
U.S. Credit Risk Retention Requirements		The Retention Holder as "sponsor" under the U.S. Credit Risk Retention Requirements (in such capacity, the Sponsor) is required under Section 15G of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act) and the final rules related thereto published on 24 December 2014 in the Federal Register by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the SEC and the Department of Housing and Urban Development (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 " <i>Certain Regulatory Disclosures – U.S Credit Risk Retention</i> ") 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 per cent. The Retention Holder intends to satisfy the U.S. Credit Risk Retention Requirements by acquiring and retaining, directly an eligible vertical interest (an EVI) equal to a minimum of 5 per cent. of the nominal value of each Class of Notes and the Certificates issued by the Issuer on the Closing Date. For further information regarding the U.S. Credit Risk Retention Requirements and the Retention Holder's compliance with respect thereto, see " <i>Certain Regulatory Disclosures – U.S Credit Risk Retention</i> ".
Certificates		In addition to the Notes, the Issuer will issue the Certificates on the Closing Date. The Certificates represent the right to receive the Class X Certificate Payment (in respect of the Class X Certificate) and the Class Y Certificate Payment (in respect

of the Class Y Certificates), in accordance with the Terms and Conditions of the Certificates. In addition, the Class Y Certificates represent the right of the Portfolio Option Holder to exercise the Portfolio Purchase Option. The Class X Certificate and Class Y 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 and the Seller will transfer 100 per cent. of each of the Class X Certificate and the Class Y Certificates to the Retention Holder on the Closing Date. The Retention Holder expects to transfer 95 per cent. of the Class Y Certificates to one or more holders pursuant to a private placement transaction. See the section entitled "*Terms and Conditions of the Certificates*" for further details.

The Certificates are not being offered by this Prospectus. Any transferee of any Certificate is prohibited from relying on this Prospectus in connection with any such transaction.

The Certificates will not be listed or rated.

Significant Investors

The Certificates will be issued on the Closing Date to the Seller and represent a right to deferred consideration for the sale of the Portfolio by the Seller to the Issuer. The Seller will, immediately following the issue of the Certificates to the Seller, transfer the Certificates to the Retention Holder on the Closing Date.

On the Closing Date, the Retention Holder will acquire: (i) 5 per cent. of each of the Rated Notes, and (ii) 100 per cent. of the Class F Notes and the Class R Notes (the 5 per cent. of the nominal value of each Class of Notes and Certificates held in compliance with the Securitisation Regulation and the U.S. Credit Risk Retention as described above being the **Retained Interest**).

The Retention Holder will concurrently transfer 95 per cent. of the Class F Notes, the Class R Notes and the Class Y Certificate to a third party investor consisting of a fund, acting directly or through an affiliate on the same day.

In addition, it is intended that on the Closing Date 95 per cent. of the Class A Notes, 95 per cent. of the Class B Notes, 95 per cent. of the Class C Notes, 95 per cent. of the Class D Notes and 95 per cent. of the Class E Notes (the **Placed Notes**) will be placed with a third party investor consisting of a fund, acting directly or through an affiliate giving it a holding of sufficient Notes to allow it to pass or block Noteholder resolutions in respect of Basic Terms Modifications or resolutions in respect of such Classes of Notes and Certificates. Therefore, no assurance can be given that any other Noteholder will have influence to block or pass certain Noteholder resolutions.

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 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 the request of a holder or of any beneficial owner of such a 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 OR "BLUE SKY" 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 LOCAL 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 REGULATION 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 RESALES OR TRANSFERS, SEE "*SUBSCRIPTION, SALE AND SELLING RESTRICTIONS*" AND "*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.

IT IS EXPECTED THAT EACH CLASS OF NOTES (OTHER THAN THE CLASS E NOTES, THE CLASS F NOTES AND CLASS R NOTES) WILL BE ERISA-ELIGIBLE NOTES (AS DEFINED HEREIN). EACH PURCHASER OF ANY NOTE THAT IS AN ERISA ELIGIBLE NOTE (OR INTEREST THEREIN) WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT EITHER (I) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH A NOTE (OR INTEREST THEREIN) WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), (A) 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 THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (B) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), OR (C) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE

PLAN ASSETS BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN SUCH ENTITY WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) (EACH (A), (B) AND (C), A **BENEFIT PLAN INVESTOR**), OR (D) 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 PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD SUCH NOTE OR ANY INTEREST THEREIN CONSTITUTES OR WILL CONSTITUTE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (II) ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH NOTE (OR INTEREST THEREIN) WILL NOT CONSTITUTE OR 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 ANY SIMILAR LAW. EACH PURCHASER OF A CERTIFICATE OR OF ANY NOTE THAT IS NOT AN ERISA-ELIGIBLE NOTE (SUCH AS A CLASS E NOTE, CLASS F NOTE OR CLASS R NOTE) WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT (I) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS SUCH CERTIFICATE OR NOTE (OR INTEREST THEREIN) WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF), A BENEFIT PLAN INVESTOR OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY SIMILAR LAW, AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD SUCH CERTIFICATE OR NOTE (OR INTEREST THEREIN) CONSTITUTES OR WILL CONSTITUTE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (II) IF IT IS A GOVERNMENTAL, CHURCH OR NON U.S. PLAN, ITS ACQUISITION, HOLDING AND DISPOSITION OF SUCH CERTIFICATE OR NOTE (OR INTEREST THEREIN) WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF ANY SIMILAR LAW. SEE "*ERISA CONSIDERATIONS FOR INVESTORS*".

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.

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 ORIGINAL LEGAL TITLE HOLDER, THE NEW LEGAL TITLE HOLDER, THE ORIGINATORS, THE ARRANGER, THE LEAD MANAGER, THE PAYING AGENTS, THE SERVICER FACILITATOR, THE SERVICER ADMINISTRATOR, THE SERVICER, THE CASH MANAGER, THE REPLACEMENT CASH MANAGER FACILITATOR, THE ISSUER ACCOUNT BANK, THE COLLECTION ACCOUNT BANK, THE CORPORATE SERVICES PROVIDER, THE ORIGINAL LEGAL TITLE HOLDER 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.

Each Class of Notes will each be represented on issue by a global certificate in registered form (a **Global Note**). Each Class of 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 means that the Notes and the Certificates are intended to be deposited with one of 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 or 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 is 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).

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 DISTRIBUTION OF THIS PROSPECTUS AND THE OFFERING OF THE NOTES 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 REGULATION 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.

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET - SOLELY FOR THE PURPOSES OF THE MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE NOTES IS ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY, EACH AS DEFINED IN DIRECTIVE 2014/65/EU (AS AMENDED, **MIFID II**); AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE NOTES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A **DISTRIBUTOR**) SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER'S TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND 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 MIFID II; (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97, THE **INSURANCE DISTRIBUTION DIRECTIVE**), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) A PERSON WHO IS NOT A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS REGULATION. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, 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 LEAD 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*". NEITHER 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.

NEITHER OF THE ARRANGER NOR THE LEAD MANAGER ARE RESPONSIBLE FOR ANY OBLIGATION OF BARCLAYS, THE SELLER OR THE ISSUER FOR COMPLIANCE WITH THE REQUIREMENTS (INCLUDING EXISTING OR ONGOING REPORTING REQUIREMENTS) OF ARTICLE 7 OF THE SECURITISATION REGULATION OR ANY CORRESPONDING NATIONAL MEASURES WHICH MAY BE RELEVANT.

THE ISSUER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS PROSPECTUS. TO THE BEST OF ITS KNOWLEDGE, THE INFORMATION CONTAINED IN THIS PROSPECTUS IS IN ACCORDANCE WITH THE FACTS AND THE PROSPECTUS MAKES NO OMISSION 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.

KENDAL MORTGAGES LIMITED ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE NEW LEGAL TITLE HOLDER*". TO THE BEST OF ITS KNOWLEDGE, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND THE PROSPECTUS MAKES NO OMISSION 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 IT 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.

TRILLIUM MORTGAGES LIMITED ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SUB-SECTION HEADED "*THE ORIGINAL LEGAL TITLE HOLDER*" IN THE SECTION HEADED "*THE VENDOR AND THE ORIGINAL LEGAL TITLE HOLDER*". TO THE BEST OF ITS KNOWLEDGE, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND THE PROSPECTUS MAKES NO OMISSION 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 IT 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 ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE SELLER*". TO THE BEST OF THE KNOWLEDGE OF THE SELLER, THE INFORMATION CONTAINED IN THE SECTIONS REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND THE PROSPECTUS MAKES NO OMISSION 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 AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION HEADED "*THE SELLER*" AND NOT EXCLUDED THEREIN) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE RETENTION HOLDER, THE SPONSOR AND THE SERVICER ADMINISTRATOR ACCEPT RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTIONS HEADED "*THE RETENTION HOLDER, THE SPONSOR AND THE SERVICER ADMINISTRATOR*" AND "*CERTAIN REGULATORY DISCLOSURES*". TO THE BEST OF THE KNOWLEDGE OF THE RETENTION HOLDER, THE SPONSOR, AND THE SERVICER ADMINISTRATOR, THE INFORMATION CONTAINED IN THE SECTIONS REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND THE PROSPECTUS MAKES NO OMISSION 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 RETENTION HOLDER, THE SPONSOR AND THE SERVICER

ADMINISTRATOR AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTIONS REFERRED TO ABOVE) OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR DISTRIBUTION.

THE CASH MANAGER AND THE ISSUER ACCOUNT BANK ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE CASH MANAGER AND THE ISSUER ACCOUNT BANK*". TO THE BEST OF THE KNOWLEDGE OF THE CASH MANAGER AND THE ISSUER ACCOUNT BANK, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND THE PROSPECTUS MAKES NO OMISSION 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 AND THE ISSUER ACCOUNT BANK 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 OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS THE PROSPECTUS MAKES NO OMISSION 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.

THE SERVICER ACCEPTS RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE SERVICER*". TO THE BEST OF THE KNOWLEDGE OF THE SERVICER, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND THE PROSPECTUS MAKES NO OMISSION LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE SERVICER AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS (OTHER THAN IN THE SECTION REFERRED TO ABOVE 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 SERVICER FACILITATOR ACCEPT RESPONSIBILITY FOR THE INFORMATION SET OUT IN THE SECTION HEADED "*THE CORPORATE SERVICES PROVIDER, THE REPLACEMENT CASH MANAGER FACILITATOR AND THE SERVICER FACILITATOR*". TO THE BEST OF THE KNOWLEDGE OF EACH OF THE CORPORATE SERVICES PROVIDER, THE REPLACEMENT CASH MANAGER FACILITATOR AND THE SERVICER FACILITATOR, THE INFORMATION CONTAINED IN THE SECTION REFERRED TO IN THIS PARAGRAPH IS IN ACCORDANCE WITH THE FACTS AND THE PROSPECTUS MAKES NO OMISSION LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION. NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE CORPORATE SERVICES PROVIDER, THE REPLACEMENT CASH MANAGER FACILITATOR AND THE 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. NONE OF THE ORIGINATORS IS A TRANSACTION PARTY OR HAS ANY OBLIGATIONS IN RESPECT OF THE ISSUER AND/OR THE NOTES.

THE INFORMATION ON THE WEBSITES TO WHICH THIS PROSPECTUS REFERS DOES NOT FORM PART OF THIS PROSPECTUS AND HAS NOT BEEN SCRUTINISED OR APPROVED BY THE CENTRAL BANK.

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 SERVICER AND THE CORPORATE SERVICES PROVIDER IN THE SECTIONS HEADED "*THE CASH MANAGER AND THE ISSUER ACCOUNT BANK*", "*THE NOTE TRUSTEE AND THE SECURITY TRUSTEE*", "*THE VENDOR AND THE ORIGINAL LEGAL TITLE HOLDER*", "*THE SERVICER*", "*THE SELLER*" AND "*THE CORPORATE SERVICES PROVIDER, THE REPLACEMENT CASH MANAGER FACILITATOR AND THE SERVICER FACILITATOR*" RESPECTIVELY). NONE OF THE ARRANGER NOR THE LEAD MANAGER ASSUME RESPONSIBILITY FOR AND SHALL NOT BE LIABLE TO INVESTORS FOR THE ACTS OR OMISSIONS OF THE PARTIES TO THE TRANSACTION. 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 judgments 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.

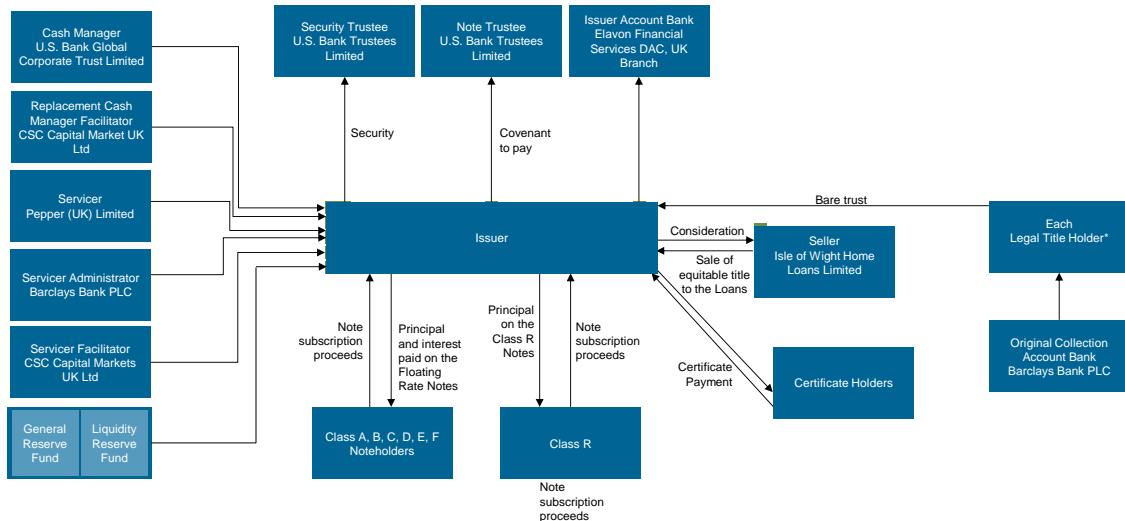
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STRUCTURE DIAGRAMS

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION

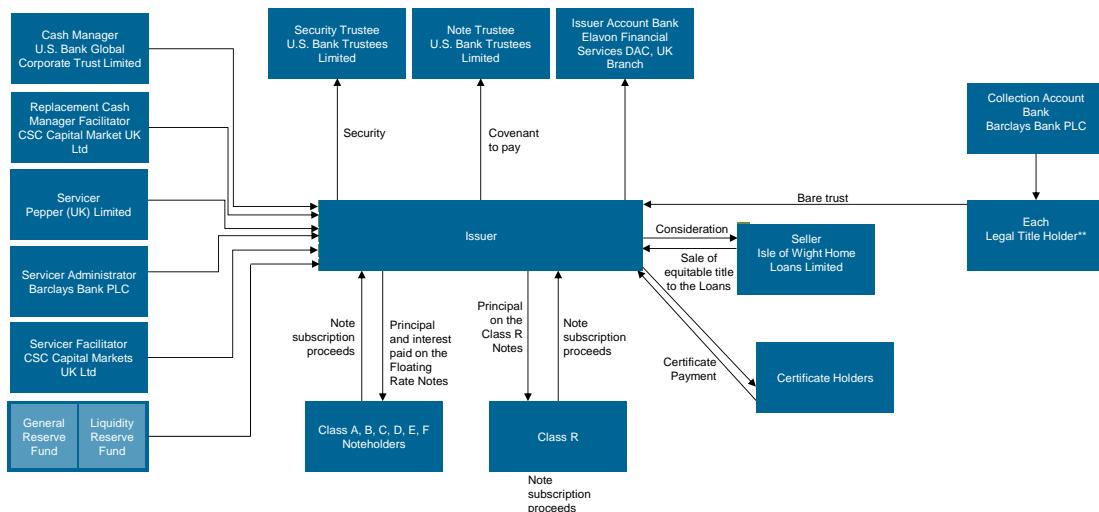
Figure 1 – Transaction Structure: During the Interim Period



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

* Legal title to the Mortgage Loans held by Trillium Mortgages Limited (the **Original Legal Title Holder**).

Figure 2 – Transaction Structure: Following the Interim Period



** Legal title to the Mortgage Loans held by Trillium Mortgages Limited (the **New Legal Title Holder**)

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION'S ONGOING CASHFLOWS

Figure 3 – Cashflow Structure: During the Interim Period

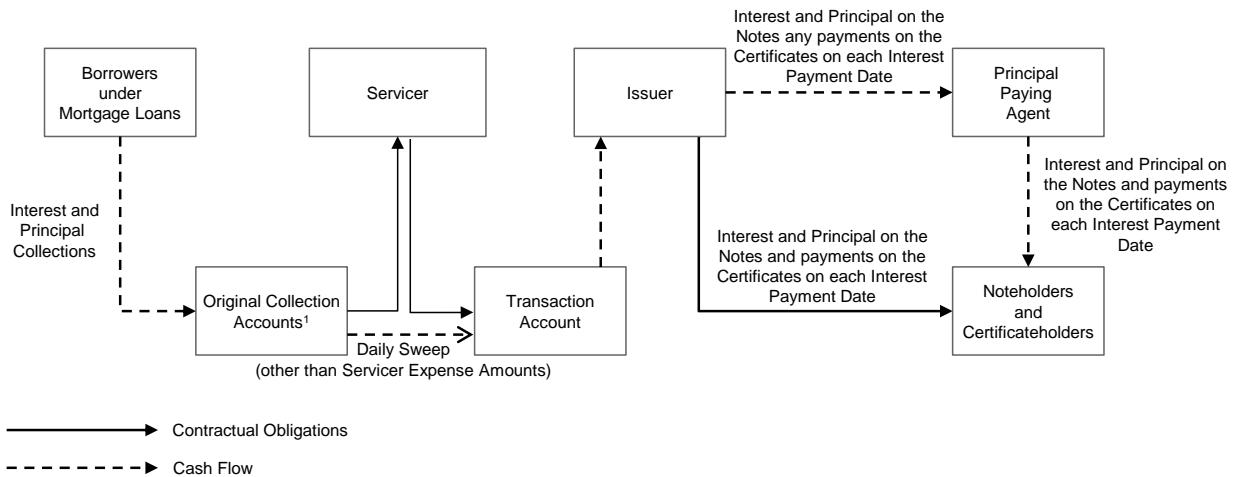
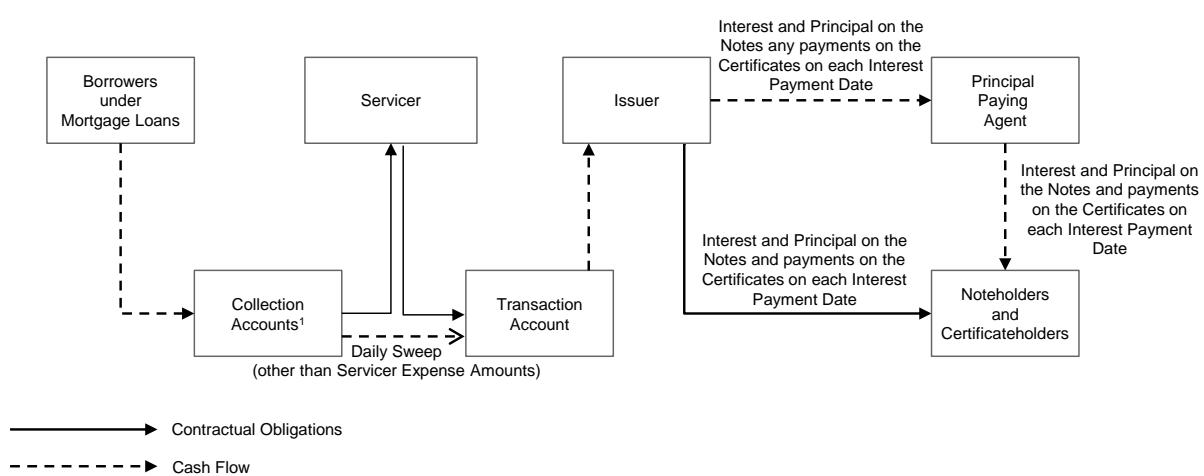


Figure 4 – Cashflow Structure: Following the end of the Interim Period



OWNERSHIP STRUCTURE DIAGRAM OF THE ISSUER

Figure 5 – Ownership Structure



Figure 5 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 by 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.

Party	Name	Address	Document under which appointed/Further Information
Issuer	Kentmere No. 2 PLC	Level 37, 25 Canada Square, London E14 5LQ	See the section entitled " <i>The Issuer</i> " for further information.
Holdings	Kentmere No. 2 Holdings Limited	Level 37, 25 Canada Square, London E14 5LQ	See the section entitled " <i>Holdings</i> " for further information.
Seller	Isle of Wight Home Loans Limited	1 Churchill Place, London E14 5HP	See the section entitled " <i>The Seller</i> " for further information.
Sponsor and Retention Holder for U.S. Risk Retention purposes, and Retention Holder for EU Risk Retention purposes	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	See the section entitled " <i>The Retention Holder, The Sponsor and the Servicer Administrator</i> " for further information.
Vendor	Slate No. 2 PLC	35 Great St. Helen's, London EC3A 6AP	See the section entitled " <i>The Vendor and the Original Legal Title Holder</i> " for further information.
Legal Title Holder	During the Interim Period: Trillium Mortgages Limited (the Original Legal Title Holder)	35 Great St. Helen's, London EC3A 6AP	See the section entitled " <i>The Vendor and the Original Legal Title Holder</i> " for further information.

Party	Name	Address	Document under which appointed/Further Information
	Following the end of the Interim Period: Kendal Mortgages Limited (the New Legal Title Holder)	Level 37, 25 Canada Square, London E14 5LQ	See the section entitled " <i>The New Legal Title Holder</i> ".
Servicer	During and following the Interim Period: Pepper (UK) Limited	Harman House, 1 George Street, Uxbridge, Middlesex, United Kingdom	Relevant Servicing and Legal Title Holder Deed. See the section entitled " <i>Summary of the Key Transaction Documents – Relevant Servicing and Legal Title Holder Deed</i> " for further information.
Cash Manager	U.S. Bank Global Corporate Trust Limited	Fifth Floor, 125 Old Broad Street, London EC2N 1AR	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.
Replacement Cash Manager Facilitator	CSC Capital Markets UK Limited	Level 37, 25 Canada Square, Canary Wharf, London, E14 5LQ	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.

Servicer Facilitator	CSC Capital Markets UK Limited	Level 37, 25 Canada Square, Canary Wharf, London, England, E14 5LQ, United Kingdom	Administration Agreement. See the sections entitled <i>Summary of the Summary of the Key Transaction Documents</i> – and " <i>The Corporate Services Provider, the Replacement Cash Manager Facilitator and the Servicer Facilitator</i> " for further information.
Servicer Administrator	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	Administration Agreement. See the section entitled " <i>The Retention Holder, The Sponsor and the Servicer Administrator</i> " for further information.
Issuer Account Bank	Elavon Financial Services DAC, UK Branch	Fifth Floor, 125 Old Broad Street, London EC2N 1AR	Bank Account Agreement. See the sections entitled " <i>Summary of the Key Transaction Documents</i> – <i>The Bank Account Agreement</i> " and " <i>The Cash Manager and the Issuer Account Bank</i> " for further information.
Collection Account Bank: Prior to and following the Transfer Date	Barclays Bank PLC	Not applicable	Collection Account Declarations of Trust. See the section entitled " <i>Summary of the Key Transaction Documents</i> – <i>The Interim Period Collection Account Declaration of Trust</i> " for more information.
Security Trustee	U.S. Bank Trustees Limited	Fifth Floor, 125 Old Broad Street, London EC2N 1AR	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	U.S. Bank Trustees Limited	Fifth Floor, 125 Old Broad Street, London EC2N 1AR	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	Elavon Financial Services DAC, UK Branch	Fifth Floor, 125 Old Broad Street, London EC2N 1AR	Agency Agreement. See the section entitled " <i>Terms and Conditions of the Notes</i> " for further information.
Registrar	Elavon Financial Services DAC, UK Branch	Fifth Floor, 125 Old Broad Street, London EC2N 1AR	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.
Original Legal Title Holder Corporate Services Provider	Intertrust Management Limited	35 Great St. Helen's, London EC3A 6AP	Original Legal Title Holder Corporate Services Agreement. See the section entitled " <i>The Original Legal Title Holder Corporate Services Provider</i> ".
Corporate Services Provider	CSC Capital Markets UK Limited	Level 37, 25 Canada Square, London E14 5LQ, United Kingdom	Corporate Services Agreement. See the section entitled " <i>The Corporate Services Provider, the Replacement Cash Manager Facilitator and the Servicer Facilitator</i> " for further information.
Share Trustee	CSC Corporate Services (UK) Limited	Level 37, 25 Canada Square, London E14 5LQ, United Kingdom	Share Trust Deed.
Arranger	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	Subscription Agreement. See the section entitled " <i>Subscription, Sale and Selling Restrictions</i> " for further information.
Lead Manager	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	Subscription Agreement. See the section entitled " <i>Subscription, Sale and Selling Restrictions</i> " for further information.

RISK FACTORS

The following is a description of the principal risks associated with an investment in the Notes and the Certificates. These risk factors are material to an investment in the Notes and the Certificates and in the Issuer. Prospective Noteholders 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 the Certificateholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes and the Certificates may occur for other reasons and the "Risk Factors" section of the Prospectus is not intended to be exhaustive, and prospective holders of Notes and/or Certificates should also read the detailed information set out elsewhere in Prospectus prior to making any investment decision. 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. Where more than one significant risk factor is present, the risk of loss to any such investor may be significantly increased. In any of such cases, the value of the Notes and/or the Certificates could decline, and the Issuer may not be able to pay all or part of the interest, principal or other amounts payable on the Notes and/or Certificates and investors may lose all or part of their investment. Prospective Noteholders and Certificateholders should take their own legal, financial, accounting, tax and other relevant advice as to the structure and viability of an investment in such instruments. As a result, an investment in the Notes and/or the Certificates involves substantial risks and uncertainties and should be considered only by sophisticated institutional investors with substantial investment experience with similar types of securities and who have conducted appropriate due diligence on the Portfolio, the Notes and the Certificates.

1. RISKS RELATED TO THE AVAILABILITY OF FUNDS TO PAY THE NOTES

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, 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 "*Legal and Regulatory Risks – 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. The ability of the Issuer to meet its obligations under the Notes and the Certificates will be dependent upon the receipt by it in full of (i) principal, interest and fees from the Borrowers under the Loans and their Related Security in the Portfolio and (ii) interest earned on the Issuer Accounts. 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 Floating Rate Notes, the Step-Up Margins) and in the case of the Certificates, amounts due in respect of the Certificates Payments) and such unpaid amounts shall be deemed to be discharged in full and the Issuer's payment obligations shall be deemed to cease.

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.

Credit and liquidity risk arising from any delay or default in payment by Borrowers may impact timely and full payment of amounts due under the Notes and Certificates

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the 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.

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 made 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 Notes and the Certificates by the provision of liquidity from alternative sources as more fully described in the section entitled "*Credit Structure*".

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

Subordination of other Note classes may not protect Noteholders or Certificateholders from all risk of loss

The Class B Notes are subordinated in right of payment of interest and principal to the Class A Notes and the Class X Certificate at all times; the Class C Notes are subordinated in right of payment of interest and principal to the Class A Notes, the Class X Certificate and the Class B Notes at all times; the Class D Notes are subordinated in right of payment of interest and principal to the Class A Notes, the Class X Certificate, the Class B Notes and the Class C Notes at all times; the Class E Notes are subordinated in right of payment of interest and principal to the Class A Notes, the Class X Certificate, the Class B Notes, the Class C Notes and the Class D Notes at all times; the Class F Notes are subordinated in right of payment of interest and principal to the Class A Notes, the Class X Certificate, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes at all times; the Class R Notes are subordinated in right of payment of principal to the Class A Notes, the Class X Certificate, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, at all times; and the Class Y Certificates are subordinated to the Class X Certificate and the Notes.

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 and certain third parties. For further information on the likely costs payable to such Secured Creditors, please see "*Transaction Overview – Fees*".

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

Details of the terms of the subordination 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 the Noteholders and Certificateholders 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 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 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, which for the avoidance of doubt, shall not be applied in respect of any Class X Certificate Payment due on the Class X Certificate, **Principal Addition Amounts**).

Application of any Available Principal Receipts as Principal Addition Amounts will be recorded as a debit in sequential order to the Class F Principal Deficiency Sub-Ledger, the Class E Principal Deficiency Sub-Ledger, the Class D Principal Deficiency Sub-Ledger, the Class C Principal Deficiency Sub-Ledger, the Class B Principal Deficiency Sub-Ledger and 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 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 Properties to which such Loans relate; (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 losses to the Issuer as a result of an exercise of any set-off by any Borrower in respect of its Loans unless these are fully compensated for under either the provisions of the Relevant Servicing and Legal Title Holder Deed or the Mortgage Sale Agreement; (d) (without double counting with (c)) the amount of any outstanding MSA Relevant Liabilities of the Seller; and (e) any other non-recovery of the full principal balance outstanding of a Loan other than where the same has been compensated for by a repurchase or indemnity by the Seller under the Mortgage Sale Agreement or the provisions of the Servicing and Legal Title Holder Deed (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 F Principal Deficiency Sub-Ledger, the Class E Principal Deficiency Sub-Ledger, the Class D Principal Deficiency Sub-Ledger, the Class C Principal Deficiency Sub-Ledger, the Class B Principal Deficiency Sub-Ledger and 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 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 and *sixth* the Class F Principal Deficiency Sub-Ledger.

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

- (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.

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) or the Class X Payment in respect of the Class X Certificate 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 or Certificate Condition 18 (Subordination by Deferral) (as applicable) of the Certificate 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 or Certificates becomes due and repayable in full in accordance with the Conditions or Certificate Conditions.

In the event that amounts are not paid in full on the Notes (other than the Most Senior Class then outstanding) or the Certificates 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 8.5 (*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*) and the Note Trustee and the Security Trustee will not be able to accelerate the Notes or payments due in respect of the Certificates or take any action to enforce the Security or to effect a sale or disposal of the Portfolio.

However, 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.

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

The Liquidity Reserve Fund will be established on the occurrence of the Liquidity Reserve Fund Trigger Event and the amount required, from time to time, to be standing to the credit of the Liquidity Reserve Fund Ledger shall be an amount equal to the Liquidity Reserve Fund Required Amount. On and from the occurrence of the Liquidity Reserve Fund Trigger Event, the Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments and the Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments will be available to fund and replenish the Liquidity Reserve Fund in accordance with certain conditions described herein. On and from the Liquidity Reserve Fund Trigger Event, 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 paragraph (e) of the definition of Available Revenue Receipts) to do so)) to pay Senior Revenue Amounts or the Post-Enforcement Priority of Payments (as applicable). Any Liquidity Reserve Fund Excess Amount on an Interest Payment Date will be available to be applied as Available Principal Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments. On and from the Liquidity Reserve Fund Trigger Event, the Liquidity Reserve Fund will be credited up to the Liquidity Reserve Fund Required Amount in accordance with item (a) or (b) of the Pre-Enforcement Principal Priority of Payments or item (f) of the Pre-Enforcement Revenue Priority of Payments (as applicable). On and from the date of the occurrence of a Liquidity Reserve Fund Trigger Event, the Liquidity Reserve Fund Required Amount shall be 1.5 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on that Interest Payment Date before the application of the Pre-Enforcement Principal Priority of Payments. 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 decreases. See further "*Credit Structure*".

Considerations relating to interest rate mismatches

The Issuer is subject to the risk of a mismatch between the rate of interest (including margin) payable in respect of the Loans and the rate of interest (including margin) payable in respect of the Notes. In addition, amounts due in respect of the Class X Certificate are based on a percentage of the Current Balance of the Loans as set out in the Certificate Conditions. Some of the Loans in the Portfolio pay or will pay a fixed rate of interest for an initial period of time or a rate set by reference to the relevant Standard Variable Rate or a rate of interest set by reference to the base rate from time to time of the Bank of England (the **BBR** or **Bank of England Base Rate**), while the Issuer's liabilities under the Floating Rate Notes are calculated by reference to SONIA for the relevant period. From the Closing Date, each of the Issuer and the Legal Title Holder has granted the Servicer full right and authority from time to time to set the SVR by reference to the Bank of England Base Rate with any increase in the SVR to be no greater than the relevant increase in the Bank of England Base Rate and any decrease to be at least equal to the relevant decrease in the Bank of England Base Rate, save that in the event that a change in the Bank of England Base Rate would result in the SVR being lower than 0 per cent. then the SVR will be charged at 0 per cent. Subject to the terms of the Relevant Servicing and Legal Title Holder Deed and the restrictions set out therein the Servicer shall have full right, liberty and authority in accordance with the relevant Mortgage Conditions to change the standard variable rate applicable to the Loans in accordance with the relevant Mortgage Conditions and Applicable Law, acting always in accordance with the relevant Mortgage Conditions, any Legal Title Holder's rate setting policy and Applicable Laws and as a Prudent Mortgage Servicer. In exercising such rights, the Servicer is under no obligation to consider the interests of the Noteholders or the Certificateholders and may exercise its rights in a manner that would be prejudicial to the Noteholders or the Certificateholders. For more information please see the section titled "*Summary of the Key Transaction Documents – Relevant Servicing and Legal Title Holder Deed – Setting of Interest Rates on the Loans*". 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.

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 indemnity amounts in lieu of the Seller repurchasing such Loan, 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, among 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 Further Advance or Port in respect of any Loan is granted by the Seller, then the Seller may repurchase or make indemnity payments in respect of such Loan, which may result in Principal Receipts in the form of repurchase proceeds or indemnity payments 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. Subject to the terms and conditions of the Loans, a Borrower may "overpay" or prepay principal at any time. No assurance can be given as to the level of prepayments that the Portfolio will experience. Accelerated prepayments will lead to a reduction in the weighted average life of the Notes, subject to any previously repaid amounts being advanced to Borrowers as a

result of a Flexible Loan. Generally, when market interest rates increase, borrowers are less likely to prepay their mortgage loans, while conversely, when market interest rates decrease, borrowers (in particular those paying by reference to a fixed interest rate, where there are no or minimal associated Early Repayment Charges) are generally more likely to prepay their mortgage loans. Borrowers may prepay 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 or part of 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*"). 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 obliged 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.

Pursuant to the Risk Retention Regulatory Change Option (i) the Retention Holder (or any of its delegates) and (ii) provided that the Retention Holder has not exercised the Risk Retention Regulatory Change Option, the Seller (or any of its delegates), have the right (but not any obligation) pursuant to the Retention Holder Deed Poll to acquire or re-acquire (or procure the acquisition or re acquisition of), as applicable, the entire beneficial interest of the Issuer in the Portfolio and thereby effect a redemption of the Notes following the occurrence of a Risk Retention Regulatory Change Event (subject to the Portfolio Option Holder's right to exercise the Portfolio Purchase Option in such situation). The Notes are subject to mandatory redemption following the occurrence of a Risk Retention Regulatory Change Event if the Retention Holder or the Seller (or any of their delegates) exercises its Risk Retention Regulatory Change Option in accordance with Condition 8.6 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*) (subject to the Portfolio Option Holder's right to exercise the Portfolio Purchase Option). A Risk Retention Regulatory Change Event may occur in the following circumstances: any change in or the adoption of any new law, rule, technical standards or regulations or any determination made by a relevant regulator, which as a matter of law: (i) has a binding effect on the Retention Holder or the Seller after the Closing Date and which would impose a positive obligation on any of them to subscribe for any Notes or additional Notes in order to comply with the Risk Retention Requirements or otherwise impose additional material obligations on any of them in order to ensure compliance with the Risk Retention Requirements (as determined by any of them, acting reasonably); or (ii) in respect of the Retention Holder, results in the Retention Holder no longer being able to qualify as an eligible retainer for purposes of the Risk Retention Requirements; and the Retention Holder is not able to transfer the Retained Interest to one of its affiliates without violating the Risk Retention Requirements

or any other applicable law, or incurring any additional material costs or obligations in connection with any such transfer, in any case as determined by the Retention Holder, in its sole discretion.

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 20 per cent. of the original aggregate Principal Amount Outstanding of the Notes on the Closing Date (subject to the Portfolio Option Holder's right to exercise the Portfolio Purchase Option). 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 and the Portfolio Option Holder's right to exercise the Portfolio Purchase Option, 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*".

Any redemption of the Notes and cancellation of the Certificates following such matters, in particular where such an event occurs within a short time of the Closing Date, may adversely affect the yield to maturity of the Notes and/or the Certificates. There is no assurance that you will be able to reinvest the proceeds of such redemption or cancellation at the same or a higher rate than the return you would have earned on the Notes and/or the Certificates had they not been redeemed or cancelled, as applicable. In particular, there is no assurance that the Certificateholders would receive any amounts on such an early redemption.

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.

2. RISKS RELATING TO THE UNDERLYING ASSETS

Issuer may not have direct rights against third parties

Pursuant to the Mortgage Sale Agreement, the Seller will assign to the Issuer (or, in the case of Scottish Loans, will procure that the Legal Title Holder holds pursuant to the Scottish Declaration of Trust referred to below) the causes and rights of actions against solicitors and valuers in respect of the Loans to the extent that they are assignable (the Seller itself having acquired such rights from the Vendor (or in the case of Scottish Loans, the Seller having acquired such rights from the Vendor and the Legal Title Holder having acquired them from the Seller). However, none of the Seller, the Legal Title Holder or the Vendor were the originator of the Loans and the said rights may therefore not have been effectively assigned to the Seller or the Legal Title Holder by the Vendor or effectively assigned to the Vendor by the relevant originator. 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 Holder to retain legal title to the Loans and risks relating to set-off

The sale by the Vendor to the Seller of the English Loans and their Related Security will take effect in equity only pursuant to the Vendor Mortgage Sale Agreement. The sale by the Vendor to the Seller of

the Scottish Loans and their Related Security is given effect to by the Vendor (as beneficiary under a Scottish declaration of trust dated 27 October 2014 (the **Vendor Scottish Declaration of Trust**)) assigning its interest as such beneficiary to the Seller.

The sale by the Seller to the Issuer of the English Loans and their Related Security (until legal title is conveyed) also takes effect in equity only pursuant to the Mortgage Sale Agreement. The sale by the Seller to the Issuer of the Scottish Loans and their Related Security is given effect by the grant of a Scottish declaration of trust by the Original Legal Title Holder with the consent of the Seller (incorporating the termination of the trust declared and created by the Vendor Scottish Declaration of Trust) by which such Scottish Loans and their Related Security are held on trust by the Original Legal Title Holder for the benefit of the Issuer (the **Scottish Declaration of Trust**). The holding of a beneficial interest under a Scottish trust has (broadly) equivalent legal consequences in Scotland to the holding of an equitable interest in England and Wales. This means that legal title to the Loans and their Related Security in the Portfolio will remain with the Legal Title Holder until the occurrence of a Perfection Trigger Event pursuant to the Relevant Servicing and Legal Title Holder Deed. The legal title to the Loans will be transferred to the New Legal Title Holder on the earlier to occur of the Transfer Date or the occurrence of a Perfection Trigger Event prior to the end of the Interim Period (provided that there has been no Perfection Trigger Event in respect of the New Legal Title Holder), and, after the Interim Period, to the Issuer (or a nominee of the Issuer) as soon as reasonably practicable following the occurrence of a Perfection Trigger Event (see "*Summary of the Key Transaction Documents – Relevant Servicing and Legal Title Holder Deed*").

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 **English Land Registry**) to register or record its equitable interest in the English Mortgages and may not in any event apply to the General Register of Sasines or the Land Register of Scotland (as appropriate) (together the **Registers of Scotland**) to register or record its beneficial interest in the Scottish Mortgages pursuant to the Scottish Declaration of Trust.

Following a Perfection Trigger Event, or on or around the Transfer Date, notice of the transfer of legal title to (or, in Scotland, notice of assignation of) the Loans, to the Issuer (or to a nominee of the Issuer, which will be the New Legal Title Holder if the Perfection Trigger Event occurs prior to the end of the Interim Period), or in the case of a transfer on the Transfer Date, (provided that there has been no Perfection Trigger Event in respect of the New Legal Title Holder) 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 relevant 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 or assignation 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 the purposes of this Prospectus, references herein to "set-off" shall be construed to include analogous rights in Scotland. For further information on the effects of set-off in relation to the Portfolio, see below "*Set-off may adversely affect the value of the Portfolio or any part thereof*".

As a consequence of the Issuer not obtaining legal title to the Loans and their Related Security or the Properties secured thereby, a bona fide purchaser from the relevant 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 Servicer failed to take any or appropriate

enforcement action against the relevant Borrower (in accordance with the Servicer Specification) 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 relevant Legal Title Holder as a party to any legal proceedings. Borrowers will also have the right to redeem their Loans by repaying the relevant Loan directly to the relevant Legal Title Holder. However, each Legal Title Holder has undertaken, and the Servicer undertakes, pursuant to the Relevant Servicing and Legal Title Holder Deed, to hold any money repaid to it in respect of relevant Loans on trust for the Issuer (subject, in relation to Scottish Loans and their Related Security, to the Scottish Declaration of Trust). 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*".

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

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

Once notice has been given to the Borrowers of the assignment or assignation 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 Legal Title Holder 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 Servicer will be entitled to take enforcement proceedings against the Borrower, although the period of non-payment by the Borrower is likely to continue until a

judgment or (in Scotland) a decree is obtained. In addition, where the Legal Title Holder has failed to effect a Porting, having committed to do so, the Borrower could set off against the Issuer, where the Legal Title Holder failed to re-extend the relevant Loan, the difference between the rate of interest on the Loan and the interest rate at which the Borrower could borrow money in the market on the new property. In addition to the difference in the cost of borrowing, the relevant Borrower could also set off any direct losses arising from the relevant Legal Title Holder's breach of contract; namely, the associated costs of obtaining alternative funds (for example, legal fees and survey fees).

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 the 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.

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 (which, for the avoidance of doubt, do not address all of the potential risks that may arise in relation to the Loans) proves to have been untrue on the Closing Date in respect of a Loan 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 (a **Loan Remedy Notice**) requiring the Seller to indemnify the Issuer and keep indemnified the Issuer against all liabilities relating to the breach of Loan Warranty which gave rise to the notice (together with amounts equal to any Repurchase Price of the affected Loan (if applicable)) (such liabilities of the Seller under the Mortgage Sale Agreement as remain outstanding from time to time being the **MSA Relevant Liabilities**).

Upon receipt of a Loan Remedy Notice, the Seller may opt, by notice in writing given to the Issuer and the Security Trustee within seven days of delivery of that Loan Remedy Notice (an **Election Notice**) to repurchase the relevant Loan (which, for the avoidance of doubt, shall include any Loan to which a Flexible Drawing, Port or Further Advance 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. If there are outstanding unfunded commitments under the Kentmere 2 Commitment pursuant to the Loan Agreement at such time, the Seller shall draw such amounts for the purposes of paying an amount sufficient to eliminate any debit on the MSA Warranty Claims Ledger when due in accordance with the Mortgage Sale Agreement. See "*The Seller*" and "*Credit Structure – MSA Warranty Indemnity Amounts*" for further detail. The Seller has limited resources to fund any indemnity claim under the Mortgage Sale Agreement in respect of a breach of Loan Warranty (as to which see paragraphs below regarding the Kentmere 2 Commitment) and the Seller has no means of funding any repurchase of the Loans.

Any MSA Relevant Liabilities of the Seller in relation to any Loan shall not exceed an amount equal to the Current Balance of such Loan(s) as at the date of such indemnification payment or 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 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 indemnified or repurchased plus the Issuer's costs and expenses (if any) associated with the indemnity payment.

As the amount of any MSA Relevant Liabilities is based in part upon the amount of, *inter alia*, actual costs, damages or loss suffered by the Issuer, such MSA 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 a Loan Warranty may be significantly delayed, which may impact the ability of the Issuer to meet its payment obligations under the Notes.

Further, investors should note that the obligations of the Seller pursuant to the Mortgage Sale Agreement are limited recourse obligations and therefore, in the event that the Seller has insufficient funds available to satisfy in full any obligations under the Mortgage Sale Agreement after the Kentmere 2 Trust Property has been exhausted, the Issuer (or the Trustee following the service of an Enforcement Notice) will have no further claim against the Seller or its directors, shareholders, officers or successors in respect of any amounts owing to it which remain unpaid and such unpaid, claims against the Seller shall be deemed to be discharged in full and any relevant rights to payment by the Seller shall be extinguished.

There can be no assurance that the Seller will have the financial resources to repurchase or to make any indemnity payment in respect of any MSA Relevant Liabilities (see "*The Seller*"). Other than its obligation to advance the VMSA Purchase Price Commitment and the Kentmere 2 Commitment to the Seller under the Loan Agreement, Barclays Bank PLC will have no obligation to advance any amounts or to provide any financial or other support of any nature to the Seller and neither Barclays Bank PLC nor any other person will guarantee or act as surety for any obligations of the Seller. Other than amounts made available to it under the Loan Agreement (which are available for the purposes of making indemnity claims for warranty breaches but not for funding for any repurchase of Mortgage Loans), the Seller is not expected to have any material sources of funds. There can be no assurance that the Seller will have the financial resources to repurchase or to make any such indemnity payment in respect of any Loan and its Related Security.

In addition, there are time limits and monetary caps on claims against the Seller in breach of warranties in respect of the Mortgage Loans. In particular, the Seller will have no liability to the Issuer for breach of warranty in respect of the Mortgage Loans (i) unless the Issuer has notified the Seller in writing of such breach within the period of two (2) years from and including the Closing Date, and (ii) to the extent that payment of any related MSA Warranty Indemnity Amount would result in the debit balance of the Seller MSA Rebate Ledger at that time exceeding £400,000. However, Available Revenue Receipts will still be owed to determine any debit on the MSA Warranty Claims Ledger as described in "*Credit Structure – MSA Warranty Indemnity Amounts*".

Remediation

The Seller has made enquiries of the Servicer who has confirmed that there are no Loans within the Portfolio which are subject to on-going remediation action as a result of conduct issues in respect of the Loans or otherwise. There can be no assurance that the Loan Warranties in the Mortgage Sale Agreement will provide protection in respect of remediation liabilities that may arise in the future as a result of remediation action that may arise from time to time in respect of the Loans. In addition, as mentioned above, claims against the Seller under the Mortgage Sale Agreement are subject to a time limit and to financial limits on the amount that can be claimed. To the extent that a remediation exercise is conducted in the future and the costs of such exercise are not recoverable from the Seller under the Mortgage Sale Agreement it 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 the Loans may have an adverse effect on amount of funds available to pay Noteholders and Certificateholders

The Seller is required to repurchase the relevant Loan and its Related Security, where (i) (and before) a Further Advance or Port is made and (ii) a Flexible Drawing is made, in each case in circumstances where the Issuer has insufficient funds available to purchase such Further Advance or Flexible Drawing. 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 repurchases of, or indemnity payments made in respect of Loans by the Seller, subject to Further Advances, Ports and Flexible Drawings.

Subject to the Conditions, Flexible Loans in the Portfolio 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, the Flexible 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 in the Collection Accounts 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 "*Risks Related to the availability of funds to pay the Notes – 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 Servicer as at 30 June 2019 (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 comprises 1,850 Loans with an aggregate Current Balance of £179,070,101.27. The Provisional Portfolio consists of a portfolio of Loans and their related security which includes 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 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. See sections "*The Loans*" and "*Characteristics of the Provisional Portfolio*" 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 Loans which are scheduled to redeem prior to the Closing Date. See sections "*The Loans*" and "*Characteristics of the Provisional Portfolio*" for more detail.

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

As at the Portfolio Reference Date 1.65 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 in arrears by an amount equal to at least one monthly payment past due on the relevant Loan), 0.42 per cent. of the Provisional Portfolio by Current Balance at the sub-account level are three months or more in arrears, and 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 property the relevant mortgagee or (in Scotland) heritable creditor must first obtain possession of the relevant property. Possession is usually obtained by way of a court order or decree. This can be a lengthy and costly process and will involve the mortgagee or heritable creditor assuming certain risks. The court has a wide discretion and may adopt a sympathetic attitude towards a Borrower faced with eviction. Any possession order given in favour of the lender may be suspended to allow the Borrower more time to pay. In addition, if possession has been obtained, a reasonable period must be allowed for marketing the property and for discharging the obligation to take reasonable care to obtain a proper price. If obtaining possession of a property and arranging a sale in such circumstances is lengthy or costly, the Issuer's ability to make payments on the Notes or the Certificates may be reduced. The Issuer's ability to make such payments may be reduced further if the powers of a mortgagee or heritable creditor in relation to obtaining possession of a property 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 county court judgments (or a Sheriff Court decree being the Scottish equivalent of a county court judgment), individual voluntary arrangements, debt arrangement schemes or a bankruptcy orders. 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, while 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 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 deterioration in the housing market could result in losses being incurred by lenders where the net recovery proceeds are insufficient to redeem any outstanding loans secured on such properties. 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 Interest-only Loans and Part-and-Part Loans

Approximately 64.74 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 1.17 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*". 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 Loan 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, a repayment vehicle or an endowment policy. None of the Issuer, the Security Trustee, the Note Trustee, the Seller, the 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 market or the economy could lead to a greater increase in defaults or the repayment of principal on 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 in the future experience, 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 a 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 – Geographical Distribution of Properties*".

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

Where Borrowers are only required to pay interest during the term of the Loan, with the capital being repaid in a lump sum at the end of the term, it is generally recommended that Borrowers ensure that some repayment mechanism such as an investment policy is put in place to ensure that funds will be available to repay the capital at the end of the term. A repayment mechanism may also include the sale of the Mortgaged Property. 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 as applicable, 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 Loans 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.

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

Knowledge of matters represented in Loan Warranties

Neither the Seller nor the Retention Holder were originators of any of the Loans comprised in the Portfolio. The Seller has acquired its interest in the Loans and their Related Security under a mortgage sale agreement entered into on the Closing Date by the Vendor (the **Vendor Mortgage Sale Agreement**) in respect of the Loans and will give certain representations and warranties in respect of the Loans sold by it. The Vendor is a special purpose orphan vehicle that acquired the Loans from MX in 2014 and financed the acquisition through a securitisation. The Vendor Mortgage Sale Agreement contains no warranties in respect of the Loans and there is no indemnity or repurchase obligation on the Vendor in respect of the Loans. In acquiring the Portfolio, the Seller and the Retention Holder and/or entities on their behalf have undertaken due diligence and certain verifications as set-out in sub-section "*Criteria for Credit-Granting and Due Diligence*".

Neither the Seller nor the Retention Holder has direct knowledge as to the manner in which the Loans were originated, whether the Lending Criteria were applied at the time of origination of the Loans (or whether different criteria were applied), or as to the accuracy and/or completeness of certain Loan Warranties. While the Loans were previously securitised by the Vendor in October 2014 and representations and warranties were given by the Originators and the prior seller as part of such transaction, since neither the Seller nor the Retention Holder has direct knowledge as to matters relating to, amongst other things, the actual origination of the Loans although the Seller and the Retention Holder have conducted limited due diligence on the Loans certain warranties relating to, among other things, the origination process are necessarily qualified by reference to the awareness of the Seller. It may be practically difficult for the Seller or the Retention Holder 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 or the Retention Holder, as (i) there is no ongoing active involvement of the Seller or the Retention Holder in monitoring or notifying any defect in relation to the circumstances of the Loans and (ii) the Seller or the Servicer may only detect a breach of Loan Warranty if that is evident from the face of the Servicing Report or it otherwise becomes aware of a breach (e.g. following the taking of specific enforcement or other action with respect to a Loan).

There can be no assurance that the Seller will honour or have the financial resources to honour the obligation to indemnify or repurchase in respect of Loans pursuant to the Mortgage Sale Agreement given the Seller's assets and funds are limited to amounts that it receives from Barclays Bank PLC

under the Loan Agreement, such amounts only to be applied in respect of any indemnity, as to which see "*Limited remedies available to the Issuer in respect of any breach of representation and warranty made by the Seller under the Mortgage Sale Agreement*" and "Limited remedies available to the Issuer and limited resources of the Seller". Barclays Bank PLC has provided an undertaking to the Issuer and the Security Trustee under the Risk Retention Letter (the **Performance Undertaking**) that it will procure that the Seller complies with its performance obligations under the Mortgage Sale Agreement (but this does not cover the Seller's payment obligations). Other than the Performance Undertaking and the Loan Agreement, Barclays Bank PLC will have no obligation to advance any amounts or to provide any financial or other support of any nature to the Seller, and neither Barclays Bank PLC nor any other person will guarantee to act as surety for any obligations of the Seller.

The obligations of the Seller are not guaranteed by nor will they be the responsibility of any person other than the Seller (except as set out above) and neither the Issuer nor the Security Trustee will have recourse to any other person in the event that the Seller, for whatever reason, fails to meet its indemnity or repurchase obligations.

Non-Disclosure of Broker Commissions

Certain of the Loans may have been originated through intermediaries, including mortgage brokers and mortgage advisers. In line with market practice, the Originators paid commission to such intermediaries in consideration for such activities in the form of a procuration fee. As part of the legal due diligence exercise that was undertaken on behalf of the Originators with respect to the Loans, it was confirmed that standard loan offer documents for a number of such Loans specified the fact and amount of commission, however the standard loan offer documents of a number of other such Loans were either silent as to broker commissions or contained a statement that commission has been paid to the relevant broker, however the amount of such commission was not disclosed. The fact and amount of commission may in fact have been disclosed to the Borrowers even where this was not evident from the standard loan offer documents, however it was not possible to verify this from the due diligence undertaken.

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 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 does have 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. If a claim were successful this may adversely affect the Issuer's ability to make payments on the Notes.

3. OTHER RISKS RELATED TO CHANGES TO THE STRUCTURE AND DOCUMENTS

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 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class, as applicable or, if so directed by an Extraordinary Resolution of the holders of the Most Senior Class, shall (subject, in each case, to being indemnified and/or 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 Certificate 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 Certificate 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 Condition 12 (*Enforcement*) of the Notes and Condition 11 (*Enforcement*) of the Certificates below.

In addition, each of the Note Trustee and the Security Trustee benefits from indemnities given to it by the Issuer pursuant to the Transaction Documents which rank in priority to the payments of interest and principal on the Notes 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 Security Trustee in the Mortgage Sale Agreement in connection with (i) Article 6 of the Securitisation Regulation regarding the material net economic interest of at least 5 per cent. to be retained by the Retention Holder and certain requirements as to providing investor information in connection with the Securitisation Regulation and (ii) the U.S. Credit Risk Retention Requirements (as described more fully in the section below headed "*Legal and Regulatory Risks – U.S Credit Risk Retention*") neither the Note Trustee nor the Security Trustee shall be under any obligation to monitor the compliance by the Retention Holder with such undertakings or to investigate any matter which is the subject of such undertaking and shall not be under any obligation to take any action in relation to non compliance with such undertaking.

Security Trustee and/or Note Trustee may agree modification to the Transaction Documents which may adversely affect the Noteholders

The Conditions and the Certificate 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 do not attend and vote at the relevant meeting and Noteholders and Certificateholders who voted in a manner contrary to the requisite majority for such a vote).

Subject as set out below, the Retained Interest Holder has no voting rights under the Trust Deed, the Conditions, the Certificate Conditions or any other Transaction Document.

The Conditions and Certificate 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 (and/or, in relation to Moody's, the deposit rating) 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 prior to 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 the 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 (including, for the avoidance of doubt, any new appointment made thereunder) 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 (including, for the avoidance of doubt, any new appointment made thereunder) 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 Certificate 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, a Retained Interest Entrenched Right, a Class X Certificate Entrenched Right or a Class Y Certificate Entrenched Right) 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 non-compliance with the requirements of (i) the Securitisation Regulation after the Closing Date, including as a result of any changes as a result of the adoption of Regulatory Technical Standards in relation to the Securitisation Regulation, the CRR Amendment Regulation or any other risk retention legislation or regulations or official guidance in relation thereto, in each case applying in respect of the Transaction or (ii) enable the Issuer or any other Transaction Parties to comply with any changes in the requirements of the U.S. Credit Risk Retention Requirements, including as a result of any other U.S. risk retention legislation or regulations or official guidance in relation thereto;
- (c) enable the Notes to be (or to remain) listed on Euronext Dublin;
- (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 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;
- (f) comply with the provisions of Rule 17g-5 of the Securities Exchange Act of 1934; and
- (g) for the purpose of changing the reference rate or the base rate that then applies in respect of the Notes to an alternative base rate (including where such base rate may remain linked to SONIA but may be calculated in a different manner), (any such rate, which may include an alternative screen rate, an **Alternative Base Rate**) and making such other amendments as are necessary or advisable in the commercially reasonable judgment of the Issuer to facilitate such change (a **Base Rate Modification**), provided that the Issuer provides a certificate to the Note Trustee and the Security Trustee certifying (such certificate, a **Base Rate Modification Certificate**) that:
 - (i) such Base Rate Modification is being undertaken due to:

- (A) an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;
 - (B) a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;
 - (C) the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
 - (D) a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA);
 - (E) a public statement by the supervisor of the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
 - (F) a public statement by the supervisor of the SONIA administrator that means SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; or
 - (G) the reasonable expectation of the Issuer that any of the events specified in paragraphs (A) to (F) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and
- (ii) such Alternative Base Rate is:
- (A) a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);
 - (B) a base rate utilised in a material number of publicly listed new issues of Sterling-denominated asset-backed floating rate notes prior to the effective date of such Base Rate Modification; or
 - (C) such other base rate as the Issuer reasonably determines (to preserve, so far as reasonably and commercially practicable, what would have been the expected Floating Rate of Interest applicable to the Class A Notes) or which is proposed by any holder of the Most Senior Class of Notes then outstanding or the Class Y Certificates then in issue),

and, in each case, the change to the Alternative Base Rate will not, in its opinion, be materially prejudicial to the interest of the Noteholders.

The Note Trustee and the Security Trustee shall be entitled to rely on any Base Rate Modification Certificate absolutely without liability and enquiry.

For the avoidance of doubt, the Issuer (or the Seller on its behalf) may propose an Alternative Base Rate on more than one occasion, provided that the conditions set out in this paragraph (g) are satisfied, (each a **Proposed Amendment**), and subject to:

- (1) 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 (a) 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 (a) 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 under paragraph (a) above which (in the sole opinion of the Note Trustee and/or the Security Trustee) would have the effect of exposing the Note Trustee and/or the Security Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or increases the obligations or duties, or decreases the protections of the Note Trustee and/or the Security Trustee in the Transaction Documents and/or the Conditions and/or the Certificate Conditions; and
- (2) the Issuer certifying in writing to the Note Trustee and the Security Trustee that:
 - (a) the Issuer has provided at least 30 calendar days' notice to the Noteholders and Certificateholders of each Class of the proposed modification in accordance with Condition 16 (Notice to Noteholders) and Condition 15 (Notice to Certificateholders) and by publication on Bloomberg on the "Company Filings" screen relating to the Notes and Certificates; and
 - (b) Noteholders or Certificateholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or the Class Y Certificates then in issue have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes or the Class Y Certificates may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification.

If Noteholders or Certificateholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or the Class Y Certificates then in issue have notified the Issuer in accordance with the notice provided above and the then current practice of any applicable clearing system through which such Notes or Class Y Certificates may be held within the notification period referred to above that they object to the proposed modification, then such modification will not be made unless an Extraordinary Resolution of each of the Noteholders or Certificateholders of the Most Senior Class of Notes then outstanding or the Class Y Certificates then in issue is passed in favour of such modification in accordance with the Trust Deed.

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing

market practices) of the relevant Noteholder's holding of the Notes or Certificateholder's holding of the Class Y Certificates.

The Conditions and Certificate 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, Class Y Certificates Entrenched Rights, Class X Certificate Entrenched Right and Retained Interest Entrenched Rights. Investors should note that a Basic Terms Modification is required to be sanctioned by an Extraordinary Resolution of the holders of the affected Class of Notes and/or Certificates then outstanding or 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 the affected Class of Notes then outstanding and the holders of the Certificates then in issue.

Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding on the Class Y Certificate Holder (other than any resolutions in respect of a Class Y Certificate Entrenched Right) if passed in accordance with the Conditions provided that no Extraordinary Resolution (or Ordinary Resolution) may authorise or sanction any modification or waiver which is adverse to the Class Y Certificate Holder (and whether or not the interests of the Class Y Certificate Holder align with the interests of the holders of the relevant Class or Classes of Notes and/or the Certificates) (the **Class Y Certificate Entrenched Rights**), unless the Class Y Certificate Holder has consented to such modification or waiver.

Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding on the Retained Interest Holder (other than any resolutions in respect of a Retained Interest Entrenched Right) if passed in accordance with the Conditions provided that no Extraordinary Resolution (or Ordinary Resolution) may authorise or sanction any modification or waiver which is adverse to the Retained Interest where a corresponding modification or waiver is not made which affects the Notes (the **Retained Interest Entrenched Rights**), unless the Retained Interest Holder has consented to such modification or waiver.

Notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver which affects any Class X Certificate Entrenched Rights, unless the Class X Certificateholders have consented to such modification or waiver in writing.

Class X Certificate Entrenched Right means any modification or waiver which changes: (i) the date of payment of amounts due in respect of the Class X Certificates; (ii) the method of calculating the amounts payable in respect of the Class X Certificates; (iii) the priority of payments of amounts in respect of the Class X Certificates; and (iv) the definition of "Class X Certificate Entrenched Right".

Notwithstanding the Class X Certificate Entrenched Rights, the Class X Certificateholders will not be entitled to convene, count in the quorum or pass resolutions. Any Ordinary Resolution or Extraordinary Resolution in respect of a Class X Certificate Entrenched Right will not be binding unless the Class X Certificateholders have consented in writing.

The Conditions and the Certificate 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 Certificate 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 made to correct a manifest error.

Therefore, it is possible that a modification could be made without the vote of any Noteholders or even if holders holding not less than 10 per cent. of the Aggregate Principal Amount Outstanding of the Most Senior Class of Floating Rate Notes then outstanding objected to it. In addition, Noteholders should be aware that, unless they have made arrangements to promptly receive notices sent to Noteholders from any custodians or other intermediaries through which they hold their Notes and give the same their prompt attention, meetings may be convened or resolutions (including Extraordinary Resolutions) may be proposed and considered and passed or rejected or deemed to be passed or rejected without their involvement even if, were they to have been promptly informed, they would have voted in a different way from the Noteholders which passed or rejected the relevant proposal or resolution. See Condition 13 (*Meetings of Noteholders and Certificateholders, Modification, Waiver and Substitution*) and Condition 12 (*Meetings of Certificateholders and Noteholders, Modification, Waiver and Substitution*).

The Retained Interest Holder does not have voting or consent rights other than in respect of the Retained Interest Entrenched Rights. The Class X Certificateholders do not have voting or consent rights other than in respect of the Class X Certificate Entrenched Rights. Any Ordinary Resolution or Extraordinary Resolution in respect of a Class X Certificate Entrenched Right will not be binding unless the Class X Certificateholders have consented in writing.

There is no guarantee that any changes made to the Transaction Documents, the Conditions and/or the Certificate 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 and the Retained Interest Holder 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 (subject to the Class Y Certificates Entrenched Rights).

As a result, (other than in respect of a Basic Terms Modification, the Class Y Certificate Entrenched Rights, the Class X Certificate Entrenched Rights and the Retained Interest Entrenched Rights) 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, the Class Y Certificate Entrenched Rights, the Class X Certificate Entrenched Rights and the Retained Interest Entrenched Rights) 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 that it would not be materially prejudicial to the interests of the holders of the Most Senior Class.

In addition, it is intended that on the Closing Date the Placed Notes will be placed with a third party investor consisting of a fund (the **Placed Notes Holder**). The Placed Notes Holder is under no obligation to consider the interests of other Noteholders and Certificateholders when exercising their respective rights under the Placed Notes and may exercise voting rights in respect of their Placed Notes in a manner that may be prejudicial to other Noteholders or Certificateholders. See section entitled "*Significant Investors*".

In addition, it is expected that on the Closing Date, an investor will acquire from the Seller a majority holding in the Class F Notes, the Class R Notes and the Class Y Certificates, giving it a holding of sufficient Notes to allow it to pass or block Noteholder resolutions in respect of Basic Terms Modifications or resolutions in respect of such Classes of the Notes and Certificates. Therefore, no assurance can be given that any other Noteholder will have influence to block or pass certain Noteholder resolutions.

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 Certificate Condition 12.4.

Class Y Certificate Holder modifications and Class Y Certificate Entrenched Rights

Any modification or waiver which is adverse to the Class Y Certificate Holder will require the consent of the Class Y Certificate Holder. There can be no assurance that the Class Y Certificate Holder will provide consent to any such modification in a timely manner or at all. The Class Y Certificate Holder may act solely in its own interests and it does not have any duties to any Noteholders.

Retained Interest modifications and Retained Interest Entrenched Rights

Any modification or waiver which is adverse to the Retained Interest, where a corresponding modification or waiver is not made which affects the Notes will require the consent of the Retained Interest Holder. There can be no assurance that the Retained Interest Holder will provide consent to any such modification in a timely manner or at all. The Retained Interest Holder may act solely in its own interests and it does not have any duties to any Noteholders.

Class X Certificate Holder modifications and Class X Certificate Entrenched Rights

Notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver which affects any Class X Certificate Entrenched Rights, unless the Class X Certificateholders have consented to such modification or waiver in writing. There can be no assurance that the Class X Certificate Holder will provide consent to any such modification in a timely manner or at all. The Class X Certificate Holder may act solely in its own interests and it does not have any duties to any Noteholders.

4. COUNTERPARTY RISKS

Limited remedies available to the Issuer and limited resources of the Seller

If any of the Mortgage Loan Warranties (which, for the avoidance of doubt, do not address all of the potential risks that may arise in relation to the Mortgage Loans) proves to have been untrue on the Closing Date and if such breach is not capable of remedy or, if capable of remedy, is not remedied within the relevant remedy period, the Seller will be required to indemnify the Issuer, subject to

certain monetary caps and time limits. See further "*Mortgage Sale Agreement – Obligation of Seller to make an indemnity payment and option to repurchase*" and "*Mortgage Sale Agreement –Loan Warranties*".

The Seller is a thinly capitalised, special purpose vehicle incorporated in England with limited assets and funds and as such will, after having satisfied its obligations to pay its secured creditors, have no source of funds other than the Loan Agreement (described below). Further, investors should note that the obligations of the Seller pursuant to the Mortgage Sale Agreement are limited recourse obligations and therefore, in the event that the Seller has insufficient funds in respect of the Kentmere 2 Trust Property available to satisfy in full any obligations under the Mortgage Sale Agreement, the Issuer (or the Security Trustee following the service of an Enforcement Notice) will have no further claim against the Seller or its directors, shareholders, officers or successors in respect of any amounts owing to it which remain unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant rights to payment shall be extinguished.

The payment obligations of the Seller to the Issuer under the Mortgage Sale Agreement are not guaranteed by nor will they be the responsibility of any person other than the Seller, and neither the Issuer nor the Security Trustee will have recourse to any other person in the event that the Seller, for whatever reason, fails to meet such obligations. Barclays Bank PLC has provided an undertaking to the Issuer and the Security Trustee under the Risk Retention Letter (the **Performance Undertaking**) that it will procure that the Seller complies with its performance obligations under the Mortgage Sale Agreement (but this does not cover the Seller's payment obligations).

On the Closing Date, the Seller entered into a revolving loan agreement with the Retention Holder (the **Loan Agreement**) pursuant to which the Retention Holder will agree to advance to the Seller, *inter alios*, an amount equal to any MSA Warranty Indemnity Amount due to be paid on such date by the Seller to the Issuer in accordance with the Transaction Documents. The agreement to advance such amounts applies from the Closing Date to the date on which all claims made prior to the date falling two (2) years following the Closing Date have been paid in full (the **Kentmere 2 Commitment Period**) and applies up to a facility limit of £400,000 (the **Kentmere 2 Facility Limit**) (the **Kentmere 2 Commitment**). Any amounts drawn by the Seller under the Kentmere 2 Commitment shall be repaid from time to time out of the proceeds of any MSA Warranty Rebate paid to the Seller by the Issuer in accordance with the Transaction Documents. The Kentmere 2 Commitment, once repaid, may be reborrowed only during the Kentmere 2 Commitment Period and subject to the Kentmere 2 Facility Limit. Other than its obligation to advance the VMSA Purchase Price Commitment and the Kentmere 2 Commitment to the Seller under the Loan Agreement, the Retention Holder will have no obligation to advance amounts or to provide financial or other support to the Seller and the Retention Holder will not guarantee or act as surety for the payment obligations of the Seller in connection with the Transaction. Therefore, there can be no assurance that the Seller will have the financial resources to make any payment to the Issuer in respect of any Mortgage Loan and its Related Security.

As the amount of any Seller liability in relation to a breach of Loan Warranty is based in part upon the amount of, *inter alia*, actual costs, damages or loss suffered by the Issuer, such Seller liability may not be known at the time at which the breach of a 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 payment required to be made by the Seller in respect of any breach of a Mortgage Loan Warranty may be significantly delayed, which may impact the ability of the Issuer to meet its payment obligations under the Notes. In addition, to the extent that the Issuer's loss has not crystallised during the relevant time limit for making a claim, the Issuer will not be able to make a claim against the Seller.

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 Servicer has agreed to provide certain administration services in respect of the Portfolio pursuant to the Relevant Servicing and Legal Title Holder Deed; 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 parties resign without sufficiently experienced substitutes or any substitutes being appointed in their place promptly thereafter, collections on the Portfolio and/or payments to Noteholders and Certificateholders may be disrupted and Noteholders and/or Certificateholders may be adversely affected.

The Servicer

Pepper (UK) Limited (Pepper) will be appointed by the Issuer as Servicer to service the Loans. The Servicer will be entitled to transfer all or a portion of the servicing services under the Relevant Servicing and Legal Title Holder Deed to one or more counterparties, subject to the terms set out in the Relevant Servicing and Legal Title Holder Deed. However, the Servicer remains liable at all times for servicing the Loans and their Related Security and for the acts or omissions of any transferee. If default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Relevant Servicing and Legal Title Holder Deed which is (in the opinion of the Note Trustee) materially prejudicial to the interests of the Noteholders and such default continues unremedied for a period of 15 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee, as appropriate, requiring the same to be remedied, a Servicer Termination Event will have occurred and the appointment of the Servicer may be terminated by the Issuer or, following delivery of an Enforcement Notice, the Security Trustee. The occurrence of a Servicer Termination Event may disrupt the collection of payments due on the Loans and ultimately could adversely affect the ability of the Issuer to make payments on the Notes and the Certificates.

Following any removal of the Servicer there is no guarantee that a substitute servicer would be found, which could delay collection of the payments on the Loans and ultimately could adversely affect payments on the Notes.

There can be no assurance that a substitute servicer with sufficient experience of servicing the Loans would be found who would be willing and able to service the Loans on the terms, or substantially similar terms, set out in the Relevant Servicing and Legal Title Holder Deed. Further, it may be that the terms on which a substitute servicer may be appointed are substantially different from those set out in the Relevant Servicing and Legal Title Holder Deed and the terms may be such that the Noteholders may be adversely affected. In addition, as described below, any substitute servicer will be required, *inter alia*, to be authorised under the Financial Services and Markets Act 2000 (the FSMA) in order to service Loans that constitute Regulated Mortgage Contracts under the FSMA.

The ability of a substitute servicer to fully perform the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay

or inability to appoint a substitute servicer may affect payments on the Loans and hence the Issuer's ability to make payments when due on the Notes.

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

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 counterparties 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 parties by the Rating Agencies. If a 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.

Certain material interests and potential for conflicts

Following the Closing Date, the Retention Holder may seek to obtain funding from one or more third parties (which may include the Lead Manager) to provide financing, directly or indirectly, to the Retention Holder and/or any of its affiliates and related entities. Such financing may, directly or indirectly, involve financing some or all of the Retained Interest (subject always to compliance with applicable law), and such financier may receive security over assets of the Retention Holder and/or its affiliates, including security over the Retained Interest, resulting in such financier having enforcement rights and remedies, which may include the right to appropriate or sell the Retained Interest. In carrying out such sale, the third party would not be required to have regard to any retention requirements, including the Retention Requirements, and any such sale may therefore from such time cause the transaction described in this Prospectus to cease to be compliant with such requirements.

Where a party to the Transaction Documents and/or any of its affiliates act in numerous capacities (including, but not limited to, Barclays acting in its capacities as Sponsor, Retention Holder and Servicer Administrator) there may be actual or potential conflicts between (1) the interests of such party and/or any such affiliates in such various capacities and (2) the interests of the Noteholders and such transaction parties and/or any such affiliates. If such conflicts arise, the effect on Noteholders would be unknown and such entities may have no duty to act in the best interests of the Noteholders.

Interests of the Arranger and Lead Manager

The Arranger and/or the Lead Manager 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, the Retention Holder and/or their Affiliates in the ordinary course of business. One or more of the Lead Manager 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 Lead Manager and/or the Seller and/or the Retention Holder 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, the Retention Holder or their Affiliates. The Lead Manager and/or the Arranger and/or their Affiliates that have a commercial relationship with the Retention Holder routinely hedge their credit exposure to the Retention Holder consistent with their customary risk management policies. Typically, such Arranger and/or the Lead Manager and/or the Retention Holder 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 Lead Manager 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.

5. MACRO-ECONOMIC AND MARKET RISKS

Absence of secondary market

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

None of the Notes 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 it may not provide Noteholders with liquidity of investment, with the result that a Noteholder may not be able to find a buyer to buy its Notes readily or at prices that will enable the Noteholder to realise a desired yield or a desired return on projected amounts due in respect of the Notes. Any investor in the Notes must be prepared to hold its Notes until the Final Redemption Date.

Reduction or withdrawal of the ratings assigned to the Notes after the issue date may affect the market value of the Notes

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 "*Counterparty Risks – Change of counterparties may reduce amounts available to the Issuer to make payments to Noteholders and Certificateholders*" above.

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. The Issuer has not requested that the Class F Notes, the Class R Notes and the Certificates be 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 (or, in relation to Moody's, the deposit rating) 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.

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

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 have formed 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 or more Rating Agencies (each 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 certifying and confirming that (A) a written request for such Rating Agency Confirmation has been delivered to each Rating Agency by or on behalf of the Issuer and (B) each of the events in paragraphs (i)(A) or (B) and (ii) has occurred, and each of the Note Trustee and the Security Trustee shall be entitled to rely on such certificate without further 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.

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, as defined in Section 3(a)(62) of the Exchange Act, 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 (Rule17g5), 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 Moody's and S&P to rate all of the Classes of Notes (other than the Class F Notes and the Class R 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 Moody's and S&P. Neither the Issuer nor any other person or entity will have any duty to notify you if any other nationally recognised 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 SEC may determine that one or more of the rating agencies engaged by the Issuer no longer qualifies as a nationally recognised statistical rating organisation and that determination may have an adverse effect on the liquidity, market value and regulatory characteristics of the Notes.

Changes or uncertainty in respect of LIBOR, SONIA and/or other interest rate benchmarks may affect the value or payment of interest under the Mortgage Loans or the Notes

Various interest rate benchmarks (including the London Inter-Bank Offered Rate (**LIBOR**)) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented including the EU Benchmark Regulation (Regulation (EU) 2016/1011) (the **Benchmark Regulation**).

The sustainability of LIBOR has been questioned by the UK Financial Conduct Authority as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. On 27 July 2017, and in a subsequent speech by its Chief Executive on 12 July 2018, the UK Financial Conduct Authority (FCA) confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the **FCA Announcements**). The FCA Announcements indicated that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. In addition, on 29 November 2017, the Bank of England and the FCA announced that, from January 2018, its Working Group on Sterling Risk-Free Rates has been mandated with implementing a broad-based transition to the Sterling Overnight Index Average (**SONIA**) over the next four years across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021.

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or

methodologies used in the benchmark; and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.

Interest on the Notes is calculated by reference to SONIA and prospective investors should in particular be aware that:

- (a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including LIBOR and SONIA) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (b) if LIBOR is discontinued or is otherwise unavailable, then the rate of interest on the relevant Mortgage Loans may be determined for a period by any applicable fall-back provisions under the Mortgage Conditions, although such provisions may not operate as intended (depending on market circumstances and the availability of rates information at the time);
- (c) while an amendment may be made under Condition 13 (*Meetings of Noteholders and Certificateholders, Modification, Waiver and Substitution*) of the Conditions of the Notes to change the base rate on the Floating Rate Notes from SONIA to an alternative base rate under certain circumstances broadly related to SONIA dysfunction or discontinuation and subject to certain conditions being satisfied, there can be no assurance that any such amendment will be made or, if made, that it (i) will fully or effectively mitigate all relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the Floating Rate Notes or (ii) will be made prior to any date on which any of the risks described in this risk factor may become relevant; and
- (d) if SONIA is discontinued or is otherwise unavailable, then the rate of interest on the Notes may be determined for a period by any applicable fall-back provisions provided for under Condition 6 (*Interest*) although such provisions may not operate as intended (depending on market circumstances and the availability of rates information at the time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when SONIA was available.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Mortgage Loans and the Notes due to applicable fall-back provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Notes.

Moreover, any of the above matters or any other significant change to the setting or existence of LIBOR and/or SONIA could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of SONIA could result in adjustment to the Conditions, early redemption, delisting or other consequences in relation to the Floating Rate Notes. No assurance may be provided that relevant changes will not occur with respect to SONIA or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

The market continues to develop in relation to SONIA as a reference rate in the capital markets

Investors should be aware that the market continues to develop in relation to the adoption of SONIA as a reference rate in the capital markets and as an alternative to LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA, including term SONIA reference rates (which seek to measure the market's forward expectation of an

average SONIA rate over a designated term). As a result, the market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions and used in relation to Notes that reference a SONIA rate issued under this Prospectus. Interest on Notes which reference a SONIA rate is only capable of being determined at the end of the relevant Observation Period and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in the Notes which reference a SONIA rate to reliably estimate the amount of interest which will be payable on such Notes.

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

Risks connected with the political and economic decisions of EU and Eurozone countries and of the United Kingdom leaving the European Union may affect the performance of the securitisation

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 servicer, the account bank and/or the swap providers) 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 and, on 29 March 2017, the UK Government invoked Article 50 of the Lisbon Treaty and officially notified the European Union of its decision to withdraw from the European Union. This commenced the formal two-year process of negotiations regarding the terms of the withdrawal and the framework of the future relationship between the UK and the European Union (the Article 50 withdrawal agreement). As part of those negotiations, a transitional period has been agreed in principle which would extend the application of European Union law, and provide for continuing access to the European Union single market, until the end of 2020 and possibly longer.

The Article 50 withdrawal agreement has not yet been ratified by the UK or the European Union. The parties have agreed to an extended time line which allows for ratification to take place any time prior to 31 October 2019. To the extent ratification does take place ahead of 31 October 2019, the UK would leave on the first date of the month following ratification. However, it remains uncertain whether the Article 50 withdrawal agreement, or any alternative agreement, will be finalised and

ratified by the UK and EU ahead of the deadline. If that deadline of 31 October 2019 is not met, unless the negotiation period is further extended or the Article 50 notification revoked, the Treaty on the European Union and the Treaty on the Functioning of the EU will cease to apply to the UK and the UK will lose access to the EU single market. Whilst continuing to discuss the Article 50 withdrawal agreement and political declaration, the UK Government has commenced preparations for a “hard” Brexit (or “no-deal” Brexit) to minimise the risks for firms and businesses associated with an exit with no transitional agreement. This has included publishing draft secondary legislation under powers provided in the EU (Withdrawal) Act 2018 to ensure that there is a functioning statute book after any exit without a transitional period.

Due to the ongoing political uncertainty as regards the terms of the UK’s withdrawal from the European Union and the structure of the future relationship, it is not possible to determine the precise impact on general economic conditions in the UK, including the performance of the UK housing market. It is also not possible to determine the precise 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 underlying loans, or on the regulatory position of any such entity or of the transactions contemplated by the transaction documents under European Union regulation or more generally.

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

6. LEGAL AND REGULATORY RISKS

Security and insolvency considerations

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

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

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

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

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

On 6 April 2008, a provision in the Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords' decision in *the case of Leyland Daf* in 2004. Accordingly, the costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency (England and Wales) Rules 2016.

As a result of the changes described above, upon the enforcement of the floating charge security granted by the Issuer, floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Deed of Charge will be reduced by at least a significant proportion of any liquidation expenses. There can be no assurance that the Noteholders will not be adversely affected by such a reduction in floating charge realisations.

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 set out in the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (as amended) (the **TSC Regulations**)), and, as such, should be taxed only on the amount of its "retained profit" (as that term is defined in the TSC Regulations) for so long as it satisfies the conditions of the TSC Regulations. However, if the Issuer does not satisfy the conditions to be taxed in accordance with the TSC 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.

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 the 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 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 and at the expense of 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 the Class R Notes, to allow such holder 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 the Class F Notes (and at such holder's expense), to allow such holder to file a protective statement preserving such United States holder's ability to treat the Issuer as a QEF election if such class is treated as equity rather than debt for U.S. federal income tax purposes (although there is no guidance that such protective statements are effective or permitted). 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 advisers 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.

U.S. tax characterisation of the Notes

The Issuer has agreed and, by its acceptance of a U.S. Note (as defined in the section entitled "*United States Federal Income Taxation – Characterisation of the Rule 144A Notes*"), each holder (and any beneficial owners of any interest therein) will be deemed to have agreed, to treat the U.S. Notes as debt of the Issuer for U.S. federal income tax purposes, except as otherwise required by applicable law and for certain limited purposes. The determination of whether a Note will be treated as debt for U.S. federal income tax purposes is based on the facts and circumstances existing at the time the Note is issued.

Prospective investors should be aware that the classification of an instrument as debt or equity is highly factual, and there can be no assurance that the U.S. Internal Revenue Service will not seek to characterise as something other than indebtedness any particular Class or Classes of the U.S. Notes. If any of the U.S. Notes were treated as equity for U.S. federal income tax purposes, adverse U.S. federal income tax consequences might apply.

The Issuer has agreed and, by its acceptance of a Class R Note, each holder (and any beneficial owners of any interest therein) will be deemed to have agreed, to treat such Note as equity in the Issuer for U.S. federal income tax purposes, except as otherwise required by applicable law.

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

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

In the event that any withholding or deduction for or on account of any tax is imposed on payments in respect of the Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate the Noteholders for such withholding or deduction. However, in such circumstances, the Issuer 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*".

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 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 relating 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 (among 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 (such as the Scottish Declaration of Trust), (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 as 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.

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.

Regulatory initiatives may have an adverse impact on the regulatory treatment of the Notes and/or decrease liquidity in respect of the Notes

In Europe, the U.S., and elsewhere, there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in multiple measures for increased regulation which are at various stages of implementation and which may have an adverse impact on the regulatory position of certain investors in securitisation exposures and/or on the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position, and should consult their own advisers in this respect. None of the Issuer, Arranger, Lead Manager, the Seller, the Retention Holder, the Sponsor or any of the other Transaction Parties makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the Closing Date, or at any time in the future.

Prudential regulation reforms under Basel or other frameworks may have an adverse impact on the regulatory capital treatment of the Notes.

Investors should note in particular that the Basel Committee on Banking Supervision (**BCBS**) has approved a series of significant changes to the Basel framework for prudential regulation (such changes being referred to by the BCBS as Basel III, and referred to, colloquially, as Basel III in respect of reforms finalised prior to 7 December 2017 and Basel IV in respect of reforms finalised on or following that date). The Basel III/IV reforms, which include revisions to the credit risk framework in general and the securitisation framework in particular, may result in increased regulatory capital and/or other prudential requirements in respect of securitisation positions. The

BCBS continues to work on new policy initiatives. National implementation of the Basel III/IV reforms may vary those reforms and/or their timing. It should also be noted that changes to prudential requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe. Investors in the Notes are responsible for analysing their own regulatory position and prudential regulation treatment applicable to the Notes and should consult their own advisers in this respect.

Securitisation Regulation regime applies to the Notes and non-compliance with this regime may have an adverse impact on the regulatory treatment of Notes and/or decrease liquidity of the Notes.

The Securitisation Regulation applies in general (subject to certain grandfathering) from 1 January 2019, although some legislative measures necessary for the full implementation of the new regime have not yet been finalised and compliance with certain requirements is subject to the application of transitional provisions.

The Securitisation Regulation establishes certain common rules for all securitisations that fall within its scope (including recast of pre-1 January 2019 risk retention and investor due diligence regimes).

The Securitisation Regulation has direct effect in member states of the EU and is to be implemented in due course in other countries in the EEA.

The Securitisation Regulation requirements apply to the Notes. As such, certain European-regulated institutional investors, including credit institutions, investment firms, authorised alternative investment fund managers, insurance and reinsurance undertakings, certain undertakings for the collective investment of transferable securities (UCITs) and certain regulated pension funds (institutions for occupational retirement provision), are required to comply under Article 5 with certain due diligence requirements prior to holding a securitisation position and on an ongoing basis while holding the position. Among other things, prior to holding a securitisation position, such institutional investors are required to verify certain matters with respect to compliance of the relevant transaction parties with credit granting standards, risk retention and transparency requirements and, on transactions notified as STS, compliance of that transaction with the STS Requirements. If the relevant European-regulated institutional investor elects to acquire or holds the Notes having failed to comply with one or more of these requirements, this may result in the imposition of a penal capital charge on the Notes for institutional investors subject to regulatory capital requirements or a requirement to take a corrective action, in the case of a certain type of regulated fund investors. Aspects of the requirements of the Securitisation Regulation and what is or will be required to demonstrate compliance to national regulators remain unclear. Prospective investors should therefore make themselves aware of requirements applicable to them and are required to independently assess and determine the sufficiency of the information described in this Prospectus generally for the purposes of complying with such due diligence requirements under the Securitisation Regulation and any corresponding national measures which may be relevant.

Various parties to the securitisation transaction described in this Prospectus (including Barclays and the Issuer) are also subject to the requirements of the Securitisation Regulation. However, there is at present some uncertainty in relation to some of these requirements and what is or will be required to demonstrate compliance to national regulators, including in particular with regard to the transparency obligations imposed under Article 7 of the Securitisation Regulation, the application of the transitional provisions in connection with such Article and the final position on the new disclosure templates to be applied under the new technical standards which are now expected to be finalised towards the end of 2019. Prospective investors are referred to the sections entitled "*Certain Regulatory Disclosures – Securitisation Regulation*" for further details. Until the final position on the outstanding technical standards and related guidance is known, there can be no assurance that the information in this Prospectus or to be made available to investors in accordance with Article 7 of the

Securitisation Regulation will be adequate for any prospective institutional investors to comply with their due diligence obligations under the Securitisation Regulation.

Prospective investors in the Notes are responsible for analysing their own regulatory position, and should consult their own advisers in this respect.

STS designation impacts on regulatory treatment of the Notes.

The Securitisation Regulation (and the associated Regulation (EU) 2017/2401 (**CRR Amendment Regulation**)) also includes provisions intended to implement the revised securitisation framework developed by BCBS (with adjustments) and provides, among other things, for harmonised foundation criteria and procedures applicable to securitisations seeking designation as STS securitisation.

The STS securitisation designation impacts on the potential ability of the Notes to achieve better or more flexible regulatory treatment under various EU regimes that were amended (or will be amended in due course) to take into account the STS framework (such as Type 1 securitisation under Solvency II, as amended; regulatory capital treatment under the securitisation framework of the Capital Requirements Regulation, as amended by the CRR Amendment Regulation; Type 2B securitisation under the LCR Regulation, as amended).

The Notes are not intended to be designated as STS securitisation for the purposes of the Securitisation Regulation. Prospective investors are themselves responsible for analysing their own regulatory position, and should consult their own advisers in this respect and should consider (and where appropriate, take independent advice on) the consequence from a regulatory perspective of the Notes not being considered an STS securitisation, including (but not limited to) that the lack of such designation may negatively affect the regulatory position of, and the capital charges on, the Notes and, in addition, have a negative effect on the price and liquidity of the Notes in the secondary market.

U.S. Risk Retention

Pursuant to Section 15G of the Exchange Act as added by Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and implemented by final rules promulgated thereunder (the **U.S. Credit Risk Retention Requirements**), the "sponsor" of a "securitisation transaction" is required to retain at least 5 per cent. of the "credit risk" of "securitised assets", as such terms are defined for purposes of that statute, and is generally prohibited from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Credit Risk Retention Requirements became effective for residential mortgage-backed securities on 24 December 2015.

Until the later of (i) the fifth anniversary of the Closing Date and (ii) the date on which the Current Balance of all Loans in the Portfolio has been reduced to 25% of the Current Balance of all Loans in the Portfolio as of the Closing Date, but in any event no longer than the seventh anniversary of the Closing Date (the **Sunset Date**), the U.S. Credit Risk Retention Requirements impose limitations on the ability of the Sponsor to dispose of or hedge the retained EVI. In general, prior to the Sunset Date, the Sponsor may not transfer the retained EVI to any person other than a majority-owned affiliate of the Sponsor.

In addition, prior to the Sunset Date, the Sponsor and its affiliates may not engage in any hedging transactions if payments on the hedge instrument are materially related to the retained EVI and the hedge position would limit the financial exposure of the Sponsor (or a majority-owned affiliate) to the retained EVI. The Sponsor (or an affiliate) may not pledge its interest in a retained EVI as collateral for any financing unless such financing is full recourse to the Sponsor (or an affiliate). Barclays, as "sponsor" (**Sponsor**) for purposes of the U.S. Credit Risk Retention Requirements, may hold the retained interest. The Sponsor (or a majority-owned affiliate) intends to satisfy the requirements of

the U.S. Credit Risk Retention Requirements by acquiring on the Closing Date an EVI equal to five per cent. in each Class of Notes and the Class X Certificates.

If the Sponsor or a majority-owned affiliate fails to retain credit risk in accordance with the U.S. Credit Risk Retention Requirements, or engages in a hedging transaction with respect to the retained interest prior to the Sunset Date, the value and liquidity of the Notes may be adversely affected. Investors should make themselves aware of the requirements described above where applicable to them and consult their own advisers as to the U.S. Credit Risk Retention Requirements. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

7. RISKS RELATING TO THE CHARACTERISTICS OF THE NOTES

Eligibility for Central Bank Schemes

While 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 which 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 "*Macro-Economic And Market Risks – Risks connected with the political and economic decisions of EU and Eurozone countries and of the United Kingdom leaving the European Union may affect the performance of the securitisation*" 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.

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 its 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 to 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 or 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.

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 Loans secured over residential properties located in England, Wales and Scotland.

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

Each Loan and its Related Security comprising the Portfolio 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 the Closing Date, pursuant to the Vendor Mortgage Sale Agreement, the Seller will agree to acquire from the Vendor the Loans and their Related Security comprising the Portfolio.

On the Closing Date, pursuant to the Mortgage Sale Agreement, the Seller will sell the beneficial title to 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 English Loan and its Related Security in the Portfolio will initially be effected by way of an equitable assignment.

The sale by the Seller to the Issuer of each Scottish Loan and its Related Security in the Portfolio will be given effect by the grant of the Scottish Declaration of Trust.

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: (i) in relation to the English Loans, the equitable assignment of the transferor's right, title and interest in and to each relevant loan and its Related Security; or (ii) in relation to the Scottish Loans, the transfer by the Vendor to the Seller of the interest of the Vendor as beneficiary under the Vendor Scottish Declaration of Trust or the creation of a beneficial interest under the Scottish Declaration of Trust.

The terms **repurchase** and **repurchased** when used in this Prospectus

in connection with a Loan and its Related Security shall be construed to include(i) in relation to the English Loans, the repurchase by the Seller of the equitable interest of the Issuer in respect of the relevant Loan and its Related Security; or (ii) in relation to the Scottish Loans, the purchase by the Seller of the interest of the Issuer or, as applicable, the Security Trustee as beneficiary under the Scottish Declaration of Trust in respect of the relevant Loan and its Related Security, in each case pursuant to the terms of 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: (i) in respect of the English Loans to the Land Registry of England and Wales (the **English Land Registry**) to register or record its equitable or beneficial interest in the Mortgage; or (ii) in respect of the Scottish Loans may not apply to the General Register of Sasines or the Land Register of Scotland (the **Registers of Scotland**, and together with the English Land Registry, the **Land Registry**) to register or record its beneficial interest under the trust created by the Scottish Declaration of Trust (a **Scottish Trust**), until the earlier of: (a) the occurrence of a Perfection Trigger Event with respect to a Legal Title Holder (in which case, notice of the transfer of legal title to (or in Scotland, notice of assignation of) the Loans and their Related Security to a replacement Legal Title Holder (which will be to the relevant New Legal Title Holder if the Perfection Trigger Event occurs prior to the end of the Interim Period (provided that there has been no Perfection Trigger Event in respect of such relevant New Legal Title Holder), and subsequently 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 (which, in relation to Scottish Mortgages, will require executed assignations of such Mortgages)) will pass to such replacement Legal Title Holder); and (b) the Transfer Date.

Accordingly, the Issuer will hold only the equitable title (and in respect of the Scottish Loans and their Related Security the beneficial interest under the Scottish Declaration of Trust) in those Loans and their Related Security and will therefore be subject to certain risks as set out in the section entitled "*Risks Relating to the Underlying Assets – The Legal Title Holder to retain legal title to the Loans and risks relating to set-off*".

During the Interim Period and prior to the occurrence of a Perfection Trigger Event with respect to any Original Legal Title Holder, the legal title to each Loan and its Related Security comprising the Portfolio will be held by the relevant Original Legal Title Holder (as applicable in respect of each Loan originated by it) on bare trust for

the Issuer (except in relation to any Scottish Loan and its Related Security, which will be held on trust by the Original Legal Title Holder (with the consent of the Seller) for the Issuer pursuant to the Scottish Declaration of Trust). On the Transfer Date, notice of the transfer of legal title to (or in Scotland, notice of assignation of) the Loans and their Related Security to the New Legal Title Holder (provided that no Perfection Trigger Event has occurred in respect of such New 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 (which, in relation to Scottish Mortgages, will require executed assignations of such Mortgages)) will pass to the New Legal Title Holder. Legal title to each Loan and its Related Security will be held on bare trust by the New Legal Title Holder (in its capacity as Legal Title Holder) on behalf of the Issuer (including, in respect of a Scottish Loan, under the Scottish Declaration of Trust, the new Legal Title Holder being assumed as a trustee on the Transfer Date pursuant to a deed of assumption and resignation).

Transfer Date:

Unless a Perfection Trigger Event has occurred previously with respect to the Original Legal Title Holder, the Original Legal Title Holder will perfect the transfer of the legal title to each Loan and its Related Security to the New Legal Title Holder (in its capacity as Legal Title Holder) on or before 20 January 2020 (or such later date as may be agreed between the Issuer and the Original Legal Title Holder) (such date of transfer being, the **Transfer Date**).

On the Transfer Date Trillium Mortgages Limited will transfer the legal title in any and all Loans and their Related Security held by it to Kendal Mortgages Limited. See the sections entitled "*The Loans*", "*Characteristics of the Provisional Portfolio*" and "*The New Legal Title Holder*" for further details.

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 Original Legal Title Holder 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 or (in Scotland) standard securities over freehold, heritable and leasehold properties in England and Wales and Scotland.

Number of Sub-Accounts in the Provisional Portfolio: 1,850

Current Balance	£101,628.89 (average)
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Indexed Value	Current Loan To	49.31 per cent. (weighted average)
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Seasoning (months)*	152.23 (weighted average)
Remaining Term (months)*	130.39 (weighted average)

Consideration:

The consideration due to the Seller in respect of the sale of the equitable and beneficial interest in the Loans and their Related Security comprising the Portfolio shall comprise: (a) an amount equal to net Notes proceeds less fees and expenses (the **Purchase Price**); and (b) deferred consideration consisting of Class X Certificate Payments and the Class Y Certificate Payments, the right to such payments represented by the issue of the Class X Certificate and the Class Y Certificates, respectively (the **Consideration**).

Outstanding Principal Balance and Current Balance

The Outstanding Principal Balance with respect to a Loan means the aggregate of paragraphs (a), (b) and (c) of the definition of Current Balance.

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

- (a) the original principal amount advanced to the relevant Borrower secured or intended to be secured by the related Mortgage and which has not been paid, repaid or prepaid by the relevant Borrower;
- (b) 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;
- (c) any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has not been paid by the relevant Borrower and which has been properly capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent and added to the amounts secured or intended to be secured by the related Mortgage; and
- (d) any other amount (including, for the avoidance of doubt, Accrued Interest and Arrears of Interest) which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent but which is secured or intended to be secured by the related Mortgage,

on the basis of the start of day position on such date (which for the avoidance of doubt is inclusive of any interest rate accrual amount relating to the previous month or otherwise that has been applied on

* As at the Portfolio Reference Date.

such day but is exclusive of any other payments or postings on such date) and any reference to the Current Balance of a loan contained in the Provisional Portfolio shall be construed as if it were a Loan contained in the Portfolio.

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. The Issuer currently has no plans to proactively verify on an ongoing basis that all of the Loan Warranties were true and accurate on the date they were made on an individual Loan level. See the section entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Product Switches, Further Advances, Flexible Drawings, Authorised Underpayments, Payment Holidays and Porting – Representations and Warranties*" for further details.

Seller's indemnity 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 (subject to certain limitations as described herein) be required to either (i) make an MSA Warranty Payment or otherwise pay the MSA Warranty Indemnity Amount or (ii) 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) (as further described below). The Seller shall be liable under the Mortgage Sale Agreement for any MSA Relevant Liabilities to the extent that the MSA Relevant Liabilities are not funded fully by item(s) of the Pre-Enforcement Revenue Priority of Payments and provided that recourse against the Seller is limited to the amounts available to it under the Loan Agreement from time to time.

For a summary of the recourse the Issuer has against the Seller in respect of Loan Warranty breaches, including time and monetary limits, please refer to the sections entitled "*Summary of the Key Transaction Documents – Mortgage Sale Agreement – Representations and Warranties*" for further details.

Consideration for repurchase:

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) as a result of a breach of Loan Warranty shall be an amount in cash (not less than zero) 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 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 (the **Repurchase Price**).

Limit on indemnity

The amount payable by the Seller pursuant to an indemnity in respect

amount:

of MSA Relevant Liabilities shall not exceed an amount equal to the Repurchase Price of the relevant Loan(s) as at the date of such indemnification payment.

**Flexible Drawings,
Further Advances,
Payment Holidays
Authorised
Underpayments and
Porting**

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

Where the Servicer, on behalf of the Issuer, agrees that a Flexible Drawing must be made to a Borrower as a result of, *inter alia*, the 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 Servicer shall notify the Seller, the Legal Title Holder, 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 Drawing Notice (**Drawing Notice** being the relevant notice prepared and delivered by the Servicer to the Issuer and the Cash Manager in accordance with the terms of the Mortgage Sale Agreement, Relevant Servicing and Legal Title Holder Deed and the Cash Management Agreement in connection with such Flexible Drawing) to the Issuer with a copy to the Seller and the Cash Manager.

To the extent that (as applicable) the Mortgage Conditions require an advance of a Flexible Drawing and subject to the relevant Borrower satisfying any conditions under the relevant Mortgage Conditions then the equitable and beneficial interest in any such 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 Collection Accounts and (ii) in the event of a shortfall therein, Principal Receipts standing to the credit of the Transaction Account). The Servicer will provide to the Issuer, the Seller and the Cash Manager: (i) a Drawing Notice; (ii) details of the amount of Principal Receipts retained by the Servicer in the Collection Accounts to purchase such Flexible Drawing; and (iii) the shortfall (if any). Based on the information contained in the Servicer Report, the Cash Manager shall, to the extent available, fund any shortfall by debiting the available Principal Receipts standing to the credit of the Transaction Account, and transfer such amount to the 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 such Flexible Drawing (and there are insufficient Principal Receipts available in the Collection Account to otherwise do so), then the Seller shall 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.

Principal Receipts shall not be applied by the Issuer in purchasing

Further Advances. After the Closing Date, if the Legal Title Holder agrees to make any Further Advance, then the Seller shall be obliged to buy-back 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 (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.

If the 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 Legal Title Holder to agree to a Further Advance, a Product Switch, an Unauthorised Payment Holiday, an Unauthorised Underpayment or a Porting Request.

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.

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 and (ii) any Flexible Drawing.

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 Legal Title Holder when the relevant Borrower under such Loan is permitted by the Legal Title Holder not to make its regular Contractual Monthly Payment until the accrued Overpayments have been depleted in each case in accordance with the relevant Mortgage Conditions.

Porting or Port means the transfer of the Mortgage in respect of a Loan from an existing Property to a new Property where the new Property provides replacement security for the repayment by the Borrower of the relevant Loan whether or not resulting in the creation of a new Mortgage Loan or not.

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

- (a) agreed with a Borrower to control or manage actual or anticipated arrears on a Loan;
- (b) in the maturity date of the Loan (unless the maturity date would be extended to a date later than three years before the Final Redemption Date of the Notes in which case such variation will constitute a Product Switch);
- (c) imposed by statute;
- (d) in the rate of interest payable in respect of a Loan (i) as a result of any variation in the Floating Mortgage Rate or (ii) where the terms of the Mortgage change the rate of interest payable by a Borrower on termination of an interest discount for a fixed period of time or the terms of the Loan otherwise change the interest rate payable;
- (e) in the frequency with which the interest payable in respect of the Loan is charged;
- (f) agreed with a Borrower to change the Loan from an Interest-only to Repayment Loan;
- (g) effecting a transfer of equity;
- (h) releasing of a party to a Loan provided that at least one party to that Loan remains unreleased; or
- (i) where the Legal Title Holder agrees to a Borrowers request for consent to let.

**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 a Legal Title Holder (with a copy to the Seller and the Security Trustee) require such Legal Title Holder to complete the transfer by way of the assignment or assignation to the Issuer (or to its nominee) where a Perfection Trigger Event has occurred in respect of that Legal Title Holder as soon as reasonably practicable, following the occurrence of a Perfection Trigger Event.

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

Servicing of the Portfolio - Servicer Facilitator:

The Servicer Facilitator is required to procure the appointment, on behalf of the Issuer, of a replacement servicer if the Servicer's appointment is terminated. 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 their Related Security. The appointment of the Servicer Facilitator may be terminated by the Issuer and/or following delivery of an Enforcement Notice the Security Trustee upon the occurrence of a Servicer Facilitator Termination Event (see further "*Transaction Overview – Triggers Tables*" and "*Summary of the Key Transaction Documents*").

Servicing of the Portfolio during the Interim Period:

On or about the Closing Date the Issuer will appoint the Servicer and enter into a servicing and legal title holder deed with the Servicer and the Original Legal Title Holder (the **Interim Servicing and Legal Title Holder Deed**). From the Closing Date to the end of the Interim Period, the Servicer will service the Portfolio and the Original Legal Title Holder will hold the legal title to the Loans in accordance with the terms of the Interim Servicing and Legal Title Holder Deed.

The Interim Servicing and Legal Title Holder Deed shall be on the same terms as the Long-Term Servicing and Legal Title Holder Deed. For detail of the terms please see "*Servicing of the Portfolio prior to and following the Transfer Date*" below and "*Summary of the Key Transaction Documents – Relevant Servicing and Legal Title Holder Deed*".

Relevant Servicing and Legal Title Holder Deed means the Interim Servicing and Legal Title Holder Deed and the Long-Term Servicing and Legal Title Holder Deed, as applicable.

Servicing of the Portfolio following the end of the Interim Period:

On or about the Closing Date the Issuer will appoint the Servicer and enter into a Servicing and Legal Title Holder Deed with the servicer and the new legal title holder (the **Long-Term Servicing and Legal Title Holder Deed**). Following the Servicer Effective Date, the Servicer will, pursuant to the terms of the Long-Term Servicing and Legal Title Holder Deed, service the Portfolio and the Legal Title Holder will hold the legal title to the Loans in accordance with the terms of the Long-Term Servicing and Legal Title Holder Deed.

Servicing of the Portfolio prior to and following the Servicer Effective Date:

The appointment of the Servicer pursuant to the Relevant Servicing and Legal Title Holder Deed may be terminated by the Issuer and/or (following the service of an Enforcement Notice) the Security Trustee, upon the occurrence of a Servicer Termination Event and provided that a Successor Servicer has been appointed. The Issuer and (following the delivery of an Enforcement Notice) the Security Trustee on becoming aware of the occurrence of a Servicer Termination Event shall give notice in writing to the Servicer Facilitator of the occurrence of a Servicer Termination Event and request it to identify and select a Successor Servicer. Upon being so notified, the Servicer Facilitator (in consultation with the Committee) shall use reasonable endeavours to identify and select a Successor Servicer which satisfies the conditions set out in the Relevant

Servicing and Legal Title Holder Deed following consultation with the Servicer Facilitator within 30 calendar days of the occurrence of the applicable Servicer Termination Event and provide details of its selection (the **Proposed Successor**) to the Issuer, the Seller, the Committee 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 Servicing and Legal Title Holder Deed, 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 Servicing and Legal Title Holder Deed). The Issuer shall notify the Rating Agencies in writing of the identity of the Successor Servicer. The Servicer may resign by giving not less than 18 months' written notice to the Issuer (with a copy to the Security Trustee) (or by such shorter period of notice as may be agreed between the Servicer, the Issuer and the Security Trustee) and subject to, *inter alia*, a replacement servicer having been appointed.

The liability of the Servicer shall be, for all claims arising in the 12 month period commencing on the Closing Date and/or the Transfer Date, as applicable, and thereafter each successive 12 month period (or part thereof) (a **Contract Year**), limited to an amount equal to 200 per cent. of the Servicing Fees paid in that Contract Year (or, in the case of a period of less than 12 months, which would otherwise be payable to the Servicer and Legal Title Holder for the full 12 month period) in which such claim arises, provided that the Servicer does not exclude or limit their liability for:

- (a) any sum which the Servicer and its respective subcontractor or delegate holds on trust for the Issuer and for which the Servicer fails to account to the Issuer; or
- (b) gross negligence, fraud or wilful default in the performance of the Servicer's obligations under the Servicing and Legal Title Holder Deed; or
- (c) death or personal injury caused by its negligence or that of its employees, agents or subcontractors; or
- (d) breach of any obligations not excludable by law.

The terms of the Interim Servicing and Legal Title Holder Deed and Long-Term Servicing and Legal Title Holder Deed are summarised in "*Summary of the Key Transaction Documents – Relevant Servicing and Legal Title Holder Deed*". In addition, Noteholders should note the section entitled in "*Risk Factors – Risks Relating to the Underlying Assets – Servicing And Third Party Risk*".

Collection Accounts:

During the Interim Period, collections will be credited to the Interim Period Collection Accounts and each Original Legal Title Holder, and the Issuer, amongst others, will enter into a declaration of trust (the **Interim Period Collection Account Declaration of Trust**) over the

Interim Period Collection Account held in the name of each such Original Legal Title Holder in favour of the Issuer and the Seller. The Issuer's share of the trust will be an amount equal to the collections received in each Interim Period Collection Account in respect of the Mortgage Loans beneficially owned by it.

On and from the Transfer Date, the Interim Period Collection Accounts shall be transferred into the name of the relevant New Legal Title Holder and the Issuer and, each New Legal Title Holder, amongst others, will enter into a new declaration of trust (the **New Collection Account Declaration of Trust**) over the New Collection Accounts held in the name of such New Legal Title Holder in favour of the Issuer and other beneficiaries. The Issuer's share of the trust will be an amount equal to the collections received in each New Collection Account in respect of the Mortgage Loans beneficially owned by it.

Amounts credited to each Collection Account from (and including) the Closing Date that relate to the Issuer's Collection Portion will be identified on a daily basis (each such aggregate daily amount, a **Daily Mortgage Loan Amount**) and the Servicer shall procure that the Collection Account Bank shall transfer or procure to be transferred an amount equal to the Daily Mortgage Loan Amount from the relevant Collection Account into the Transaction Account on the next Business Day after that Daily Mortgage Loan Amount is identified as received in the relevant Collection Account (subject to the deduction of any amount required by the Servicer to pay costs and expenses due at such time (the **Servicer Expenses Amount**), subject to the Expenses Cap).

On each Interest Payment Date, amounts standing to the credit of the Transaction Account will be applied by the Cash Manager on behalf of the Issuer in accordance with the relevant Priority of Payments.

Collection Accounts means (i) during the Interim Period, the Interim Period Collection Accounts and (ii) following the Transfer Date, the New Collection Accounts.

Expenses Cap means £85,000 in any Collection Period.

Interim Period Collection Accounts means, during the Interim Period, each collection account in the name of each Original Legal Title Holder held with the Collection Account Bank into which all payments due by Borrowers under the Mortgage Loans beneficially owned by the Issuer are made. **Issuer's Collection Portion** means at any time an amount equal to the aggregate of the Issuer's share of the collections credited to the Collection Accounts in relation to the Mortgage Loans in the Mortgage Portfolio since the Closing Date, minus the aggregate amount transferred from the Collection Accounts to the Transaction Account since the Closing Date and any Servicer Expenses Amount paid by the Servicer to third parties in accordance with the Relevant Servicing and Legal Title Holder Deed.

New Collection Accounts means, following the Transfer Date, each collection account in the name of each Legal Title Holder held with

the Collection Account Bank into which all payments due by Borrowers under the Mortgage Loans beneficially owned by the Issuer are made.

Servicer Administrator:

Pursuant to the Administration Agreement, Barclays (in its capacity as Servicer Administrator) may, in its sole discretion, elect to carry out certain ongoing administration roles in relation to the securitisation, including (without limitation) electing:

- (a) to review Investor Reports and flag manifest errors or issues to the Cash Manager;
- (b) to review Servicer Reports and flag manifest errors to the Servicer; and
- (c) to attend meetings of the Committee.

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

Committee

A committee will be established to be comprised of the representatives of the Servicer Administrator (if it so elects) and the Majority Class Y Certificateholder who elects to be a member of the committee (each a **Committee Member** and collectively the **Committee**).

The Servicer, the Legal Title Holder and the Issuer (as applicable) shall consult with the Committee Members on certain matters under the Servicing and Legal Title Holder Deed, including:

- (a) on the outcome of any Investor Reports and Servicer Reports;
- (b) the outcome of any annual third party audit of the Servicer (which will include sampling and data integrity (such as verifying the data tape against the Servicer's systems and documentation)) and the right to discuss the outcome of such audit in an annual meeting with the Servicer and, if a Servicer default has occurred as identified in that audit report, the right to notify the Issuer and the Security Trustee thereof;
- (c) delegation of a material portion of the Servicer's powers and obligations; and
- (d) a material change to the Servicer's selection criteria for third parties retained by the Servicer to provide certain third party services.

The Servicer shall consider in good faith any recommendations or representations made by the Committee Members with respect to such consultation matters. The Servicer and Legal Title Holder shall not be obliged to follow or agree to any suggestions, recommendations or directions of the Committee or any other authorised representative which arise as part of a consultation process or otherwise and the final determination of all such matters shall be made by the Servicer acting in accordance with the Servicing Standard.

In addition, the Committee shall have consent rights in relation to:

- (a) replacement or termination of the Servicer;
- (b) any material modifications proposed to be made to the Legal Title Holder's policies;
- (c) any material modifications proposed to be made to the Services;
- (d) the delegation of a material portion of the Services; and
- (e) any Servicer Expenses Amount in excess of the Expenses Cap,

and the Servicer shall not be permitted to undertake such activities without the consent of the Committee, such consent in the case of paragraph (e) not to be unreasonably withheld.

Meetings of the Committee may be convened at the request of the Servicer Administrator, the Servicer or the Majority Class Y Certificateholder.

The Committee Members may act solely in their own interests and have no implied duties or obligations of any kind to other Noteholders.

See "*Summary of the Key Transaction Documents – Relevant Servicing and Legal Title Holder Deed*".

Purchase of Portfolio by Portfolio Option Holder:

The **Portfolio Option Holder** is the holder of more than 50 per cent. of the Class Y Certificates or an entity representing the holders in aggregate of more than 50 per cent. of the Class Y Certificates (other than any Class Y Certificates held directly or indirectly by or on behalf of the Retention Holder).

The Portfolio Option Holder may exercise the Portfolio Purchase Option to effect an early redemption of the Notes (i) pursuant to Condition 8.3 (Optional Redemption for Taxation or Other Reasons) provided that any election to exercise the Portfolio Purchase Option in these circumstances must be notified to the Note Trustee within 20 Business Days of such event; (ii) pursuant to Condition 8.4 (Optional Redemption of the Notes in full) (other than where the Notes are to be redeemed in accordance with item (iv) below); (iii) following the occurrence of a Risk Retention Regulatory Change Event; or (iv) on the First Optional Redemption Date or any Interest Payment Date following the First Optional Redemption Date.

The Portfolio Purchase Option may be exercised by notice to the Issuer with a copy to the Cash Manager, the Note Trustee, the Security Trustee, the Seller, the relevant Legal Title Holder and each of the Rating Agencies to take effect on the Calculation Date immediately preceding the First Optional Redemption Date or such later

Calculation Date specified in the exercise notice (or earlier if exercised pursuant to items (i), (ii) and (iii) above) (the **Portfolio Sale Completion Date**). The Notes shall be redeemed on the Interest Payment Date falling on the same day as, or immediately after, the Portfolio Sale Completion Date.

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.

The Issuer has covenanted in the Deed Poll in favour of the Portfolio Option Holder that prior to the service of an Enforcement Notice it shall not agree to any sale of the Portfolio that is not already provided for under the Transaction Documents without the prior written consent of the Option Holder.

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 Portfolio Purchase Option Purchase Price which is the higher of:

- (a) the sum of:
 - (i) the aggregate Principal Amount Outstanding of the Notes plus accrued and unpaid interest thereon as at the Interest Payment Date on which the Portfolio Purchase Option is expected to be completed; plus
 - (ii) any fees, costs, amounts and expenses of the Issuer payable senior to the Certificates in the Pre-Enforcement Revenue Priority of Payments (including, for the avoidance of doubt, an amount sufficient to reduce any debit balance of the MSA Warranty Claims Ledger to zero when applied in accordance with the applicable Priority of Payments); less
 - (iii) 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,
- (b) the current value of all (but not some only) of the Mortgage Loans in the Portfolio as determined by the Portfolio Option Holder in accordance with the Portfolio Purchase Deed Poll (the **Portfolio Purchase Option Current Value 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, and/or Certificates it may set-off from the Portfolio Purchase Option Purchase Price an amount equal to the amounts otherwise due to it as Noteholder and/or Certificateholder on the Interest Payment Date on which the Notes and Certificates are to be redeemed.

The Portfolio Purchase Option Current Value Purchase Price shall be determined by the Purchase Option Holder calculating such price and giving notice of it to the Retention Holder. If the Portfolio Purchase Option Holder and the Retention Holder cannot agree on a Portfolio Purchase Option Current Value Purchase Price they may together appoint an independent third party value who shall, following consultation with such parties, propose an alternative Portfolio Purchase Option Current Value Purchase Price.

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.

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 20 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*)) (subject to the Portfolio Option Holder's right to exercise the Portfolio Purchase Option).

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*) (subject to the Portfolio Option Holder's right to first exercise the Portfolio Purchase Option). 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 the higher of: (a) the Base Portfolio Purchase Option Purchase Price; and (b) the Portfolio Purchase Option Current Value Purchase Price provided that such Option Repurchase Price may be set off against any amounts owing to the purchaser in respect of the Notes and Certificates held by the purchaser 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*) (subject to the Portfolio Option Holder's right to first exercise the Portfolio Purchase 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 higher of (a) the Base Portfolio Purchase Option Purchase Price as calculated three Business Days prior to re-acquisition and (b) the Portfolio Purchase Option Current Value Purchase Price.

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

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 (*Replacement of Notes*) 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 or Retention Holder.

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 Note Trustee.

To the extent that the Seller and/or Retention Holder (or relevant Purchaser) (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.

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:

- (a) 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; or
- (b) in respect of the Retention Holder, results in the Retention Holder no longer being able to qualify as an eligible retainer of the Retained Interest for purposes of the Risk Retention Requirements; and the Retention Holder is not able to transfer the Retained Interest to one of its affiliates without violating the Risk Retention Requirements or any other applicable law, or incurring any additional material costs or obligations in connection with any such transfer, in any case, as determined by the Retention Holder, in its sole discretion.

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 AND THE CERTIFICATES

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

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 R Notes	Class X Certificate	Class Y Certificates
Principal Amount:	£153,244,000	£5,993,000	£4,281,000	£2,568,000	£1,712,000	£3,424,000	£2,568,000	N/A	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 and the Class D Notes and the Class E Notes), 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 and the Class E Notes, the Class F Notes, all amounts standing to the credit of the General Reserve Fund applied as Available Principal Receipts and following 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	Excess Available Revenue Receipts, prior to the service of an Enforcement Notice following the redemption of all Notes, all amounts standing to the credit of the General 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 the redemption of all Notes, all amounts standing to the credit of the General 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
Liquidity support features:	Subordination in payment of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class R Notes and the Class Y Certificates, Available	Subordination in payment of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class R Notes and the Class Y Certificates, Available Principal Receipts applied as	Subordination in payment of the Class D Notes, the Class E Notes, the Class F Notes, the Class R Notes and the Class Y Certificates, Available Principal Receipts applied as	Subordination in payment of the Class E Notes, the Class F Notes, the Class R Notes and the Class Y Certificates Available Principal Receipts applied as Principal Addition	Subordination in payment of the Class F Notes, the Class R Notes and the Class Y Certificates Available Principal Receipts applied as Principal Addition Amounts to cure any Revenue	Subordination in payment of the Class R Notes sand the Class Y Certificates, Available Principal Receipts applied as Principal Addition Amounts to cure any Revenue	Subordination in payment of the Class Y Certificates	N/A	N/A

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class R Notes	Class X Certificate	Class Y Certificates
	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	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	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	Amounts to cure any Revenue Shortfall and all amounts standing to the credit of the General Reserve Fund applied as Available Revenue Receipts	cure any Revenue Shortfall and all amounts standing to the credit of the General Reserve Fund applied as Available Revenue Receipts	Shortfall			
Issue Price:	100 per cent.	100 cent.	100 per cent.	100 per cent.	100 per cent.	39.81541 per cent.	100 per cent.	N/A	N/A
Reference Rate:	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	Compounded Daily SONIA	N/A (Zero Coupon)	N/A	N/A
Margin Payment (per annum):	0.80 per cent.	1.40 per cent.	1.75 per cent.	2.20 per cent.	3.00 per cent.	5.00 per cent.	N/A	Class X Certificate Payment	Class Y 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
Step-Up Margin (payable on and from the First Optional Redemption Date¹):	1.20 per cent.	2.10 per cent.	2.63 per cent.	3.20 per cent.	4.00 per cent.	5.00 per cent.	N/A	N/A	N/A
Interest Accrual Method:	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	Actual/365	N/A	N/A	N/A
Interest Payment Dates:	28th day of January, April, July and October in each year	28th day of January, April, July and October in each year	28th day of January, April, July and October in each year	28th day of January, April, July and October in each year	28th day of January, April, July and October in each year	28th day of January, April, July and October in each year	N/A	N/A	N/A
First Interest Payment Date:	The Interest Payment Date falling in January 2020	The Interest Payment Date falling in January 2020	The Interest Payment Date falling in January 2020	The Interest Payment Date falling in January 2020	The Interest Payment Date falling in January 2020	The Interest Payment Date falling in January 2020	N/A	N/A	N/A
Business Day Convention	Modified following	Modified following	Modified following	Modified following	Modified following	Modified following	N/A	N/A	N/A
Final Redemption Date:	The Interest Payment Date falling in January 2042	The Interest Payment Date falling in January 2042	The Interest Payment Date falling in January 2042	The Interest Payment Date falling in January 2042	The Interest Payment Date falling in January 2042	The Interest Payment Date falling in January 2042	The Interest Payment Date falling in January 2042	N/A	N/A
First Optional Redemption Date:	The Interest Payment Date falling in October 2024	The Interest Payment Date falling in October 2024	The Interest Payment Date falling in October 2024	The Interest Payment Date falling in October 2024	The Interest Payment Date falling in October 2024	The Interest Payment Date falling in October 2024	The Interest Payment Date falling in October 2024	N/A	N/A
Application for Exchange Listing:	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	Euronext Dublin	N/A	N/A
Regulation S ISIN:	XS2065975265	XS2065975695	XS2065975851	XS2065975935	XS2065976073	XS2065976313	XS2065976826	XS2065999950	XS2066000477
Common Code:	206597526	206597569	206597585	206597593	206597607	206597631	206597682	206599995	206600047

¹ Step-Up Margin does not apply on First Optional Redemption Date where Notes are redeemed on such Interest Payment Date.

	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes	Class R Notes	Class X Certificate	Class Y Certificates
Rule 144A ISIN:	XS2065977048	XS2065977394	XS2065977477	XS2065983442	XS2065995453	XS2065995537	XS2065995701	XS2066000394	XS2066000550
Rule 144A Common Code:	206597704	206597739	206597747	206598344	206599545	206599553	206599570	206600039	206600055
Ratings (Moody's/S&P)	Aaa/AAA	Aa1/AA+	A2/AA	Baa2/A+	Ba2/A-	Not Rated	Not Rated	Not Rated	Not Rated
Regulation S Minimum Denomination:	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	N/A	N/A
Rule 144A Minimum Denomination:	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	£100,000 and integral multiples of £1,000 in excess thereof	N/A	N/A
Governing law of the Notes:	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 January 2042 (the **Class A Notes**);
- Class B Mortgage Backed Floating Rate Notes due January 2042 (the **Class B Notes**);
- Class C Mortgage Backed Floating Rate Notes due January 2042 (the **Class C Notes**);
- Class D Mortgage Backed Floating Rate Notes due January 2042 (the **Class D Notes**);
- Class E Mortgage Backed Floating Rate Notes due January 2042 (the **Class E Notes**);
- Class F Mortgage Backed Floating Rate Notes due January 2042 (the **Class F Notes**); and
- Class R Mortgage Backed Zero Rate Notes due January 2042 (the **Class R Notes**),

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

The Notes will be issued in global registered form. Each Class of Notes will be offered and sold 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*".

Certificates: On the Closing Date, the Issuer will also issue Class X Certificate and the Class Y Certificates as certificates constituted under the Trust Deed (the **Certificates** and the holders thereof, the **Certificateholders**) representing the right to receive, in respect of the Class X Certificate, the Class X Certificate Payment, and in respect of the Class Y Certificates, the Class Y Certificate Payment.

The Certificates will be issued in registered form. The Certificates are not being offered by this prospectus and will not be listed or rated. The Certificates will be cleared through Euroclear and/or Clearstream/Luxembourg, as set out in "*Description of the Global Certificates*".

Sequential Order:

The Class A Notes and the Class X Certificate rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of interest and principal at all times, in respect of the Class A Notes and the Class X Certificate Payments, 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 X Certificate and 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 X Certificate and 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 X Certificate and 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 X Certificate and 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 X Certificate and 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 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 X Certificate and 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 Y Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of the Class Y 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 Notices 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**):

- (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 Transaction Documents (other than the Trust Deed, the Deed of Charge, the Scottish Declaration of Trust, any Scottish Sub-Security and the Scottish Supplemental Charge) 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 in, to and under the English Loans and their Related Security and their Related Security and other related rights comprising the Portfolio (other than in respect of Scottish Loans) and any sums derived therefrom;
- (d) 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;
- (e) an assignation in security of the Issuer's interest in the Scottish Loans and their Related Security (comprising the Issuer's beneficial interest under the Scottish Declaration of Trust (the **Scottish Supplemental Charge**));
- (f) a charge by way of first fixed charge over the Issuer's rights, title, interest and benefit, present and future, in and to monies now or at any time hereafter 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 all interest accruing from time to time thereon and the debt represented thereby, to hold the same unto the Security Trustee absolutely;
- (g) 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 Original Legal Title Holder's Trust (created pursuant to the Interim Period Collection Account Declarations of Trust);

- (h) 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 Administration Agreement, the Interim Servicing and Legal Title Holder Deed and the Long-Term Servicing and Legal Title Holder Deed;
- (i) a charge by way of first fixed charge over the Issuer's rights, title, interest and benefit, present and future, to, under or in respect of any Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf;
- (j) 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 Seller Declaration of Trust; and
- (k) 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 and including all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not the subject of the charges or fixed security referred to above as aforesaid).

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

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

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

Gross-up: Neither the Issuer, nor any Paying Agent, nor 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:

- (a) mandatory redemption in respect of the Notes in whole, and cancellation of the Certificates, on the Interest Payment Date falling in January 2042 (the **Final Redemption Date**), as fully set out in Condition 8.1 (*Redemption at Maturity*);
- (b) 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*);
- (c) 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*);
- (d) 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 20 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date, as fully set out in Condition 8.4(a);
- (e) 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);
- (f) mandatory redemption 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
- (g) mandatory redemption of the Notes in whole, and cancellation of the Certificates following the exercise by the Retention Holder or the Seller 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*".

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 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, for the avoidance of doubt, non-payment of any Step-Up Margins in respect of the Most Senior Class of 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 interest in respect of any Notes (including 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.

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 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 ECB being satisfied that Eurosystem eligibility has been met. See "*Risk Factors – Risks relating to the Characteristics of the Notes – Eligibility for Central Bank Schemes*". 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 is 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:

The Notes will be governed by English law. Each of the Transaction Documents will also be governed by English law or, in the case of certain security and sale provisions, Scots law (as applicable).

ERISA Considerations:

It is expected that the Notes (other than the Class E Notes, the Class F Notes and the Class R Notes) will be ERISA-Eligible Notes (as defined herein). Any Note that is an ERISA-Eligible Note may not be purchased or held by, or with the assets of, (a) 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 the provisions of Part 4 of Subtitle B of Title I of ERISA, (b) a "plan" as defined in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**), (c) an entity whose underlying assets include plan assets by reason of such an employee benefit plan or plan's investment in such entity within the meaning of 29 C.F.R. Section 2510.3-101 (as modified by Section 3(42) of ERISA) (each of the foregoing, a **Benefit Plan Investor**), or (d) 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 prohibited transaction provisions of Section 406 of ERISA and/or Section 4975 of the Code (**Similar Law**), unless the acquisition, holding and disposition of such Note (or interest therein) will not constitute or 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 any Similar Law. Each purchaser of such Note (or interest therein) will be deemed to have represented, warranted and agreed that either (i) it is not, and is not acting on behalf of (and for so long as it holds such Note (or interest therein) will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church or non-U.S. plan which is subject to Similar Law, and no part of the assets to be used by it to acquire or hold such Note or any interest therein constitutes or will constitute the assets of any Benefit Plan Investor or such governmental, church or non-U.S. plan, or (ii) its acquisition, holding and disposition of such Note (or interest therein) will not constitute or 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 any Similar Law.

Each purchaser of a Note that is not an ERISA-Eligible Note (such as a Class E Note, Class F Note and Class R Note) will be deemed to have represented, warranted and agreed that (i) it is not, and is not acting on behalf of (and for so long as it holds such a Note (or interest therein) will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church or non-U.S. plan which is subject to Similar Law, and (ii) no part of the assets to be used by it to acquire or hold such Note or any interest therein constitutes or will constitute the assets of any Benefit Plan Investor or such governmental, church or non-U.S. plan, or if it is a governmental, church or non-U.S. plan, its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a violation of any 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.

Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding in relation to the Class Y Certificate (other than any resolutions in respect of a Class Y Certificate Entrenched Right) if passed in accordance with the Conditions. No Extraordinary Resolution (or Ordinary Resolution) may authorise or sanction any modification or waiver of which constitutes a Class Y Certificate Entrenched Right unless the Class Y Certificate Holder has consented to such modification or waiver (in writing).

The Retained Interest Holder will not be entitled to convene, count in the quorum or pass resolutions save that, in respect of any matter that constitutes a Retained Interest Entrenched Right, the prior written consent of all of the Retained Interest Holder will be required.

Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding in relation to the Retained Interest (other than any resolutions in respect of a Retained Interest Entrenched Right) if passed in accordance with the Conditions. No Extraordinary Resolution (or Ordinary Resolution) may authorise or sanction any modification or waiver of which constitutes a Retained Interest Entrenched Right unless the Retained Interest Holder has consented to such modification or waiver (in writing).

Notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver which affects any Class X Certificate Entrenched Rights, unless the Class X Certificateholders have consented to such modification or waiver in writing.

Class X Certificate Entrenched Right means any modification or waiver which changes: (i) the date of payment of amounts due in respect of the Class X Certificates; (ii) the method of calculating the amounts payable in respect of the Class X Certificates; (iii) the priority of payments of amounts in respect of the Class X Certificates; and (iv) the definition of "Class X Certificate Entrenched Right".

Notwithstanding the Class X Certificate Entrenched Rights, the Class X Certificateholders will not be entitled to convene, count in the quorum or pass resolutions. Any Ordinary Resolution or Extraordinary Resolution in respect of a Class X Certificate Entrenched Right will not be binding unless the Class X Certificateholders have consented in writing.

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

	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 relevant Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable; or
(b)	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 affected Class of Notes and/or Certificates then outstanding or in issue, as applicable	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 affected Class of Notes and/or Certificates then outstanding or in issue, as applicable.

Required majority for Ordinary

A clear majority of persons eligible to

Resolution: 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 13.19 (*Issuer Substitution Condition*);
- to assent to any modification of the Trust Deed or any other Transaction Document which is proposed by the Issuer or any other party to any Transaction Document or any Noteholder or Certificateholder, other than those modifications which are sanctioned by the Note Trustee without the consent or sanction of the Noteholders in accordance with the terms of the Trust Deed;
- to direct the Note Trustee to serve an Enforcement Notice;
- to remove the Note Trustee and/or the Security Trustee;
- to approve the appointment of a new Note Trustee and/or Security Trustee;
- to 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.

For the avoidance of doubt, a proposal to sanction a reduction in the principal amounts due on a Class of Notes or any Class X Certificate Payment or Class Y Certificate Payment shall require the sanction of the holders of the relevant Class of Notes or the Certificates to be so reduced, and shall not require the consent of other Classes of Notes or Certificates.

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

Class Y Certificate Entrenched Rights

Notwithstanding any other provision of the Conditions, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver which is adverse to the holder of the Class Y Certificate (the **Class Y Certificate Holder**) (and whether or not the interests of the Class Y Certificate Holder align with the interests of the holders of the relevant Class or Classes and/or the Certificates) (the **Class Y Certificate Entrenched Rights**), unless the same is authorised or sanctioned by the Class Y Certificate Holders consenting to such modification or waiver in writing.

Retained Interest Entrenched Rights

Notwithstanding any other provision of the Conditions, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver which is adverse to the holder of the Retained Interest (the **Retained Interest Holder**), where a corresponding modification or waiver is not made which affects the Notes (the **Retained Interest Entrenched Rights**), unless each holder of the Retained Interest has consented to such modification or waiver in writing.

Class X Certificate Entrenched Rights:

Notwithstanding any other provision of the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver which affects any Class X Certificate Entrenched Rights, unless the Class X Certificateholders have consented to such modification or waiver in writing.

Class X Certificate Entrenched Right means any modification or waiver which changes: (i) the date of payment of amounts due in respect of Class X Certificates; (ii) the method of calculating the amounts payable in respect of the Class X Certificates; (iii) the priority of payments of amounts in respect of the Class X Certificates; and (iv) the definition of "Class X Certificate Entrenched Right".

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 Certificate Conditions and the Trust Deed any reference to the Principal Amount Outstanding of the Class X

Certificate and the Class Y Certificates shall each be deemed to be a reference to at all times to £10,000,000 (and where there is more than one holder of Class X Certificates or Class Y Certificates, as applicable, any reference to the Principal Amount Outstanding of the Class X Certificate or Class Y Certificate held by that person shall be a reference their pro rata proportion of such amount).

**Relationship between
Classes of Noteholders,
Certificateholders and
Retained Interest Holder:**

Subject to the provisions governing a Basic Terms Modification, Class Y Certificate Entrenched Rights (and whether or not the interests of the Class Y Certificate Holder align with the interests of the holders of the relevant Class or Classes and/or the Certificates), Class X Certificate Entrenched Right and the Retained Interest Entrenched Rights, an Extraordinary Resolution of a relevant Class of Notes or Certificates shall be binding on all other Classes of Notes or Certificates and the Retained Interest Holder 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. Subject to the Class X Certificate Entrenched Rights, the Class X Certificateholders will not be entitled to convene, count in the quorum or pass resolutions. Any Ordinary Resolution or Extraordinary Resolution in respect of a Class X Certificate Entrenched Right will not be binding unless the Class X Certificateholders have consented in writing.

A Basic Terms Modification requires an Extraordinary Resolution of the holders of the affected Class of Notes and/or Certificates then outstanding or in issue, as applicable.

The Retained Interest Holder does not have voting or consent rights other than in respect of the Retained Interest Entrenched Rights. The Class X Certificateholders does not have voting or consent rights other than in respect of the Class X Certificate Entrenched Rights. Any Ordinary Resolution or Extraordinary Resolution in respect of a Class X Certificate Entrenched Right will not be binding unless the Class X Certificateholders have consented in writing.

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 at all times having regard to

and subject always to the Class Y Certificate Entrenched Rights (and whether or not the interests of the Class Y Certificate Holder align with the interests of the holders of the relevant Class or Classes and/or the Certificates), Class X Certificate Entranced Right and the Retained Interest Entrenched Rights), 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 (subject to the Class Y Certificate Entrenched Rights (and whether or not the interests of the Class Y Certificate Holder align with the interests of the holders of the relevant Class or Classes and/or the Certificates), Class X Certificate Entranced Right and the Retained Interest Entrenched Rights) 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 Class A Notes, Class X Certificate, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes have been redeemed, and the Class X Certificate has been cancelled, the Class R Notes and the Class Y Certificates and the holders of such subordinated Classes of Notes and/or Class Y 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) (i) (including, without limitation, the Retained Interest) which are for the time being held by or on behalf of or for the benefit of the Retention Holder, the Seller or any Affiliate thereof (other than the Retained Interest Holder in connection with any Retained Interest Entrenched Rights) or (ii) which are for the time being held by or on behalf of or for the benefit of any person or party acting in concert with any party referred to in paragraph (i) above (each entity referred to in paragraphs (i) and (ii) above a **Relevant Person**), shall (unless until ceasing to be so held) be deemed not to remain outstanding. For these purposes, (a) one or more persons or parties shall be acting in concert if one person or party, pursuant to any agreement, understanding or undertaking (in whatever form and whether written or oral) agrees to vote on any proposed Ordinary Resolution or Extraordinary Resolution as directed by, or in a manner pre-agreed with, the other or others and (b) for the avoidance of doubt, any consultation or agreement entered into in accordance with customary processes in the bond market (including, without limitation, as part of any bondholder committee) with a Relevant Person that is on an arm's length basis where the holder of the Notes or Certificates is acting independently and in its own interests will not be regarded as acting in concert and provided further that where all of the Notes of any Class or all of the Certificates of 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). The Retained Interest Holder does not have voting or consent rights other than in respect of the Retained Interest Entrenched Rights. See above risk factor "*Risk Factors – Other risks related to changes to the*

Structure and Documents – Conflict between Classes of Noteholders or Certificateholders”.

Provision of Information to the Noteholders and Certificateholders:

Securitisation Regulation Reporting

The Cash Manager on behalf of the Issuer shall:

- (a) publish on the Cash Manager Website a quarterly investor report in respect of the relevant Collection Period (the **Quarterly Investor Report**), as required by and in accordance with Article 7(1)(e) of the Securitisation Regulation, which shall be provided (i) as at the Closing Date and prior to the date on which the relevant technical standards under the Securitisation Regulation have been implemented and are in force (the **Template Effective Date**) in the form set out in Annex VIII of the Delegated Regulation (EU) No 2015/3) (the **CRA3**) and (ii) following confirmation from the Issuer to the Cash Manager of the Template Effective Date, in the final form adopted under the Securitisation Regulation;
- (b) publish on the Cash Manager Website (simultaneously with the report referred to in paragraph (a) above) on a quarterly basis certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(a) of the Securitisation Regulation which report shall be provided by the Servicer to the Cash Manager (to the reasonable satisfaction of the Cash Manager) (i) as at the Closing Date and prior to the Template Effective Date in the form of the standardised template set out in Annex I of the CRA3 as required by Article 43(8) of the Securitisation Regulation and (ii) following confirmation from the Issuer to the Cash Manager that the Template Effective Date has occurred, in the manner required by such technical standards;
- (c) publish on the Cash Manager Website any information provided by the Issuer (or the Servicer on its behalf) required to be reported pursuant to Article 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation without delay; and
- (d) subject to receipt from the Issuer of the final Transaction Documents and this Prospectus within 15 days of the issuance of the Notes, make available on the Cash Manager Website copies of the final Transaction Documents and this Prospectus.

The reports set out above shall be published on the Cash Manager Website, being a website which conforms with the requirements set out in Article 7(2) of the Securitisation Regulation and each such report set out above and loan-by-loan and other information shall be made available no later than one month following the Interest Payment Date following the Collection Period to which it relates. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. To the extent any technical standards prepared under the Securitisation Regulation come into effect after the date of this

Prospectus and require such reports to be published in a different manner or on a different website, the Issuer (as designated entity for the purposes of the Securitisation Regulation) shall comply with the requirements of such technical standards and procure compliance by the Cash Manager with such technical standards or other third party services provider when publishing such reports.

The Cash Manager will (as authorised by the Issuer) make the information referred to above available to the Noteholders and Certificateholders, relevant competent authorities (including for the avoidance of doubt the FCA) and, upon request, to potential investors in the Notes on the Cash Manager Website. In addition, the Issuer confirms that the Cash Manager on behalf of the Issuer has made available the documents required by Article 7(1)(b) of the Securitisation Regulation prior to the pricing date of the Notes.

None of the reports or the Cash Manager Website or the contents thereof form part of this Prospectus.

Cash Manager Website means the website of <https://pivot.usbank.com> (or such other website as may be available for such purpose and notified by the Cash Manager to the Transaction Parties and the Rating Agencies from time to time).

For more information, see the section entitled "*General Information*".

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:

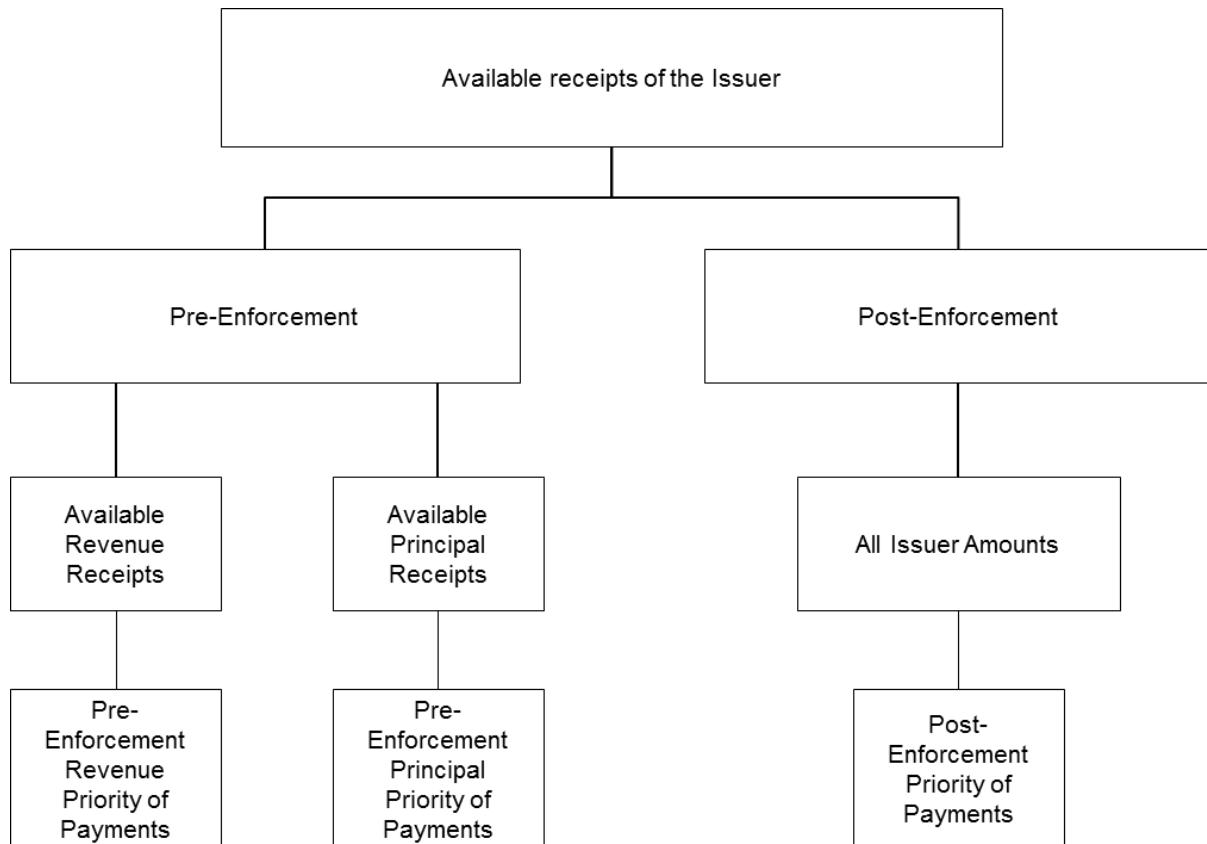
- (a) Subject to paragraph (d) below, any notice to Noteholders and/or Certificateholders shall be validly given if published in the *Financial Times*, or, if such newspaper shall cease to be published or, if timely publication therein is not practicable, in such other English newspaper or newspapers 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, Euronext Dublin all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of Euronext Dublin (which includes delivering a copy of such notice to Euronext Dublin) and any such notice will be deemed to have been given on the date sent to Euronext Dublin.

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:

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

- (a) all Principal Receipts received by or on behalf of the Issuer during the immediately preceding Calculation Period;
- (b) the amounts (if any) calculated on the Calculation Date preceding that Interest Payment Date pursuant to the Pre-Enforcement Revenue Priority of Payments, to be the amount by which the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class B Principal Deficiency Sub-Ledger and/or the Class C Principal Deficiency Sub-Ledger and/or the Class D Principal Deficiency Sub-Ledger and/or the Class E Principal Deficiency Sub-Ledger and/or the Class F Principal Deficiency Sub-Ledger is to be reduced on that Interest Payment Date by the application of Available Revenue Receipts;
- (c) on each Interest Payment Date following a Calculation Period,

- any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 6.9 (*Determinations and Reconciliation*);
- (d) principal from any Authorised Investments to be received on or prior to the Calculation Date;
 - (e) if all Notes are being redeemed in accordance with Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) or Condition 8.4 (*Optional Redemption of the Notes in full*) on the relevant Interest Payment Date, then all amounts standing to the credit of the Liquidity Reserve Fund; and
 - (f) after the application of any amounts standing to the credit of the Liquidity Reserve Fund in accordance with item (h) of the definition of Available Revenue and the application of Available Revenue Receipts to pay Senior Revenue Amounts, all amounts equal to the Liquidity Reserve Fund Excess Amount;
 - (g) following redemption in full of the Class E Notes, all amounts standing to the credit of the General Reserve Fund; and
 - (h) following the service of an Enforcement Notice, all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund;
- 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 Calculation Period, (ii) if representing MSA Warranty 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 Note Trustee;
 - (b) interest payable to the Issuer on the Issuer Accounts and

received in the immediately preceding Calculation 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 Fund Ledger and the General Reserve Fund Ledger and amounts withheld by the Paying Agent from payments of Payment Amounts under the Certificates on a previous Interest Payment Date;
- (d) other net income of the Issuer received during the immediately preceding Calculation Period, excluding any Principal Receipts;
- (e) Principal Addition Amounts to be applied as Available Revenue Receipts in accordance with item (c) 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 6.9 (*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 paragraphs (e) and (h) of this 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 paragraphs (e) of this definition of Available Revenue Receipts) to do so) to pay Senior Revenue Amounts; and
- (i) any Available Principal Receipts to be applied as Available Revenue Receipts pursuant to item (o) of the Pre-Enforcement Principal Priority of Payments;

less

- (j) amounts applied from time to time during the immediately preceding Calculation 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 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 fees under the Servicing Fees in accordance with items

(b)(iv) of the Pre-Enforcement Revenue Priority of Payments and not otherwise covered by the items below (the **Servicer Expenses Amount**);

- (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 amounts 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 that are 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 Legal Title Holder; 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 (j) being collectively referred to herein as **Permitted Withdrawals**);

- (k) any tax payments paid or payable by the Issuer during the immediately preceding Calculation Period to the extent not funded from amounts standing to the credit of the Issuer Profit Ledger;
- (l) (taking into account any amount paid by way of Permitted Withdrawals) amounts to remedy any overdraft in relation to the Collection Accounts of (during the Interim Period) the Original Legal Title Holder or (following the end of the Interim Period) the Legal Title Holder, or to pay any amounts due to the Collection Account Bank in respect of the Loans.

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 the Security Trustee (in their personal capacities as such) and any Appointee thereof (in its personal capacity as such) including charges,	(a) on and from the Liquidity Reserve Fund Trigger Event, and until the LRF Principal Top-Up Event, to fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required	(a) Amounts due in respect of the Note Trustee, the Security Trustee, Receiver and any Appointee (in their personal capacities as such) including charges, liabilities, expenses and

	liabilities, expenses and all other amounts;	Amount;	all other amounts;
(b)	<i>Pro rata</i> and <i>pari passu</i> : amounts due to the Agent Bank, the Registrar, the Paying Agent, the Cash Manager, the Replacement Cash Manager Facilitator, the Servicer (in respect of the Servicing Fee up to the Senior Fee Cap) pursuant to the Relevant Servicing and Legal Title Holder Deed, the New Legal Title Holder, the Corporate Services Provider, the Original Legal Title Holder Corporate Services Provider, the Issuer Account Bank, the Collection Account Bank and the Servicer Facilitator, in each case including all fees and costs;	(b) on the Interest Payment Date immediately succeeding the LRF Principal Top-Up Event, to fund the Liquidity Reserve Fund Required Amount (but only after taking into account funds applied in connection with item (f) of the Pre-Enforcement Revenue Priority of Payments);	(b) <i>Pro rata</i> and <i>pari passu</i> , amounts due to the Agent Bank, the Registrar, the Paying Agent, the Cash Manager, the Replacement Cash Manager Facilitator, the Servicer (up to the Senior Fee Cap) pursuant to the Relevant Servicing and Legal Title Holder Deed, the New Legal Title Holder, the Corporate Services Provider, the Original Legal Title Holder Corporate Services Provider, the Issuer Account Bank, the Collection Account Bank and the Servicer Facilitator, in each case including all fees and costs;
(c)	Third party expenses;	(c) 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 items (h), (j), (l) and (n) of the Pre-Enforcement Revenue Priority of Payments if the relevant PDL Condition applies;	(c) <i>Pro rata</i> and <i>pari passu</i> , to (i) amounts of interest due on the Class A Notes and any principal due on the Class A Notes and (ii) any Class X Certificate Payment due and payable;
(d)	Issuer Profit Amount;	(d) <i>Pro rata</i> and <i>pari passu</i> , (i) any interest due on the Class A Notes and (ii) the Class X Certificate Payment due on the Class X Certificate;	(d) <i>Pro rata</i> and <i>pari passu</i> , first, to the amounts of interest and, secondly, to the amount of principal due on the Class B Notes;
(e)	<i>Pro rata</i> and <i>pari passu</i> following the LRF Principal Top-Up Event, to credit the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;	(e) <i>Pro rata</i> and <i>pari passu</i> , to the principal amounts due on the Class C Notes;	(e) <i>Pro rata</i> and <i>pari passu</i> , first, to the amounts of interest and, secondly, to the amount of principal due on the Class C Notes;
(f)	Amounts to be credited to the Class A Principal Deficiency Sub-Ledger in an amount sufficient	(g) <i>Pro rata</i> and <i>pari passu</i> , to the principal amounts due on the Class D Notes;	(f) <i>Pro rata</i> and <i>pari passu</i> , first, to the

	to eliminate any debit thereon (such amounts to be applied in repayment of principal as Available Principal Receipts);	(h)	<i>Pro rata</i> and <i>pari passu</i> , to the principal amounts due on the Class E Notes;	amounts of interest and, secondly, to the amount of principal due on the Class D Notes;
(h)	<i>Pro rata</i> and <i>pari passu</i> , any interest due on the Class B Notes;	(i)	<i>Pro rata</i> and <i>pari passu</i> , to the principal amounts due on the Class F Notes;	<i>Pro rata</i> and <i>pari passu</i> , first, to the amounts of interest and, secondly, to the amount of principal due on the Class E Notes;
(i)	Amounts to be credited to 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);	(j)	MSA Warranty Rebate Payments due to the Seller;	<i>Pro rata</i> and <i>pari passu</i> , first, to the amounts of interest and, secondly, to the amount of principal due on the Class F Notes;
(j)	<i>Pro rata</i> and <i>pari passu</i> , any interest due on the Class C Notes;	(k)	<i>Pro rata</i> and <i>pari passu</i> , to the then principal amounts due on the Class R Notes; and	MSA Warranty Rebate Payments due to the Seller;
(k)	Amounts to be credited to 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)	Any excess in or towards application as Available Revenue Receipts.	Amounts due to the Lead Manager under the Subscription Agreement;
(l)	<i>Pro rata</i> and <i>pari passu</i> , any interest due on the Class D Notes;	(m)	<i>Pro rata</i> and <i>pari passu</i> , to the amount of principal due on the Class R Notes;	<i>Pro rata</i> and <i>pari passu</i> , amounts due to third parties incurred without breach by the Issuer, where payment has not been provided for elsewhere and any amounts required to pay or discharge any corporation tax liability;
(m)	Amounts to be credited to 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)	<i>Pro rata</i> and <i>pari passu</i> , to any Class Y Certificates Payment.	to the Issuer Profit Amount; and
(n)	<i>Pro rata</i> and <i>pari passu</i> , any interest due			

on the Class E Notes;

- (o) Amounts to be credited to 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) Credit the General Reserve Fund up to the General Reserve Fund Required Amount;
- (q) Amounts to be credited to 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) *Pro rata* and *pari passu*, any interest due on the Class F Notes;
- (s) MSA Warranty Rebate due to the Seller;
- (t) Amounts due to the Lead Manager under the Subscription Agreement;
- (u) Costs and expenses of the Issuer (including the Subordinated Servicing Fee) pursuant to the Relevant Servicing and Legal Title Holder Deed which remain unpaid following the application of Available Revenue Receipts to the above items;
- (v) *Pro rata* and *pari*

passu, to the Class Y
Certificate Payment.

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

1. The availability of the general reserve fund (the **General Reserve Fund**), which 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 paragraphs (e), (g) and (h) 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 the Pre-Enforcement Revenue Priority of Payments. Following redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, amounts standing to the credit of the General Reserve Fund will be available to be applied as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue 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 Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, payments required to be made pursuant to items (a) to (o) 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 Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, (a) an amount equal to 1.5 per cent. of the aggregate Principal Amount Outstanding 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 as at the Closing Date; and (ii) following the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, zero.

2. The availability of the liquidity reserve fund (the **Liquidity Reserve Fund**), which will be established by the Issuer or the Cash Manager on the Issuer's behalf on the occurrence of the Liquidity Reserve Fund Trigger Event and the amount required, from time to time, to be standing to the credit of the

Liquidity Reserve Fund Ledger within the Transaction Account shall be an amount equal to the Liquidity Reserve Fund Required Amount. The Issuer may invest the amounts standing to the credit of the Liquidity Reserve Fund Ledger from time to time in Authorised Investments.

On the occurrence of the Liquidity Reserve Fund Trigger Event, the Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments and the Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments will be available to fund and replenish the Liquidity Reserve Fund in accordance with the following conditions and in the following order of application:

- (a) on the Interest Payment Date on which the Liquidity Reserve Fund Trigger Event occurs and on each Interest Payment Date until the LRF Principal Top-Up Event has occurred, in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments in an amount sufficient to fund the Liquidity Reserve Fund to the Liquidity Reserve Fund Required Amount; then
- (b) on any Interest Payment Date following the LRF Principal Top-Up Event, in accordance with item (f) of the Pre-Enforcement Revenue Priority of Payments in an amount sufficient to fund the Liquidity Reserve Fund to the Liquidity Reserve Fund Required Amount; and
- (c) on any Interest Payment Date following the LRF Principal Top-Up Event, in accordance with item (b) of the Pre-Enforcement Principal Priority of Payments in an amount sufficient to fund the Liquidity Reserve Fund to the Liquidity Reserve Fund Required Amount (but only after taking into account funds applied in connection with item (f) of the Pre-Enforcement Revenue Priority of Payments).

On and from the Liquidity Reserve Fund Trigger Event, 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 paragraph (e) 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 Liquidity Reserve Fund Trigger Event, any Liquidity Reserve Fund Excess Amount will be available to be applied as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments.

Any drawing under the Liquidity Reserve Fund to fund a

Senior Revenue Amount will be recorded as a debit on the Principal Deficiency Ledger (as further described below).

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 paragraph (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 the Senior Revenue Amounts, exceeds the Liquidity Reserve Fund Required Amount.

Liquidity Reserve Fund Required Amount shall be calculated as follows:

- (a) on the Closing Date and otherwise provided that the Liquidity Reserve Trigger Event has not occurred, the Liquidity Reserve Fund Required Amount will be zero; and
- (b) if the Liquidity Reserve Trigger Event has occurred, the Liquidity Reserve Fund Required Amount will be 1.5 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on that Interest Payment Date before the application of the Pre-Enforcement Principal Priority of Payments.

Liquidity Reserve Fund Trigger Event means, on an Interest Payment Date, the amount standing to the credit of the General Reserve Fund as at such Interest Payment Date (after application of the Available Revenue Funds) is less than 1 per cent. of the aggregate Principal Amount Outstanding 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 as at the Closing Date.

LRF Principal Top-Up Event means the Interest Payment Date on which the aggregate of all amounts credited to the Liquidity Reserve Fund Ledger in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments on the current Interest Payment Date and all prior Interest Payment Dates (disregarding any debit entries made to the Liquidity Reserve Fund Ledger on or prior to such Interest Payment Date) is equal to or greater than the Liquidity Reserve Fund Required Amount on such Interest Payment Date.

Any drawing under the Liquidity Reserve Fund to fund a Senior Revenue Amount will be recorded as a debit on the Principal Deficiency Ledger (as further described below).

Senior Revenue Amounts means all amounts to be paid pursuant to items (a) – (e) of the Pre-Enforcement Revenue Priority of Payments.

3. On each Calculation Date prior to the service of an Enforcement Notice or the redemption in full of the Rated Notes, if the Cash Manager determines that there will be a Revenue Shortfall, then pursuant to item (c) 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).

4. 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**) and the Principal Deficiency Ledger relating to the Class F Notes (the **Class F Principal Deficiency Sub-Ledger**)(each a **Principal Deficiency Sub-Ledger**). Any Principal Addition Amounts will be recorded on the date such Principal Addition Amounts are determined by the Cash Manager, any drawing under the Liquidity Reserve Fund to fund a Senior Revenue Amount will be recorded on the Interest Payment Date that the amount standing to the Liquidity Reserve Fund is applied in accordance with the Pre-Enforcement Revenue Priority of Payments and any Losses on the Portfolio will be recorded on the date that the Cash Manager is informed of such Losses by the Servicer, and will each be recorded as a debit: (a) first, to the Class F Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class F Notes; (b) second, to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes; (c) third, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes; (d) fourth, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; (e) fifth, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the

Class B Notes; and (f) sixth, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes. Investors should note that realised Losses in any period will be calculated after applying any recoveries following enforcement of a Loan 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 (g), (i), (k), (m), (o) and (q) of the Pre-Enforcement Revenue Priority of Payments.

5. A ledger will be established to record any MSA Warranty Indemnity Amounts due by the Seller in accordance with the Mortgage Sale Agreement (the **MSA Warranty Claims Ledger**). The Cash Manager will make all debits and or credits to the MSA Warranty Claims Ledger on the basis of and on reliance on information provided to it by the Issuer, the Seller and/or the Servicer. Any MSA Warranty Indemnity Amounts will be recorded as a debit on the MSA Warranty Claims Ledger by the Cash Manager on the date that the Cash Manager is informed by the Seller, the Issuer or the Servicer that such payments are due. The Cash Manager will record as a credit to the MSA Warranty Claims Ledger (i) any Available Revenue Receipts applied pursuant to items (g), (i), (k), (m), (o) and (q) of the Pre-Enforcement Revenue Priority of Payments in respect of such MSA Warranty Indemnity Amounts or (ii) any MSA Warranty Payments made by the Seller (with a corresponding debit being made to the Seller MSA Rebate Ledger) and this will result in a reduction of the MSA Relevant Liabilities.
6. A ledger will be established to record any MSA Warranty Payments made by the Seller to the Issuer in accordance with the Mortgage Sale Agreement (the **Seller MSA Rebate Ledger**). The Cash Manager will make all debits and or credits to the Seller MSA Rebate Ledger on the basis of and on reliance on information provided to it by the Issuer, the Seller and/or the Servicer. Any MSA Warranty Payments will be recorded as a debit on the Seller MSA Rebate Ledger by the Cash Manager on the date that such amount is deposited in the Transaction Account (with a corresponding credit being made to the MSA Warranty Claims Ledger). The Cash Manager will record as a credit to the Seller MSA Rebate Ledger any MSA Warranty Rebate paid pursuant to item (t) of the Pre-Enforcement Revenue Priority of Payments, item (i) of the Pre-Enforcement Principal Priority of Payments or item (j) of the Post-Enforcement Priority of Payments, as applicable.

MSA Warranty Indemnity Amount means any amounts which the Issuer is entitled to claim (following any applicable grace periods) from the Seller in respect of any representations, warranties, undertakings, covenants and indemnities provided

to the Issuer by the Seller in respect of the relevant Loan and Related Security pursuant to the Mortgage Sale Agreement;

MSA Warranty Payment means any amounts which the Seller pays to the Issuer in respect of the MSA Warranty Indemnity Amount due pursuant to the Mortgage Sale Agreement;

MSA Warranty Rebate means the amount paid by the Issuer pursuant to the Priority of Payments to compensate the Seller for any MSA Warranty Payment not previously compensated.

7. 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, the Issuer has insufficient Available Revenue Receipts 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) or the Class X Payment in respect of the Class X Certificate 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*) and Certificate Condition 18 (*Subordination by Deferral*), as applicable, to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as the relevant Class of Notes or Certificates becomes due and repayable in full in accordance with the Conditions or Certificate Conditions. 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 Notes) within any applicable grace period in accordance with the 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.

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 Moody's, a long-term, bank deposit rating of at least A3 by Moody's;</p> <p>(c) (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 Account Bank Ratings, then the Issuer shall use all reasonable 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 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 Bank Account Agreement from a financial institution which has the Account Bank Ratings, in each case as prescribed in the Bank Account 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</p>	<p>If the Collection Account Bank fails to maintain any of the Collection Account Bank Ratings then the Legal Title Holder will (with the reasonable assistance of the Servicer) within 60 calendar days of such downgrade:</p> <p>(a) use all reasonable endeavours to appoint a replacement financial</p>

- of at least BBB by S&P, or should the Collection Account Bank not benefit from a short-term unsecured, unguaranteed and unsubordinated debt rating of at least A-2 by S&P, a long-term unsecured, unguaranteed and unsubordinated debt rating of at least BBB+ by S&P;
- (b) a long-term bank deposit rating of at least Baa3 by Moody's; or
- (c) 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**).
- 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 Collection Account in the ordinary course of its business;
- (b) use all reasonable endeavours to procure that such financial institution enters into a replacement collection account agreement;
- (c) use all reasonable endeavours to 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) use all reasonable endeavours to procure that all amounts held on trust for the Issuer standing to the credit of the Collection Account are transferred to the replacement account at such replacement institution as soon as practicable; and
- (e) in each case as prescribed in the Relevant Servicing and Legal Title Holder Deed, 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 factors entitled "*Risks Relating to the Underlying Assets – The Legal Title Holder to retain legal title to the Loans and risks relating to set-off*" and "*Risks Relating to the Underlying Assets – Set-off may adversely affect the value of the Portfolio or any part thereof*". The Issuer (or, following the delivery of an Enforcement Notice, the Security Trustee) may by notice in writing (a **Perfection Notice**) to the relevant 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 or assignation to the Issuer (or to its nominee, which will initially be the relevant New Legal Title Holder where a Perfection Trigger Event has occurred in respect of the relevant Original Legal Title Holder prior to the end of the Interim Period, provided that no Perfection Trigger Event has occurred in respect of the relevant New Legal Title Holder) 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**):

- (a) an Enforcement Notice has been served by the Note Trustee following the occurrence of an Event of Default which is continuing;
- (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;
- (c) it becomes necessary by law or regulation to do any or all of the acts referred to in paragraph (b) above;
- (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;
- (e) an Insolvency Event in relation to the Legal Title Holder or any other entity in which legal title to any Loan is vested; or
- (f) default is made by the Legal Title Holder in the performance or observance of any of its covenants and obligations under the Relevant Servicing and Legal Title Holder Deed or any other Transaction Document to which it is a party, which is (in the opinion of the Note Trustee) materially prejudicial to the interests of the Noteholders and such default continues unremedied for a period of 15 Business Days after the earlier of the Legal Title Holder

becoming aware of such default and receipt by the Legal Title Holder of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee, as appropriate, requiring the same to be remedied.

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 until a successor servicer facilitator has been appointed.

Servicer Termination Events:

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

- (a) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Relevant Servicing and Legal Title Holder Deed and such default continues unremedied for a period of 15 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following service of an Enforcement Notice) the Security Trustee requiring the same to be remedied;
- (b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Relevant Servicing and Legal Title Holder Deed and in the reasonable opinion of the Issuer (prior to the delivery of an Enforcement Notice) or (after the delivery of an Enforcement Notice) in the opinion of the Security Trustee (acting on the instructions of the Note Trustee) such default is materially prejudicial to the interests of the Noteholders (which determinations shall be conclusive and binding on all Secured Creditors) and such default continues unremedied for a period of 15 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following delivery of an Enforcement

- Notice) the Security Trustee, as appropriate, requiring the same to be remedied;
- (c) the Servicer ceasing to be an authorised person under FSMA or failure by the Servicer to obtain or maintain the necessary licences, registrations or regulatory approvals enabling it to continue servicing the Loans, other than as a result of or arising out of a Change in Applicable Law;
 - (d) the occurrence of a Change of Control of the Servicer, which (i) results in the Issuer or any relevant party being in breach of any Applicable Laws or (ii) has a material adverse effect on the Servicer's ability to perform its material obligations under the Relevant Servicing and Legal Title Holder Deed, provided that, if the Servicer has notified the Issuer in writing that any such Change of Control has taken place, the Issuer must deliver a termination notice within 30 days following receipt of such notice or otherwise will be deemed to have consented to the Change of Control; and
 - (e) an Insolvency Event in respect of the Servicer.

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

The Servicer may resign upon giving not less than 18 months' written notice provided that, *inter alia*, a replacement servicer has been appointed.

TRANSACTION OVERVIEW – FEES

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

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing Fee	<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><u>Senior fee:</u></p> <p>For so long as Pepper (UK) Limited is the Servicer, the following fees (exclusive of VAT) (the Servicing Fee):</p> <ul style="list-style-type: none"> (a) a base servicing fee in relation to each Calculation Period, equal to the greater of <ul style="list-style-type: none"> (i) an amount calculated on the basis of the number of days elapsed in that Calculation Period and a 365 day year, at a rate of zero point two per cent (0.20%) per annum on the aggregate outstanding Current Balance of the Loans, as determined as at the first day of the Calculation Period; and (ii) £16,667.00; (b) an arrears fee equal to the product of £65 multiplied by the number of Arrears Loans and Expired Term Loans during the Calculation Period; (c) a redemption fee in 	Ahead of all outstanding Notes and Certificates but after the fees of the Note Trustee and the Security Trustee	Quarterly on each Interest Payment Date.

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
	<p>relation to each Calculation Period equal to the product of £110 multiplied by the number of redemptions of Loans in whole where the relevant security was released during that Calculation Period.</p> <p><u>Subordinated fee:</u></p> <p>For so long as Pepper (UK) Limited is the Servicer, any remuneration payable to the Servicer in excess of the Senior Fee Cap (and for the avoidance of doubt, no such subordinated fee shall be due where Pepper (UK) Limited is not the Servicer) (the Subordinated Servicing Fee).</p>		
Other fees and expenses of the Issuer	Estimated at £90,000 per annum exclusive of VAT	Ahead of all outstanding Notes and Certificates	Quarterly on each Interest Payment Date.
Expenses related to the admission to trading of the Notes	Estimated at Euro €10,000 (exclusive of VAT).	Ahead of all outstanding Notes and Certificates but after the fees of the Note Trustee and the Security Trustee	On or about the Closing Date.

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

CERTAIN REGULATORY DISCLOSURES

Securitisation Regulation

Barclays Bank PLC will retain, as originator (the **Retention Holder**) for the purposes of the Securitisation Regulation, on an ongoing basis a material net economic interest of not less than 5 per cent. in the securitisation in accordance with Article 6(1) of the Securitisation Regulation (which does not take into account any relevant national measures). As at the Closing Date, such interest will be comprised of the Retention Holder holding 5% of the nominal value of each Class of Notes and the Class X Certificate, in accordance with Article 6(3)(a) of the Securitisation Regulation (the **Retained Interest**). Any change to the manner in which the Retained Interest is held will be notified to the Noteholders in accordance with the Terms and Conditions and the requirements of the Securitisation Regulation.

The Retention Holder's Retained Interest will be confirmed through the disclosure in the quarterly Investor Reports.

Pursuant to a risk retention letter entered into by, among others, the Retention Holder (the **Risk Retention Letter**), the Retention Holder has covenanted that it will, while any of the Notes remain outstanding:

- (a) retain the Retained Interest;
- (b) not change the manner in which it retains such Retained Interest, except to the extent permitted or required under the Securitisation Regulation;
- (c) not subject the Retained Interest to any credit risk mitigation or hedging, or sell, transfer or otherwise surrender all or part of the rights benefits or obligations arising from the Retained Interest, except, in each case, to the extent permitted under the Securitisation Regulation;
- (d) will confirm its Retained Interest through the disclosure in the quarterly Investor Reports;
- (e) promptly notify the Issuer, the Arranger, the Note Trustee, the Security Trustee and the Cash Manager if for any reason it ceases to hold the Retained Interest in accordance with paragraph (a) above or fails to comply with the covenants set out in paragraphs (a) to (d) above in respect of the Retained Interest.

Securitisation Regulation means Regulation (EU) 2017/2402, as amended, varied or substituted from time to time including the Securitisation Rules applicable from time to time.

Securitisation Rules means: (i) applicable regulatory and/or implementing technical standards made under the Securitisation Regulation (including any applicable transitional provisions); and/or (ii) any relevant guidance and policy statements relating to the application of the Securitisation Regulation published by the EBA, the ESMA, the EIOPA (or their successor), collectively, the European Supervisory Authorities or **ESAs**, including any applicable guidance and policy statements issued by the Joint Committee of ESAs and/or the European Commission; and/or (iii) any applicable laws, regulations, rules, guidance or other implementing measures of the FCA, PRA or other relevant UK regulator (or their successor) relating to the application of the Securitisation Regulation regime in the UK including, from the date when the UK withdrawal from the EU comes into effect, the applicable successor laws, regulations, rules and other relevant measures, in each case, case as amended, supplemented or modified from time to time.

Transparency and reporting

Designation of the Reporting Entity

For the purposes of Article 7(2) of the Securitisation Regulation, the Issuer, as SSPE, has been designated as the entity responsible for compliance with the requirements of Article 7 of the Securitisation Regulation (the **Reporting Entity**). The Reporting Entity will either fulfil such requirements itself or shall procure that such requirements are fulfilled on its behalf. See the section entitled "*Summary of the Key Transaction Documents – Investor Reports and information Reporting under the Securitisation Regulation*" for further information.

Reporting under the Securitisation Regulation

The Reporting Entity has undertaken in the Subscription Agreement to procure the provision of information to the competent authorities, to Noteholders and (upon request) potential investors as required by Article 7(1) of the Securitisation Regulation in a manner consistent with Article 7(2) of the Securitisation Regulation, subject always to any requirement of law, and provided that: (i) the Reporting Entity will not be in breach of such undertaking if the Reporting Entity fails to so comply due to events, actions or circumstances beyond the Reporting Entity's control; and (ii) the Reporting Entity is only required to do so to the extent that the disclosure requirements under Article 7 of the Securitisation Regulation remain in effect.

As to the information made available to prospective investors, reference is made to the information set out herein and forming part of this Prospectus and to the other documents and information which will be made available to prospective investors upon request in accordance with the Securitisation Regulation. See "*General Information*" section.

No self-certified Mortgage Loans

The Securitisation Regulation provides for a ban on the securitisation of residential mortgage loans made after the entry into force of Directive 2014/17/EU, which had been marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the information provided by the loan applicant might not be verified by the lender. The Seller has represented that none of the Mortgage Loans (including any Further Advance in respect of such Loan) was made (including as a result of any Product Switch, as a result of any Port or otherwise as a result of a material variation to the original Loan) after the entry into force of Directive 2014/17/EU.

Notes are not part of a re-securitisation

The Notes are not part of a securitisation of one or more exposures where at least one of the underlying exposures is a securitisation position.

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 Article 5 of the Securitisation Regulation. None of the Issuer, Barclays Bank PLC, the Arranger or the Lead Manager or any of the transaction parties makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes.

In addition to the above, the Issuer shall confirm that it will procure the provision to Noteholders of any reasonable and relevant additional data and information referred to in Article 7 of the Securitisation Regulation and any corresponding national measures which may be relevant. None of the Issuer, the Arranger or the Lead Manager or any of the other transaction parties makes any representation that the information described above or elsewhere in this Prospectus is sufficient in all circumstances for such purposes.

In addition to the above, the Issuer undertakes that it will procure the provision to Noteholders of any reasonable and relevant additional data and information referred to in Article 5 of the Securitisation Regulation (subject to all applicable laws), provided that the Issuer will not be in breach of the requirements of this paragraph if, due to events, actions or circumstances beyond its control, it is not able to comply with such undertakings.

For further information please refer to "*Risk Factors –Legal and Regulatory Risks*" and "*Cash Management Agreement – Reporting under the Securitisation Regulation*" for further information on the implications of the Securitisation Regulation and certain other related matters.

U.S Credit Risk Retention

The Retention Holder, acting as Sponsor, is required under the U.S. Credit Risk Retention Requirements, to ensure that it (or a majority-owned affiliate of the Retention Holder) acquires and retains an economic interest in the credit risk of the assets collateralizing the issuance of "asset-backed securities" in an amount equal to at least 5 per cent. The Retention Holder intends to satisfy the U.S. Credit Risk Retention Requirements by acquiring and retaining directly an eligible vertical interest equal to at least 5 per cent. of the nominal value of each Class of Notes and Certificates issued by the Issuer on the Closing Date (an **EVI**). For a description of the Notes and Certificates, see "*Transaction Overview – Summary of the Terms and Conditions of the Notes and the Certificates*".

The Retention Holder is obliged by the U.S. Credit Risk Retention Requirements to acquire and retain, either directly or through a majority-owned affiliate, the EVI until the later of: (a) the fifth anniversary of the Closing Date; and (b) the date on which the total principal balance outstanding of the Loans has been reduced to 25 per cent. of the total principal balance outstanding of the Loans at the Closing Date, but in any event no longer than the seventh anniversary of the Closing Date (the **Sunset Date**). Any financing obtained by the Retention Holder (or its majority-owned affiliate) prior to the Sunset Date that is secured by the EVI 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. 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 Retention Holder that do not constitute part of the EVI.

In addition to the above, prior to the Sunset Date, the Retention Holder will not purchase, transfer or sell any Notes or Certificates, or enter into any derivative, hedge, agreement or position, which in either case would reduce or limit its financial exposure in respect of the EVI that it will maintain to satisfy the U.S. Credit Risk Retention Requirements to the extent such activities would be prohibited activities in accordance with U.S. Credit Risk Retention Requirements.

Subject to any applicable restrictions on transfer, the Retention Holder may, at any time and from time to time, sell or otherwise transfer any portion of the EVI that is in excess of the portion it is required to retain to comply with the U.S. Credit Risk Retention Requirements. U.S. Credit Risk Retention Requirements will not apply to any Notes and Certificates held by the Retention Holder that do not constitute part of the EVI held by the Retention Holder.

Rule 15Ga-2

Rule 15Ga-2, which became effective on 15 June 2015, requires any issuer or underwriter of asset-backed securities (including, for this purpose, securitisations of residential and commercial mortgage 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 a third party due diligence report prepared for the purpose of the transaction contemplated by this Prospectus will be prepared and furnished by the Seller no later than five business days prior to the pricing date and will be publicly available on EDGAR pursuant to Rule 15Ga-2. 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.

Rule 17g-5 Compliance

In order to permit the Rating Agencies to comply with their obligations under Rule 17g-5, all information that is provided to the Rating Agencies for the purposes of determining the initial credit ratings of the Notes or undertaking credit rating surveillance of the Notes will be posted on a password-protected internet website (the **Rule 17g-5 Website**), at the same time such information is provided to the Rating Agencies.

Any notices or requests to, or any other written communications with or written information provided to, the Rating Agencies, or any of their officers, directors or employees pursuant to, in connection with or related directly or indirectly to the Portfolio, the Notes or otherwise in connection with the transaction described in this Prospectus will be, in each case, posted to the Rule 17g-5 Website.

For further information please refer to the Risk Factor entitled "*Macro-Economic And Market Risks – Rule 17g-5-Unsolicited ratings and the selection and qualification of rating agencies rating the Notes may impact the value of the Notes*".

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 exercise of the Portfolio Call 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 second table in the section headed "*Assuming the exercise of the Portfolio Call Option on the First Optional Redemption Date*" 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) 94.48 per cent. 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 Condition 8.4 (*Optional Redemption of the Notes in full*) or Condition 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, or make an indemnity payment in respect of, 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 estimated Current Balance of the Mortgage Portfolio as at 1 October 2019 (the **WAL Cut-Off Date**) is 89.5 per cent.;
 - (ii) the Class B Notes balance as at the Closing Date to the estimated Current Balance of the Mortgage Portfolio as at the WAL Cut-Off Date is 3.5 per cent.;
 - (iii) the Class C Notes balance as at the Closing Date to the estimated Current Balance of the Mortgage Portfolio as at the WAL Cut-Off Date is 2.5 per cent.;

- (iv) the Class D Notes balance as at the Closing Date to the estimated Current Balance of the Mortgage Portfolio as at the WAL Cut-Off Date is 1.5 per cent.;
- (v) the Class E Notes balance as at the Closing Date to the estimated Current Balance of the Mortgage Portfolio as at the WAL Cut-Off Date is 1.0 per cent.;
- (vi) the Class F Notes balance as at the Closing Date to the estimated Current Balance of the Mortgage Portfolio as at the WAL Cut-Off Date is 2.0 per cent. and
- (vii) the Class R Notes balance as at the Closing Date to the estimated Current Balance of the Mortgage Portfolio as at the WAL Cut-Off Date is 1.5 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 ACT/365 basis, and the interest on each Mortgage is calculated on a ACT/365 basis;
- (n) the Notes are issued on Closing Date of 22 October 2019;
- (o) any collections received during the months of August 2019 and September 2019 are disregarded;
- (p) the first Interest Payment Date occurs on or about 28 January 2020;
- (q) the first interest period includes 3 months of collections;
- (r) each Interest Payment Date occurs on and payments on the Notes are made on 28th day of January, April, July, October throughout the life of the Notes (whether or not those dates are Business Days);
- (s) all Mortgages in the Mortgage Portfolio which are not repayment Mortgages are assumed to be Interest-only Loans;
- (t) SVR loans are modelled as BBR plus margin on such Mortgage Loan;
- (u) BBR rate is assumed to be 0.15 per cent below the three month GBP Libor forward rate;
- (v) there are no Flexible Drawings;
- (w) no Further Advance and no variation is made in respect of any Mortgage in the Portfolio;
- (x) the weighted average lives of the Notes are calculated ACT/365;
- (y) there is no debit balance on the Principal Deficiency Ledger on any Interest Payment Date;
- (z) no interest or expense shortfalls occur that would result in the use of the Liquidity Reserve Fund, General Reserve Fund or any Principal Additional Amounts;
- (aa) the Mortgage Portfolio as at the Closing Date is identical to that as at the WAL Cut-Off Date;
- (bb) 1 sub-account with a negative current balance of £186.29 be removed for calculation of the weighted average lives tables; and

- (cc) the Portfolio Purchase Option 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 20 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date.

WEIGHTED AVERAGE LIFE TABLES

Assuming the exercise of the Portfolio Call Option on the First Optional Redemption Date:

Step up Call									
	0.0%	2.5%	5.0%	7.5%	10.0%	12.5%	15.0%	17.5%	Pricing CPR* (15%)
A	4.4519	4.1691	3.9040	3.6559	3.4239	3.2074	3.0056	2.817	3.0056
B	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219
C	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219
D	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219
E	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219
F	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219
R	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219	5.0219

*CPR means Conditional Prepayment Rate.

Assuming no occurrence of the Portfolio Call Option on the First Optional Redemption Date, but the Portfolio Call Option is exercised on the 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 20 per cent. of the aggregate Principal Amount Outstanding of the Notes on the Closing Date:

Clean up Call									
	0.0%	2.5%	5.0%	7.5%	10.0%	12.5%	15.0%	17.5%	Pricing CPR (15%)
A	8.0908	6.9724	6.0169	5.2041	4.5211	3.9676	3.5279	3.1601	3.5279
B	12.2767	12.0247	11.5233	10.7726	9.7726	8.7726	8.0219	7.2740	8.0219
C	12.2767	12.0247	11.5233	10.7726	9.7726	8.7726	8.0219	7.2740	8.0219
D	12.2767	12.0247	11.5233	10.7726	9.7726	8.7726	8.0219	7.2740	8.0219
E	12.2767	12.0247	11.5233	10.7726	9.7726	8.7726	8.0219	7.2740	8.0219
F	12.2767	12.0247	11.5233	10.7726	9.7726	8.7726	8.0219	7.2740	8.0219
R	12.2767	12.0247	11.5233	10.7726	9.7726	8.7726	8.0219	7.2740	8.0219

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 and the early redemption of the Notes pursuant to Condition 8.3 (Optional Redemption for Taxation or Other Reasons).

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 times to the Relevant Servicing and Legal Title Holder Deed), procure that the Legal Title Holder transfer 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 Portfolio Option Holder may exercise the Portfolio Purchase Option to effect an early redemption of the Notes (i) pursuant to Condition 8.3 (Optional Redemption for Taxation or Other Reasons) provided that any election to exercise the Portfolio Purchase Option in these circumstances must be notified to the Note Trustee within 20 Business Days of such event; (ii) pursuant to Condition 8.4 (Optional Redemption of the Notes in full) (other than where the Notes are to be redeemed in accordance with item (iv) below); (iii) following the occurrence of a Risk Retention Regulatory Change Event; or (iv) on the First Optional Redemption Date or any Interest Payment Date following the First Optional Redemption Date.

The Portfolio Purchase Option may be exercised by notice to the Issuer with a copy to the Cash Manager, the Note Trustee, the Security Trustee, the Seller, the relevant Legal Title Holder and each of the Rating Agencies to take effect on the Calculation Date immediately preceding the First Optional Redemption Date or such later Calculation Date specified in the exercise notice (or earlier if exercised pursuant to items (i), (ii) and (iii) above) (the **Portfolio Sale Completion Date**). The Notes shall be redeemed on the Interest Payment Date falling on the same day as, or immediately after, the Portfolio Sale Completion Date.

Purchase Price

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

- (a) the **Base Portfolio Purchase Option Purchase Price** being an amount equal to:
 - (i) the aggregate Principal Amount Outstanding of the Notes plus accrued and unpaid interest thereon in respect of the Principal Amount Outstanding of the Notes as at the Interest Payment Date on which the Portfolio Purchase Option is expected to be completed; plus

- (ii) any fees, costs, amounts and expenses of the Issuer payable senior to the Certificates in the Pre-Enforcement Revenue Priority of Payments (including, for the avoidance of doubt, an amount sufficient to reduce any debit balance of the Seller MSA Rebate Ledger to zero when applied in accordance with the applicable Priority of Payments); less
 - (iii) 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; and
- (b) The current value of all (but not some only) of the Mortgage Loans in the Portfolio as determined by the Portfolio Option Holder in accordance with the Portfolio Purchase Deed Poll (the **Portfolio Purchase Option Current Value Purchase Price**). The Portfolio Purchase Option Current Value Purchase Price shall be determined by the Purchase Option Holder calculating such price and giving notice of it to the Retention Holder. If the Portfolio Purchase Option Holder and the Retention Holder cannot agree on a Portfolio Purchase Option Current Value Purchase Price they may together appoint an independent third party value who shall, following consultation with such parties, propose an alternative Portfolio Purchase Option Current Value Purchase Price.

The Portfolio Option Holder or its nominee will be required to provide irrevocable payment instructions for an amount to be transferred equal to the Portfolio Purchase Option Purchase Price to the Transaction Account provided that such deposit shall be made on or before the Portfolio Sale Completion Date or such later date as agreed with the Note Trustee or (after the service of an Enforcement Notice) take such other action agreed with the Security Trustee.

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 relevant Legal Title Holder, to hold legal title on behalf of the Portfolio Option Holder or its nominee (and in the case of the Scottish Loans being sold the Issuer shall be required to procure that the interest of the beneficiary in such Scottish Loans and their Related Security under the Scottish Declaration of Trust is assigned to the Portfolio Option Holder or its nominee or that a new declaration of trust in respect of such Scottish Loans and their Related Security is granted by the relevant Legal Title Holder in favour of the Portfolio Option Holder or its nominee).

Portfolio Option Holder means the holder of more than 50 per cent. of the Class Y Certificates or an entity representing the holder (or holders in aggregate) of more than 50 per cent. of the Class Y Certificates (other than any Class Y 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 Priority 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 Class Y Certificateholders in accordance with the Pre-Enforcement Revenue Priority of Payments.

The Issuer has covenanted in the Deed Poll in favour of the Portfolio Option Holder that prior to the service of an Enforcement Notice it shall not agree to any sale of the Portfolio that is not already provided for under the Transaction Documents without the prior written consent of the Portfolio Option Holder.

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 for Tax and other Reasons

The Seller may, pursuant to the terms of the Mortgage Sale Agreement, purchase the Loans in respect of any optional redemption of the Notes pursuant to Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) (subject to the Portfolio Option Holder's right to first exercise the Portfolio Purchase Option). The consideration payable by the Portfolio Option Holder shall be an amount equal to the higher of (a) the Base Portfolio Purchase Option Purchase Price and (b) Portfolio Purchase Option Current Value Purchase Price. The Seller shall notify the Portfolio Option Holder of its intention to serve such a notice on the Issuer as soon as reasonably practicable and by no later than 10 Business Days after the occurrence of any event specified in Condition 8.3(a) or (b) (*Optional Redemption for Taxation or Other Reasons*). If the Portfolio Option Holder notifies the Seller within 10 Business Days of such notification that it intends to exercise the Portfolio Purchase Option, the Seller shall not serve such notice on the Issuer and any notice served shall be invalid.

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

Pursuant to the Retention Holder Deed Poll, (i) the Retention Holder (or any of its delegates) and (ii) provided that the Retention Holder has not exercised the Risk Retention Regulatory Change Option, the Seller (or any of its delegates), 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 (*Mandatory Redemption of the Notes following the exercise of a Risk Retention Regulatory Change Option*) (subject to the Portfolio Option Holder's right to first exercise the Portfolio Purchase Option). 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 Risk Retention Regulatory Change Event Option Holder shall notify the Portfolio Option Holder of its intention to serve an Exercise Notice on the Issuer as soon as reasonably practicable and at least 10 Business Days before such notice is served on the Issuer. If the Portfolio Option Holder notifies the Risk Retention Regulatory Change Event Option Holder within 10 Business Days of such notification that it intends to exercise the Portfolio Purchase Option, the Risk Retention Regulatory Change Event Option Holder shall not serve such notice on the Issuer and any notice served shall be invalid.

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.

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 14 (*Replacement of Certificates*) 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:

- (a) 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; or
- (b) in respect of the Retention Holder, results in the Retention Holder no longer being able to qualify as an eligible retainer of the Retained Interest for purposes of the Risk Retention Requirements; and the Retention Holder is not able to transfer the Retained Interest to one of its affiliates without violating the Risk Retention Requirements or any other applicable law, or incurring any additional material costs or obligations in connection with any such transfer, in any case, as determined by the Retention Holder, in its sole discretion.

Risk Retention Regulatory Change Option means the option of the Retention Holder (or its nominee) to acquire all but not some of the Portfolio, following a Risk Retention Regulatory Change Event provided that if the Retention Holder has not exercised the Risk Retention Regulatory Change Option, then the Seller may exercise the option to acquire all but not some of the Portfolio.

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 higher of (i) the Base Portfolio Purchase Option Purchase Price as calculated three days prior to the Risk Retention Regulatory Change Option Completion Date and (ii) Portfolio Purchase Option Current Value Purchase Price;

The Risk Retention Regulatory Change Current Value Purchase Price shall be determined by the Risk Retention Regulatory Change Purchase Option Holder calculating such price and giving notice of it to the Portfolio Option Holder. If the Risk Retention Regulatory Change Purchase Option Holder and the Portfolio Option Holder cannot agree on a Risk Retention Regulatory Change Current Value Purchase Price, they may together appoint an independent third party valuer who shall, following consultation with such parties, propose an alternative Risk Retention Regulatory Change Current Value Purchaser Price.

Risk Retention Requirements means Article 6 of the Securitisation Regulations, and any replacement thereof and the U.S. Credit Risk Retention Requirements.

U.S. Credit Risk Retention Requirements means Section 15G of the U.S. Securities Exchange Act of 1934, as amended and the final rules related thereto published on 24 December 2014 in the Federal Register by the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, the SEC and the Department of Housing and Urban Development.

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 which are estimated to be £171,729,279.64 to: (i) pay the Consideration payable by the Issuer for the Portfolio to be acquired from the Seller on the Closing Date; and (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 General Reserve Fund.

The Seller will apply the proceeds received from the Issuer towards the 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 Moody's and S&P (collectively, the **Credit Rating Agencies**):

Class of Rated Notes	Moody's	S&P
A	Aaa	AAA
B	Aa1	AA+
C	A2	AA
D	Baa2	A+
E	Ba2	A-

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 F, the Class R Notes and the Certificates will not be rated by either of 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 5 July 2019 (registered number 12087447) as a public limited company under the Companies Act 2006. The registered office of the Issuer is Level 37, 25 Canada Square, London E14 5LQ. The telephone number of the Issuer's registered office is +44(0) 203 855 0285. 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*"). The legal entity identifier (**LEI**) of the Issuer is 635400BLYSFCWESLTE75 and the securitisation transaction unique identifier (**STUI**) is 635400BLYSFCWESLTE75N201901.

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 Certificate Condition 5 (*Issuer Covenants*).

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 (Charges and Information) Regulations 2018. 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 July and the first statutory accounts of the Issuer will be drawn up to 31 July 2020.

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 Fund 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
CSC Directors (No. 1) Limited	Level 37, 25 Canada Square, London E14 5LQ, United Kingdom	Director
CSC Directors (No. 2) Limited	Level 37, 25 Canada Square,	Director

Name	Business Address	Business Occupation
	London E14 5LQ, United Kingdom	
Aline Sternberg	Level 37, 25 Canada Square, Director London E14 5LQ, United Kingdom	

The company secretary of the Issuer is CSC Corporate Services (UK) Limited whose principal office is at Level 37, 25 Canada Square, London E14 5LQ.

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 5 July 2019 (registered number 12087364) as a private limited company under the Companies Act 2006 (as amended). The registered office of Holdings is Level 37, 25 Canada Square, London E14 5LQ, United Kingdom. The issued share capital of Holdings comprises 1 ordinary share of £1. CSC Corporate Services (UK) 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:

Name	Business Address	Business Occupation
CSC Directors (No. 1) Limited	Level 37, 25 Canada Square, London E14 5LQ, United Kingdom	Director
CSC Directors (No. 2) Limited	Level 37, 25 Canada Square, London E14 5LQ, United Kingdom	Director
Aline Sternberg	Level 37, 25 Canada Square, London E14 5LQ, United Kingdom	Director

The company secretary of Holdings is CSC Corporate Services (UK) Limited whose principal office is at Level 37, 25 Canada Square, London E14 5LQ, United Kingdom.

The accounting reference date of Holdings is 31 July and the first statutory accounts of Holdings will be drawn up to 31 July 2020.

Holdings has no employees.

THE NEW LEGAL TITLE HOLDER

Introduction

Kendal Mortgages Limited (the **New Legal Title Holder**), was incorporated in England and Wales on 23 August 2019. Kendal Mortgages Limited was incorporated with registered number 12171979, as a private limited company under the Companies Act 2006 (as amended). The registered office of the New Legal Title Holder is Level 37, 25 Canada Square, London E14 5LQ. The issued share capital of the New Legal Title Holder comprises 1 ordinary share of £1. CSC Corporate Services (UK) Limited (the **Share Trustee**) holds the entire beneficial interest in the issued share under a discretionary trust for discretionary purposes of the New Legal Title Holder.

The New Legal Title Holder was established as a special purpose vehicle or entity for the purposes of holding the legal title to certain of the Loans and their Related Security comprising the Portfolio on and from the Transfer Date. Isle of Wight Home Loans Limited will purchase the entire beneficial interest in the Portfolio on or about the Closing Date from the Vendor. On the Transfer Date, the Original Legal Title Holder will transfer legal title to the New Legal Title Holder at the direction of Isle of Wight Home Loans Limited.

The New Legal Title Holder has no assets or other resources.

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

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

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

Directors

The directors of the New Legal Title Holder and their respective business addresses and occupations are:

Name	Business Address	Business Occupation
CSC Directors (No.1) Limited	Level 37, 25 Canada Square, London E14 5LQ	Corporate Director
CSC Directors (No.2) Limited	Level 37, 25 Canada Square, London E14 5LQ	Corporate Director
JP Nowacki	Level 37, 25 Canada Square, London E14 5LQ	Director

The directors of CSC Directors (No.1) Limited and CSC Directors (No.2) Limited and their respective occupations are:

Name	Business Address	Principal Activities
Jonathan Hanly	Level 37, 25 Canada Square, Director London E14 5LQ	
Constantinos Kleanthous	Level 37, 25 Canada Square, Director London E14 5LQ	
Aline Sternberg	Level 37, 25 Canada Square, Director London E14 5LQ	
Catherine McGrath	Level 37, 25 Canada Square, Director London E14 5LQ	
JP Nowacki	Level 37, 25 Canada Square, Director London E14 5LQ	
Vinoy Nursiah	Level 37, 25 Canada Square, Director London E14 5LQ	
Debra Parsall	Level 37, 25 Canada Square, Director London E14 5LQ	
Lara Nasato	Level 37, 25 Canada Square, Director London E14 5LQ	
Charmaine De Castro	Level 37, 25 Canada Square, Director London E14 5LQ	
CSC Corporate Services (UK) Limited	Level 37, 25 Canada Square, Company Secretary London E14 5LQ	

The company secretary of the New Legal Title Holder is CSC Corporate Services (UK) Limited whose principal office is at Level 37, 25 Canada Square, London, E14 5LQ

The accounting reference date of the New Legal Title Holder is 31 July and the first statutory accounts of the Legal Title Holder will be drawn up to 31 July 2020.

The Legal New Title Holder does not have any employees.

THE SELLER

The Seller was incorporated in England and Wales on 5 July 2019 (registered number 12088067) as a private limited company under the Companies Act 2006. The registered office of the Seller is 1 Churchill Place, London, E14 5HP. The telephone number of the Seller's registered office is +44 (0) 207 116 9527.

The issued share capital of the Seller comprises 1 ordinary share of GBP 1, which is fully paid up, and held by the Retention Holder. The Seller is a direct wholly-owned subsidiary of the Retention Holder. The Seller has no subsidiaries.

On the Closing Date, the Seller will, pursuant to the exercise of the portfolio call option in relation to the Slate No. 2 plc transaction, acquire the beneficial interest in the Loans and their Related Security comprising the Portfolio from the Vendor and will immediately on-sell such Loans and their Related Security to the Issuer.

Pursuant to the Mortgage Sale Agreement, in certain circumstances related to a breach of the Loan Warranties in respect of the Loans and their Related Security, the Seller will be required to make an indemnity payment in respect of the relevant Loan and its Related Security, or opt instead to repurchase such Loan and its Related Security at the relevant Repurchase Price (together with any other Loan secured or intended to be secured by such Related Security or any part of it) (see the section "*Summary of the Key Transaction Documents – Mortgage Sale Agreement*").

Business of the Seller

On the Closing Date, the Seller will enter into a loan agreement with the Retention Holder (the **Loan Agreement**) pursuant to which the Retention Holder will agree to advance to the Seller:

- (a) on the Closing Date, sufficient funds to allow the Seller to pay the purchase price due by it to the Vendor under the Vendor Mortgage Sale Agreement (the **VMSA Purchase Price Commitment**); and
- (b) on any date following the Closing Date until the date on which all claims submitted to the Seller by the Issuer prior to the date falling two (2) years following the Closing Date have been paid in full (the **Kentmere 2 Commitment Period**), an amount equal to any MSA Warranty Indemnity Amount due to be paid on such date by the Seller to the Issuer in accordance with the Transaction Documents, for the purpose of providing the Seller with funds to satisfy such payment obligations, up to a facility limit of £400,000 (the **Kentmere 2 Facility Limit**) (the **Kentmere 2 Commitment**).

Any amounts drawn by the Seller under the Kentmere 2 Commitment shall be repaid from time to time out of the proceeds of any MSA Warranty Rebate paid to the Seller by the Issuer in accordance with the Transaction Documents. The Kentmere 2 Commitment, once repaid, may be reborrowed only during the Kentmere 2 Commitment Period and subject to the Kentmere 2 Facility Limit.

Other than its obligation to advance the VMSA Purchase Price Commitment and the Kentmere 2 Commitment to the Seller under the Loan Agreement, the Retention Holder will have no obligation to advance amounts or to provide financial or other support to the Seller and the Retention Holder will not guarantee or act as surety for obligations of the Seller in connection with the Transaction, including in respect of the Seller's obligation to repurchase Mortgage Loans pursuant to the Mortgage Sale Agreement.

On the Closing Date, the Seller will enter into a declaration of trust (the **Seller Declaration of Trust**) pursuant to which the Seller will declare itself trustee over, among other things, (i) the Kentmere 2 Commitment, (ii) all proceeds of the Kentmere 2 Commitment, (iii) all of its rights under or pursuant to the Vendor Mortgage Sale Agreement (paragraphs (i), (ii) and (iii) collectively the **Kentmere 2 Trust Property**), and (iv) any property of the Seller which is not otherwise subject to trust property (the **Seller Trust Property**).

Pursuant to the terms of the Seller Declaration of Trust, the Seller will hold upon bare trust, among others, (i) the Kentmere 2 Trust Property for the Issuer absolutely and (ii) the Seller Trust Property for itself absolutely. Additional beneficiaries may from time to time on and from the Closing Date accede to the Seller 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 Kentmere 2 Trust Property is calculated. The interests and entitlements of the Issuer, the Seller and other beneficiaries (the **Beneficiaries**) of their respective trust property under the Seller Declaration of Trust will be vested and indefeasible such that such Beneficiaries will be absolutely entitled to the assets comprised in their respective trust property as they are received and as income arises.

The Sellers obligations pursuant to the Mortgage Sale Agreement are limited recourse obligations pursuant to the terms of the Mortgage Sale Agreement and therefore, in the event that the Seller has insufficient funds available to satisfy in full any obligations under the Mortgage Sale Agreement after the Kentmere 2 Trust Property has been exhausted, the Issuer (or the Security Trustee following the service of an Enforcement Notice) will have no further claim against the Seller or its directors, shareholders, officers or successors in respect of any amounts owing to it which remain unpaid and such unpaid, amounts shall be deemed to be discharged in full and any relevant rights to payment shall be extinguished.

Other than activities and operations incidental to its entry into the Transaction Documents to which it will be party and the Vendor Mortgage Sale Agreement, the performance of its obligations thereunder and other matters which are incidental or ancillary to the foregoing, the Seller has not engaged since its incorporation, in any material activities or commenced operations. 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 Seller. The accounting reference date of the Seller is 31 July and the first statutory accounts of the Seller will be drawn up to 31 July 2020.

Directors

The directors of the Seller and their respective business addresses and occupations are:

Name	Business Address	Business Occupation
Cecile Hillary	5 The North Colonnade, London E14 4BB	Banking
Matthew Weir	5 The North Colonnade, London E14 4BB	Banking
Robert Scott	5 The North Colonnade, London E14 4BB	Banking
Tobias Mark Norfolk-Thompson	5 The North Colonnade, London E14 4BB	Banking

The company secretary of the Seller is Barclays Corporate Secretariat whose principal office is at 1 Churchill Place, London E14 5HP, United Kingdom.

THE RETENTION HOLDER, THE SPONSOR AND THE SERVICER ADMINISTRATOR

Barclays Bank PLC (the **Bank**, and together with its subsidiary undertakings, the **Bank Group**) is a public limited company registered in England and Wales under number 1026167. The liability of the members of the Bank is limited. It has its registered and head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). The Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, the Bank was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'. The whole of the issued ordinary share capital of the Bank is beneficially owned by Barclays PLC. Barclays PLC (together with its subsidiary undertakings, the Group) is the ultimate holding company of the Group. The Group is a transatlantic consumer and wholesale bank with global reach offering products and services across personal, corporate and investment banking, credit cards and wealth management anchored in the Group's two home markets of the UK and the US. The Group is organised into two clearly defined business divisions – Barclays UK division and Barclays International division. These are housed in two banking subsidiaries – Barclays UK sits within Barclays Bank UK PLC and Barclays International sits within the Bank – which operate alongside Barclays Execution Services Limited but, in accordance with the requirements of ring-fencing legislation, independently from one another. Barclays Execution Services Limited drives efficiencies in delivering operational and technology services across the Group.

The Bank and the Bank Group offer products and services designed for the Group's larger corporate, wholesale and international banking clients.

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

Based on the Bank Group's audited financial information for the year ended 31 December 2018, the Bank Group had total assets of £877,700m (2017: £1,129,343m), total net loans and advances of £136,959m (2017: £324,590m), total deposits of £199,337m (2017: £399,189m), and total equity of £47,711m (2017: £65,734m) (including non-controlling interests of £2m (2017: £1m)). The profit before tax of the Bank Group for the year ended 31 December 2018 was £1,286m (2017: £1,758m) after credit impairment charges and other provisions of £643m (2017: £1,553m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Bank for the year ended 31 December 2018.

Based on the Bank Group's unaudited financial information for the six months ended 30 June 2019, the Bank Group had total assets of £969,266m, total net loans and advances of £144,664m, total deposits of £215,125m, and total equity of £52,610m (including non-controlling interests of £0m). The profit before tax of the Bank Group for the six months ended 30 June 2019 was £1,725m (30 June 2018: £725m) after credit impairment charges and other provisions of £510m (30 June 2018: £156m). The financial information in this paragraph is extracted from the unaudited condensed consolidated interim financial statements of the Bank for the six months ended 30 June 2019.

The Bank has been involved in the purchase of the Loans and their Related Rights comprising the Portfolio from the Vendor and their subsequent sale by the Seller to the Issuer and has been involved in the organisation and initiation of the securitisation transaction described in this Prospectus.

The Bank agreed to purchase the Portfolio from the Vendor on 10 October 2019. The Bank formed the Seller as its direct wholly-owned subsidiary on 5 July 23019 and provided all directors of the Seller. Prior to its execution, the Bank has reviewed and commented on drafts of the Vendor Mortgage Sale Agreement pursuant to which, on the Closing Date, the Bank, acting through the Seller, will acquire the Portfolio. As sole shareholder of the Seller, the Bank will cause the Seller to enter into the Vendor Mortgage Sale Agreement on the Closing Date. On the Closing Date, the Bank will enter into the Loan Agreement with the Seller pursuant to which it will agree to advance to the Seller, on or prior to the Closing Date, an amount equal to the Vendor Purchase Price Commitment and, during the Kentmere 2 Commitment Period, the Kentmere 2 Facility. Other than its obligation to advance the VMSA Purchase Price Commitment and the Kentmere 2 Commitment Facility to the Seller under the Loan Agreement, the Bank will have no obligation to advance amounts or to provide financial or other support of any nature to the Seller and the Bank will not guarantee or act as surety for any obligations of the Seller.

Prior to their execution, the Bank has reviewed and commented on the Transaction Documents, including the Mortgage Sale Agreement pursuant to which, on the Closing Date, the Bank, acting through the Seller, will transfer the Portfolio to the Issuer. As sole shareholder of the Seller, the Bank will cause the Seller to enter into the Transaction Documents to which the Seller is party, including the Mortgage Sale Agreement. The Bank's involvement in the transaction prior to the Closing Date has also comprised determination of cash-flow and collateral modelling, determination of the capital structure to be implemented and determining the appropriate retention structure for the Transaction.

The Bank is acting as Sponsor and Retention Holder.

As further described herein, the Bank intends to retain certain rights in respect of the servicing of the Loans and will exercise these rights through its role as Servicer Administrator. The Servicer Administrator will be permitted to exercise these rights to perform certain ongoing functions as set out in the Administration Agreement. See further "*Summary of the Key Transaction Documents – Administration Agreement – Servicer Administrator Services*".

In respect of its rights under the Administration Agreement, the Servicer Administrator will owe no duty or have any liability to any other party. For the avoidance of doubt, the Servicer Administrator shall have no liability for exercising or failing to exercise its rights under the Administration Agreement and shall not be liable to monitor the Servicer or the provision of the Services or effect any remediation relating to the Services to be provided by the Servicer.

The Issuer will indemnify the Servicer Administrator on demand against any loss, cost, expense or other liability which are incurred by the Servicer Administrator in connection with the performance of its role or exercise of its rights as Servicer Administrator under the Transaction Documents, save in the case where such loss, cost, expense or other liability is as a result of the Servicer Administrator's fraud, gross negligence or wilful default.

THE VENDOR AND THE ORIGINAL LEGAL TITLE HOLDER

Slate No. 2 PLC (**Slate** and the **Vendor**) was incorporated in England and Wales on 23 September 2014 (registered number 09232072) as a public limited company under the Companies Act 2006. The registered office of Slate is 35 Great St. Helen's, London EC3A 6AP. The authorised share capital of Slate comprises 50,000 ordinary shares of £1 each. The issued share capital of Slate comprises 50,000 ordinary shares of £1 each of which one share is fully-paid up and 49,999 shares are quarter-paid and all shares are held by Slate No. 2 Mortgage Holdings Limited (**Slate Holdings**).

Slate has no subsidiaries. The Seller does not own directly or indirectly any of the share capital of Slate or Slate Holdings. Slate was established as a special purpose vehicle solely for the purpose of issuing asset backed notes and purchasing a portfolio which included the Portfolio on 24 October 2014 from Consilium Airton Limited who acquired such portfolio from Mortgage Express (**MX**). Following the sale of the Portfolio to the Seller, Slate will have no further assets.

The Original Legal Title Holder

Trillium Mortgages Limited (the **Original Legal Title Holder**) was incorporated in England and Wales on 30 September 2014. Trillium Mortgages Limited was incorporated with registered number 9242371, as a private limited company under the Companies Act 2006 (as amended). The registered office the Original Legal Title Holder is 35 Great St. Helen's, London EC3A 6AP. The issued share capital of the Original Legal Title Holder comprises 1 ordinary share of £1. Intertrust Corporate Services Limited holds the entire beneficial interest in the issued share under a discretionary trust for discretionary purposes of the Original Legal Title Holder.

On or before the Transfer Closing Date, the Original Legal Title Holder will transfer legal title to the New Legal Title Holder.

The Original Legal Title Holder has no assets or other resources. The Original Legal Title Holder does not have any subsidiaries. The Seller does not own directly or indirectly any of the share capital of the Original Legal Title Holder.

THE SERVICER

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

Pepper (UK) Limited is authorised and regulated by the Financial Conduct Authority under registration number 484078. Pepper (UK) Limited holds relevant licences under the CCA and maintains applicable registrations under the Data Protection Act 2018.

The residential servicer ratings for Pepper UK Limited, as provided by S&P are:

- Primary: Above average with stable outlook; and
- Special: Above average with stable outlook.

The registered office of Pepper (UK) Limited is at Harman House, 1 George Street, Uxbridge, London UB8 1QQ.

THE CASH MANAGER AND THE ISSUER ACCOUNT BANK

U.S. Bank Global Corporate Trust Limited as the Cash Manager

U.S. Bank Global Corporate Trust Limited is a limited liability company incorporated under the laws of England and Wales with its office at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR, United Kingdom.

U.S. Bank Global Corporate Trust Limited is part of the worldwide corporate trust business of the U.S. Bancorp group. In Europe, the corporate trust business is conducted in combination with Elavon Financial Services DAC (the legal entity through which corporate trust banking and certain agency appointments are conducted), U.S. Bank Trustees Limited (the legal entity through which corporate trust trustee appointments are conducted) and U.S. Bank National Association (the legal entity through which corporate trust conducts business in the United States).

The corporate trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S. based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at <https://www.usbank.com>.

Elavon Financial Services DAC as the Issuer Account Bank

Elavon Financial Services DAC, trading as U.S. Bank Global Corporate Trust, is an integral part of the worldwide corporate trust business of the U.S. Bancorp group. In Europe, U.S. Bank Global Corporate Trust conducts business through Elavon Financial Services DAC from its offices in Dublin at Building 8, Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland D18 W319 and through its UK Branch in London at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

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

In Europe, the corporate trust business is conducted in combination with U.S. Bank Global Corporate Trust Limited (the legal entity through which certain corporate trust agency appointments are conducted), U.S. Bank Trustees Limited (the legal entity through which corporate trust trustee appointments are conducted) and U.S. Bank National Association (the legal entity through which corporate trust conducts business in the United States).

The corporate trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The corporate trust business provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S. based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at <https://www.usbank.com>.

THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

U.S. Bank Trustees Limited is a limited liability company incorporated under the laws of England and Wales with its office at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR, United Kingdom.

U.S. Bank Trustees Limited is part of the worldwide corporate trust business of the U.S. Bancorp group. In Europe, the corporate trust business is conducted in combination with Elavon Financial Services DAC., U.S. Bank Global Corporate Trust Limited (the legal entities through which corporate trust banking and agency appointments are conducted) and U.S. Bank National Association, (the legal entity through which corporate trust conducts business in the United States).

The corporate trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S. based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at <https://www.usbank.com>.

THE ORIGINAL LEGAL TITLE HOLDER CORPORATE SERVICES PROVIDER

Intertrust 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 Original Legal Title Holder pursuant to the Original Legal Title Holder 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, THE REPLACEMENT CASH MANAGER
FACILITATOR AND THE SERVICER FACILITATOR**

CSC Capital Markets UK Limited (registered number 10780001), having its principal address at Level 37, 25 Canada Square, London E14 5LQ will be appointed to provide corporate services to the Issuer and Holdings pursuant to the Corporate Services Agreement. CSC Capital Markets UK Limited has served and is currently serving as corporate service provider for securitisation transactions.

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. Neither the Seller nor the Issuer have commissioned, or are aware of, any independent revaluation of the Mortgaged Properties comprised in the Mortgage Portfolio since the date of acquisition by the Seller.

The Portfolio

The Portfolio comprises loans advanced to the borrowers upon the security of owner-occupied residential property situated in England, Wales and Scotland (each a Borrower). On the Closing Date the Portfolio will consist of the Loans and their Related Security acquired pursuant to the Mortgage Sale Agreement, other than Loans which have been repaid.

Origination of the Portfolio

The Portfolio comprises Loans originated by Kensington (the **Kensington Loans**) or GMAC (the **GMAC Loans**, and together with the Kensington Loans, the **Loans**). Each of Kensington and GMAC 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 the Originator between October 2001 and January 2015. The Portfolio was sold by the Vendor to the Seller on or about the Closing Date (the **Asset Sale Portfolio**) following the exercise of a portfolio call option pursuant to a deed poll in relation to the Slate No. 2 PLC transaction. All Properties relating to Loans in the Portfolio are located in England, Wales or Scotland.

Security

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

Characteristics of the Loans

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

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

Everyday Fixed Rate Loans: Loans, with the same features as Fixed Rate Loans, with the exception that overpayments are limited to 10 per cent. of the outstanding balance per calendar year and no borrow backs or underpayments are permitted. The payment holidays which can be applied for are limited to a one month payment holiday for every nine consecutive full monthly payments made, with a maximum payment holiday of three months following 27 consecutive full monthly payments being made.

Everyday Tracker Loans: Loans, with the same features as Flexible Tracker Rate Loans, with the exception that overpayments are limited to 10 per cent. of the outstanding balance per calendar year

and no borrow backs or underpayments are permitted. The payment holidays which can be applied for are limited to a one month payment holiday for every nine consecutive full monthly payments made, with a maximum payment holiday of three months following 27 consecutive full monthly payments being made (the **Everyday Tracker Loans** and, together with the Flexible Tracker Rate Loans, the **Tracker Rate Loans**).

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

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

Standard Variable Rate Loans: Loans subject to the relevant Legal Title Holder's standard variable rate after the Closing Date (the **Standard Variable Rate Loans**).

Loans

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

Repayment terms

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

- (a) **repayment:** the Borrower makes monthly payments of both interest and principal so that, at the end of the mortgage term, the Borrower will have repaid the full amount of the principal of the Loan (a **Repayment Loan**);
- (b) **interest-only:** the Borrower makes monthly payments of interest but not of principal; at the end of the mortgage term, the entire principal amount of the Loan is still outstanding and the Borrower must repay that amount in one lump sum on maturity or by way of regular payments. An interest only Loan may include a repayment plan or vehicle, including an endowment, pension policy or managed investment plan, share portfolio plan or sale of the relevant property (an **Interest-Only Loan**); and
- (c) **combination repayment and interest-only:** this situation most often occurs when the Borrower had an interest-only Loan with a repayment vehicle on a prior mortgaged property, and after selling that mortgaged property the Borrower purchased a property with a Loan where the subsequent home was either more expensive than the prior home or the Borrower took out a larger Loan or further advance. The Borrower used the existing interest-only repayment vehicle for the substitute Loan or further advance and made up the difference between the anticipated maturity value of the interest only repayment vehicle and the higher Loan amount with a repayment mortgage. The required monthly payment in connection with repayment Loans or interest-only Loans may vary from month to month for various reasons, including changes in interest rates (a **Part-and-Part Loan**).

No security is taken over investment plans.

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

In particular those Loans originated by NRAM include certain of the flexible features described below. *Overpayments and underpayments:* A Borrower may make overpayments or may repay the entire current balance under its Loan at any time without incurring any Early Repayment Charge. Any overpayment immediately reduces the Current Balance of the Loan from the day payment is received from the Borrower. Any overpayment will result in the immediate reduction in the amount of interest payable by the relevant Borrower.

A Borrower may use certain amounts that it has previously overpaid to fund future underpayments under its Loan (an **Authorised Underpayment**). If a Borrower makes an Authorised Underpayment under its Loan, the Current Balance of that Loan will be increased at the end of the month in which the Authorised Underpayment has been made and there will be an immediate effect on the amount of interest payable by the Borrower. An Authorised Underpayment is also called a **Non-Cash Borrow-back** for the purposes of this Prospectus. A Borrower under a Loan may offset Authorised Underpayments up to the aggregate amount of any overpayments previously made (but not yet used to fund an Authorised Underpayment or redrawn in cash by the Borrower) during the lifetime of the Loan.

Any underpayment made by a Borrower (a) which cannot be funded by prior overpayments and (b) where the Borrower is not entitled to a payment holiday (an **Unauthorised Underpayment**) will be treated by the Servicer as arrears.

Payment Holidays: A Borrower that has made a specified number of consecutive scheduled monthly payments (or an equivalent sum of payments) on its Loan may apply for a payment holiday even if that Borrower has not made prior overpayments. A Borrower may apply for this payment holiday facility once in each rolling nine month period and may accumulate the right to take up to a maximum of three monthly payment holidays in any one calendar year if the Borrower has not used the payment holiday facility in a given 27-month period. In addition, a Borrower may apply for a payment holiday of up to six months in certain limited cases (generally, where the Borrower can demonstrate an extenuating circumstance). The Loan will continue to accrue interest and other charges during any payment holiday and accrued interest will be added to the Current Balance of the related Loan which will increase the amount of interest payable by the Borrower. A payment holiday is also called a **Non-Cash Borrow-back** for the purposes of this Prospectus.

Flexible Redraws: A Borrower may request a **Cash Borrow-back** (together with a Non-Cash Borrow-back, a **Flexible Redraw**) of overpayments that the Borrower has made on its Loan by requesting that the Seller refund some or all of such overpayments in cash, **provided that** (i) the aggregate amount of all overpayments not yet used to fund an Authorised Underpayment or otherwise borrowed back in cash by the Borrower from the period commencing with the origination of the Loan to the date of the cash redraw is equal to or greater than £500, and that the amount of such Cash Borrow back is equal to or greater than £500 (if the aggregate amount of all overpayments for such period is less than £500, any Borrower wishing to make a Cash Borrow-back in these amounts may instead make an Authorised Underpayment of the scheduled monthly payment, but is not entitled to a Cash Borrow-back) and (ii) since April 2009, the Borrower passes an affordability assessment at the time of requesting a Cash Borrow-back. Any Cash Borrow-back on a Loan will result in the immediate increase in the related Current Balance and will increase the amount of interest payable by the Borrower.

Under the Mortgage Conditions, a Borrower must receive permission from the relevant Legal Title Holder to make an Authorised Underpayment or take a payment holiday on a Loan.

Other than in the case of the L&GBL Loans, the Servicer will agree to a Borrower's request for a Flexible Redraw where an assessment of the Borrower's circumstances at the time of the request indicates that he will continue to be able to afford the revised monthly payment following the advance of the Flexible Redraw and the Borrower is not otherwise in breach of his obligations under the mortgage contract. From and including the Closing Date, the Servicer (on behalf of the Issuer) will not agree to any request for a Flexible Redraw unless required to do so under the Mortgage Conditions.

Further Advances

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

Product Switches

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

Ports

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

After the Closing Date, if a Legal Title Holder agrees to make any Further Advance or Port, then the Seller shall be obliged to buy-back such Loan and its Related Security together with any Loan secured or intended to be secured by such Related Security or any part of it (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. For the avoidance of doubt, Principal Receipts shall not be applied by the Issuer in purchasing Further Advances or Ports.

Title to the Portfolio

Pursuant to, and under the terms of, the Mortgage Sale Agreement, the Seller will transfer the beneficial title to the Mortgages to the Issuer (which transfer, in respect of the Scottish Mortgages, will be given effect by the grant of a Scottish declaration of trust by the Original Legal Title Holder with the consent of the Seller (incorporating the termination of the trust declared and created by the Vendor Scottish Declaration of Trust) in favour of the Issuer). On the Transfer Date, the Original Legal Title Holder will transfer legal title in the Loans and their Related Security at the direction of the Seller to the New Legal Title Holder (in relation to the Scottish Loans and their Related Security, by assuming the New Legal Title Holder as a trustee under the Scottish Trust, transferring the trust property to the New Legal Title Holder and then resigning as trustee thereunder).

In the case of the Mortgages over registered land in England, Wales and Scotland which will be transferred to the Issuer on the Closing Date, the Legal Title Holder will remain on the English Land Registry or the Registers of Scotland, as applicable as the legal mortgagee or as heritable creditor.

Transfer of equitable title or (in respect of the Scottish loans) the beneficial title from (a) the Vendor to the Seller and (b) the Seller to the Issuer on the Closing Date is to be completed without registration at the Land Registry or notice given to the relevant Borrowers until the occurrence of one of the events mentioned below. Transfer of legal title from the Original Legal Title Holder to the New Legal Title Holder on the Transfer Date shall be completed by registration at the English Land Registry or the Registers of Scotland (as the case may be).

The English Mortgages in the Portfolio and their collateral security are accordingly owned in equity only by the Issuer and the Scottish Mortgages in the Portfolio and their collateral security are accordingly held in trust for the Issuer. Legal title in the Loans and their Related Security continues to be vested in the Legal Title Holder on behalf of, or as trustee for, the Issuer.

The Issuer will grant a first fixed charge in favour of the Security Trustee over its interest in the Mortgages (being, in respect of the Scottish Mortgages an assignation in security of its interests in and to the Scottish Declaration of Trust and the trust constituted thereby).

Save as mentioned below, the Security Trustee has undertaken not to effect any registration at the English Land Registry or the Registers of Scotland (as the case may be) to protect the sale of the Mortgages to the Issuer or the granting of security over the Mortgages by the Issuer in favour of the Security Trustee nor, save as mentioned below, to obtain possession of title deeds to the properties the subject of the Mortgages.

Notices of the equitable assignments or declarations of trust in favour of the Issuer and the security in favour of the Security Trustee will not, save as mentioned below, be given to the Borrowers under the Mortgages.

Under the Mortgage Sale Agreement, the Issuer and the Security Trustee shall not seek to transfer legal title in the Loans to the Issuer unless a Perfection Trigger Event has occurred. If a Perfection Trigger Event has occurred in respect of a Legal Title Holder it shall transfer legal title in respect of the relevant Loans to the Issuer or a nominee of the Issuer to hold on its behalf.

Warranties and Breach of Warranties in relation to the Mortgages

The Mortgage Sale Agreement contains certain warranties given by the Seller in favour of the Issuer in relation to the mortgages and standard securities sold to the Issuer pursuant to the Mortgage Sale Agreement.

No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee would normally be expected to carry out have been or will be made by the Issuer. The Issuer will rely entirely on the benefit of the warranties given to it under the Mortgage Sale Agreement.

Although the Seller will give certain representations and warranties in respect of the Loans sold by it, the Seller was not the originator of any of the Loans comprised in the Portfolio and has acquired its interest in the Loans and their Related Security under the Vendor Mortgage Sale Agreement entered into by the Seller with the Vendor in respect of the relevant Loans. Accordingly, since, amongst other reasons, the Seller does not have direct knowledge as to certain matters relating to the actual origination of the Loans, certain warranties are qualified by reference to the awareness of the Seller. It may be practically difficult for the Seller to detect a breach of warranty in respect of the Loans sold by it to the extent that the same relates to a matter outside of the immediate knowledge of the Seller where there is no ongoing active involvement of the relevant Originator.

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 the relevant offer letters). Such special conditions and product conditions include certain Loan-specific terms, such as the rate of Early Repayment Charges.

Credit Scoring

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.

Fraud Prevention and Anti-Money Laundering

According to the Lending Policies of Kensington and GMAC:

- (a) fraud prevention measures used by Kensington included external trainings provided by K-People, as well as **internal** trainings and a dedicated website with information on financial crime, and internal fraud, anti-money laundering or whistle blowing policies were put in place to ensure that financial crime can be identified, assessed and monitored;
- (b) Kensington and GMAC utilised Electronic Address and Identity Verification (E-ID) services provided by Experian to verify the address and identity of an applicant and a confirmation from E-ID was **sufficient** to satisfy KYC, AML and proof of residency checks, and E-ID services could also be utilised to conduct fraud and sanctions checks or alternatively Kensington and GMAC used their own internal identity verification process in line with their policies;
- (c) in cases where proof of identity had to be separately submitted, Kensington's policies require that **additional** sample checks are carried where an applicant provided utility bills either as proof of residence or for identification verification purposes, and any suspicions would have to be reported through the Suspicious Transaction Report (STR) process, and GMAC's policies had strict requirements as to which forms of identification were acceptable and in certain circumstances where standard identification documents were unavailable, alternative procedures were put in place and made available through GMAC's internal resources; and
- (d) each of Kensington and GMAC adhered to money laundering regulations applicable at the time of origination of the relevant Loans, that staff underwent regular anti-money laundering training and each **application** was assessed individually that if there were suspicions of money-laundering in respect of an application to Kensington, a Suspicious Transaction Report would be submitted for investigation.

Lending Criteria

The following description of lending criteria is a summary of each Originator's lending criteria applied by GMAC to the GMAC Loans and Kensington to the Kensington Loans (the **Lending Criteria**).

Each Loan in the Portfolio was originated according to each respective 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. It should be noted that the relevant Originator exercised discretion within its respective Lending Criteria in applying those factors that were used to determine the maximum amount of the Loan(s).

Security

Each Loan must be secured by: (i) a first ranking English Mortgage over a freehold or leasehold property in England and Wales; (ii) a first ranking English or Scottish Mortgage over a commonhold property in England and Wales or Scotland, as applicable (in the case of Kensington Loans only); or (iii) a first ranking Scottish Mortgage over a freehold or leasehold property located in mainland

Scotland. Existing second charges were acceptable in some cases provided that the second charge was postponed to GMAC's first ranking charge.

No Property secures another Loan in the Portfolio as a first ranking charge. The Property must be used solely for residential purposes and be in sound structural repair or be capable of being put into such state.

Shared ownership properties, being properties where the Borrower acquires a percentage of the Property and pays rent to a landlord in respect of the remaining interest in the Property, were considered unacceptable security by both GMAC and Kensington.

The following are other examples (non-exhaustive) of the types of properties considered by GMAC and Kensington to be unacceptable security: freehold flats, residential flats above commercial properties, properties defective under the 1984 Housing Act. Subject to certain exceptions, properties built within ten years of the application for the Loan were typically required to have a new home warranty such as a Full National House-Building Council Buildmark scheme Certificate or a Zurich Municipal New Build Scheme.

Valuation

All Properties were required to be valued either by a professionally qualified valuer, or through a computer based automated valuation model. In the case of a professionally qualified valuer, the valuer must be selected by GMAC or Kensington to be on their respective approved panel or valuers. If completion had not taken place within six months of the valuation report being prepared, GMAC require a new inspection of the property to be carried out. Kensington do not have a validity period for valuation reports.

Where negative factors, including poor demand and poor future saleability, were noted in the valuation report, an offer for a Loan on the property may have been declined. A re-inspection report or additional reports from a qualified structural engineer or structural surveyor may have been required prior to release of funds for such properties.

Term

The minimum term for the GMAC Loans and for the Kensington Loans was typically 5 years. The maximum term for the GMAC Loans and for the Kensington Loans was typically 30 years.

Loan Amount

The minimum Loan amount at origination was typically £25,001. The maximum Loan amount at origination was £350,000.

Loan to Value

The maximum LTV at origination varied depending on the date of origination of the Loan and the product type. Applicants for certain higher LTV products would be accepted at up to a maximum amount of 95 per cent. LTV ratio. The maximum LTV ratio for self-certified applicants for certain loan sizes was as high as 95 per cent.

The maximum loan available was determined by the lower of the valuation report and the purchase price. The only exceptions to this are the genuine inter-family sales and Right to Buys which can be approved with the lending being based on the valuation figure, rather than the discounted purchase price.

Typically, a loan in excess of the purchase price was not made even if the LTV based on valuation allowed. In exceptional circumstances only, an advance in excess of the purchase price was made if the extra loan was required for home improvements.

Borrower

The minimum age for Borrowers was 18 for both GMAC and Kensington applications (other than for buy to let applications). For buy to let applications in respect of GMAC only, the minimum age for Borrowers was 25, and in respect of Kensington only, Borrowers were required to be aged 21 years or over for buy to let properties.

For full status applicants, the maximum age at the maturity of the loan was 75 years in cases where there was proof of sufficient income to repay the loan after retirement age (i.e. details of a pension plan).

Foreign nationals who have automatic rights to reside were eligible for GMAC and Kensington Loans.

Applications from persons possessing any form of diplomatic immunity were not accepted by GMAC.

Employment History

A 12-month employment history was required for all applicants, which could be a combination of employed and self-employed and could also include where an applicant was receiving a pension in addition to their self-employed income.

Employed Applicants

In case of applicants in full-time employment, formal employers references had to be submitted as part of the application. In some instances, Kensington accepted a P60 and two payslips as proof of income, and GMAC accepted a P60 and the three latest payslips as proof of income. Contractors were accepted for GMAC Loans, provided there was a minimum of six months remaining. Contractors were eligible for Kensington Loans, provided they applied for a self-certified mortgage and additional income verifications may have been required for such applicants.

Self-Employed Applicants

Kensington consider applicants as self-employed if they are sole-traders or have a shareholding of not less than 25% of a firm, and GMAC required a shareholding of not less than 33% of a firm. GMAC required a minimum trading period of 6 months or higher depending on product type. Kensington do not have a minimum trading period requirement.

Income Verification and Assessment

The maximum amount of the Loan was determined by a number of factors including the applicant's income. References were taken to validate the information provided by each applicant in support of their application for a Loan. The affordability calculation was performed on a system which showed the maximum loan amount available for each application. The nature and number of reference requirements was determined by the level of risk associated with the Loan.

In respect of a full-time employed applicant, the applicant was required to provide their latest two (in the case of Kensington) or their latest three (in the case of GMAC) months wage slips and latest P60 income tax form or employer's reference. The income included in the affordability calculation varied depending on the date of origination of the Loan, but typically included the employee's basic salary,

along with any mortgage subsidy received, profit related pay or bonus commissions and overtime pay. Travel allowances and expenses were not considered to be within an applicant's gross basic income.

A full status self-employed applicant for a GMAC loan was required to provide a minimum of one year of accounts or income certified by a qualified accountant. Kensington required confirmation of the previous year's net profit figure and income from a qualified accountant. For some product types and/or larger loan sizes, a confirmation from an accountant may have been required that the applicant is able to make monthly payments. In some cases, the applicant's self-assessment agreed with Inland Revenue was acceptable.

In the case of self-certified Loans, GMAC did not require their applicants to provide evidence of their income. The applicant was required to state their income and employment details on the application form and depending on the date of origination of the Loan, a certificate from a suitably qualified accountant was required to be included. In certain circumstances, the professional qualification of the accountant had to be independently verified. Self-certified applicants over the age of 65 were required by GMAC to provide evidence of receipt of a pension income.

Credit History

Credit Search

Automated credit referencing checks were carried out in respect of each applicant. Each applicant for a GMAC loan was required to provide all addresses resided at over the three years prior to the application and a credit search was run against those addresses. In the case of Kensington Loans, each applicant was required to provide all addresses covering a period of 24 months prior to the date of application and a credit search was undertaken for this time period.

Applications were accepted in certain circumstances where an adverse credit history was revealed, including a single county court judgement (CCJ) (or its Scottish equivalent) that had been satisfied for at least 12 months prior to the application. In case of Kensington Loans, explanations were typically required for a CCJ (or its Scottish equivalent) in writing directly from applicants or via their financial advisers.

In the case of GMAC Loans, applicants were not accepted if they had been declared bankrupt or had an individual voluntary arrangement within six years prior to the date of application. In the case of Kensington Loans, depending on the product type applicants could be accepted if the bankruptcy notice or individual voluntary arrangement was registered 6 years or more prior to the application and had been discharged.

Any form of adverse credit such as defaults and missed payments were assessed by credit scoring and any applications that failed this would generally be declined automatically.

Lender's references

Where an applicant had an existing mortgage, a lender's reference was required. If a Borrower had an existing loan with GMAC, a re-mortgage was not permitted until three months after completion and no more than one missed payment in the previous six months was permitted. For new Borrowers, the most recent mortgage statement was requested which showed the previous 12 months of account performance.

Bank references

Bank statements were not required, but in certain circumstances they may have been requested as additional evidence to assist the underwriting decision.

Insurance policies

Each Borrower of a Kensington Loan was required to take property insurance on the Property for the duration of the Loan. The Property is required to be insured for the full reinstatement figure estimated by the valuer and shown on the property valuation report. GMAC did not require its Borrowers to take buildings insurance.

Credit Risk Mitigation

The Retention Holder has, via the Seller, entered into contracts in relation to the purchase and on-sale of the Loans. As a consequence there are in place policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation.

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

- (a) it is not anticipated that Further Advances or Ports will be granted under the Loans and the Loans contain no obligation on the part of the Seller or the Legal Title Holder to make any Further Advance or Port. Any Flexible Drawings are solely the responsibility of the Legal Title Holder. However, the Servicer, on behalf of the Issuer and the Legal Title Holder would apply criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits (as to which, in relation to the Loans, please see the information set out in this Prospectus headed "*Summary of the Key Transaction Documents – Relevant Servicing and Legal Title Holder Deed*");
- (b) the Servicer, on behalf of the Issuer and the Legal Title Holder, will have in place systems to administer and monitor the various credit-risk bearing portfolios and exposures (as to which it should be noted that the Loans will be serviced in line with the servicing procedures of the Servicer – please see further the section of this Prospectus headed "*Summary of the Key Transaction Documents – Relevant Servicing and Legal Title Holder Deed*");
- (c) the Seller entered into the Vendor Mortgage Sale Agreement with the Vendor on the Closing Date, having regard to the diversification of the Portfolio based on its credit strategy (as to which, in relation to the Portfolio, please see the section of this Prospectus headed "*Characteristics of the Provisional Portfolio*"); and
- (d) the Servicer, acting on behalf of the Issuer, has policies and procedures in relation to risk mitigation techniques (as to which, please see further the section of this Prospectus headed "*Summary of the Key Transaction Documents – Relevant Servicing and Legal Title Holder Deed*").

Criteria for Credit-Granting and Due Diligence

In respect of the Loans, the Seller and the Retention Holder have each received from the Vendor and other publicly available information all the necessary information to allow it to assess whether the criteria applied by the relevant Originator in the credit-granting for the Loans were as sound and well-defined as the criteria applied to loans advanced by the relevant Originator but not securitised. In particular, but without limitation, the Seller has received from relevant sources and reviewed the following:

- the reports provided by Clayton and PwC in connection with the transaction;
- due diligence materials made available by the Vendor (including data tapes and lending criteria);

- due diligence reports provided by Allen & Overy LLP and Dentons UK and Middle East LLP in connection with the transaction;
- advice previously given in relation to the Mortgage Portfolio in connection with the issuance of notes by the Vendor which included due diligence reports on standard documentation prepared by Allen & Overy LLP dated 15 October 2014;
- responses to questions posed to the Servicer (including the due diligence call prior to the Closing Date), the Vendor and the Original Legal Title Holder; and
- certain prospectuses and other publicly available information relating to previous securitisations of similar assets by the Originators.

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 Loans which have since redeemed prior to the Closing Date. The Provisional Portfolio has a Current Balance of £179,070,101.27 as at the Portfolio Reference 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 Statistics	
Total Original Balance (£)	231,459,500.66
Total Current Balance (£)	179,070,101.27
Number of Accounts	1,762
Number of Sub Accounts	1,850
Average Current Balance (£, Account level)	101,628.89
Average Current Balance (£, Sub Account level)	96,794.65
Weighted-average Original LTV (%)	82.41%
Weighted-average Current LTV (non-indexed) (%)	70.10%
Weighted-average Current LTV (indexed) (%)	49.31%
Weighted-average Loan Term (Months)	282.41
Weighted-average Seasoning (Months)	152.23
Weighted-average Remaining Term (Months)	130.39
Weighted-average Current Interest rate (%)	4.05%
Interest-only (% of Current Balance) - incl. P&P	65.91%
Buy to let (% of Current Balance)	0.17%
Owner-occupied (% of Current Balance)	99.83%
London (% of Current Balance)	37.76%
First time buyer (% of Current Balance)	27.79%
Loans in Arrears >= 1 month (% of Current Balance)	1.65%
Loans in Arrears >= 3 month (% of Current Balance)	0.42%

Original Balances of Mortgage Loans (Account level)

	£	%	#	%
0 <= x < 25,000	8,404.99	0.00%	2	0.11%
25,000 <= x < 50,000	1,901,467.07	1.06%	93	5.28%
50,000 <= x < 100,000	28,079,912.55	15.68%	607	34.45%
100,000 <= x < 150,000	43,475,412.81	24.28%	477	27.07%
150,000 <= x < 200,000	44,608,370.52	24.91%	314	17.82%
200,000 <= x < 250,000	30,698,473.11	17.14%	160	9.08%
250,000 <= x < 350,000	21,805,049.87	12.18%	87	4.94%
350,000 <= x < 400,000	2,731,339.53	1.53%	8	0.45%
400,000 <= x < 450,000	1,701,893.24	0.95%	6	0.34%
450,000 <= x < 500,000	1,553,751.91	0.87%	4	0.23%
500,000 <= x < 600,000	1,025,480.79	0.57%	2	0.11%
600,000 <= x < 700,000	660,397.30	0.37%	1	0.06%
700,000 <= x < 800,000	0.00	0.00%	0	0.00%
800,000 <= x < 850,000	820,147.58	0.46%	1	0.06%
	179,070,101.27	100.00%	1,762	100.00%

Max 820,000.00
Min 3,000.00
Average 131,361.81

Current Balances of Mortgage Loans (Account level)

	£	%	#	%
0 <= x < 25,000	2,141,412.87	1.20%	148	8.40%
25,000 <= x < 50,000	14,410,196.23	8.05%	368	20.89%
50,000 <= x < 100,000	38,995,616.05	21.78%	549	31.16%
100,000 <= x < 150,000	34,893,741.53	19.49%	284	16.12%
150,000 <= x < 200,000	36,856,191.27	20.58%	214	12.15%
200,000 <= x < 250,000	25,936,548.51	14.48%	117	6.64%
250,000 <= x < 350,000	18,957,403.24	10.59%	67	3.80%
350,000 <= x < 400,000	2,594,982.44	1.45%	7	0.40%
400,000 <= x < 450,000	1,274,859.71	0.71%	3	0.17%
450,000 <= x < 500,000	948,266.68	0.53%	2	0.11%
500,000 <= x < 600,000	580,337.86	0.32%	1	0.06%
600,000 <= x < 700,000	660,397.30	0.37%	1	0.06%
800,000 <= x < 850,000	820,147.58	0.46%	1	0.06%
	179,070,101.27	100.00%	1,762	100.00%

Max 820,147.58
Min 0.00
Average 101,628.89

Original Valuation (Account level)	£	%	#	%
0 <= x < 50,000	136,141.17	0.08%	9	0.51%
50,000 <= x < 100,000	15,556,802.15	8.69%	394	22.36%
100,000 <= x < 150,000	32,450,225.15	18.12%	492	27.92%
150,000 <= x < 200,000	39,865,269.58	22.26%	369	20.94%
200,000 <= x < 250,000	40,278,075.05	22.49%	263	14.93%
250,000 <= x < 300,000	20,472,430.18	11.43%	115	6.53%
300,000 <= x < 350,000	9,632,073.02	5.38%	45	2.55%
350,000 <= x < 400,000	5,826,691.58	3.25%	23	1.31%
400,000 <= x < 450,000	3,735,139.57	2.09%	16	0.91%
450,000 <= x < 500,000	3,679,804.35	2.05%	13	0.74%
500,000 <= x < 1,000,000	6,617,301.89	3.70%	22	1.25%
1,000,000 <= x < 1,350,000	820,147.58	0.46%	1	0.06%
	179,070,101.27	100.00%	1,762	100.00%

Max 1,300,000.00
Min 31,000.00
Weighted-Average 227,596.55

Original LTV (Account level)	£	%	#	%
0 <= x < 45%	4,051,447.42	2.26%	94	5.33%
45 <= x < 50%	2,241,260.71	1.25%	44	2.50%
50 <= x < 55%	2,331,612.47	1.30%	40	2.27%
55 <= x < 60%	2,781,652.24	1.55%	43	2.44%
60 <= x < 65%	8,411,632.52	4.70%	85	4.82%
65 <= x < 70%	9,389,182.36	5.24%	108	6.13%
70 <= x < 75%	12,742,170.31	7.12%	116	6.58%
75 <= x < 80%	14,173,311.61	7.91%	134	7.60%
80 <= x < 85%	18,576,828.19	10.37%	179	10.16%
85 <= x < 90%	27,344,614.21	15.27%	240	13.62%
90 <= x < 95%	49,428,820.45	27.60%	416	23.61%
95 <= x < 100%	62,857,811.49	15.41%	263	14.93%
	179,070,101.27	100.00%	1,762	100.00%

Max 99.49%
Min 7.50%
Weighted-Average 82.41%

Non-Indexed Current LTV (Account level)	£	%	#	%
0 <= x < 25%	3,910,094.91	2.18%	178	10.10%
25 <= x < 35%	5,562,248.33	3.11%	118	6.70%
35 <= x < 45%	11,134,325.10	6.22%	187	10.61%
45 <= x < 50%	8,536,312.90	4.77%	113	6.41%
50 <= x < 55%	12,445,162.84	6.95%	177	10.05%
55 <= x < 60%	17,922,318.70	10.01%	227	12.88%
60 <= x < 65%	14,107,304.62	7.88%	135	7.66%
65 <= x < 70%	11,710,324.68	6.54%	98	5.56%
70 <= x < 75%	12,072,719.09	6.74%	71	4.03%
75 <= x < 80%	10,633,681.38	5.94%	69	3.92%
80 <= x < 85%	11,711,495.16	6.54%	70	3.97%
85 <= x < 90%	17,886,282.54	9.99%	97	5.51%
90 <= x < 95%	22,215,412.19	12.41%	119	6.75%
95 <= x < 100%	18,649,037.96	10.41%	100	5.68%
100 <= x < 105%	573,380.87	0.32%	3	0.17%
	179,070,101.27	100.00%	1,762	100.00%

Max 104.55%
Min 0.00%
Weighted-Average 70.10%

Indexed* Current LTV (Account level)	£	%	#	%
0 <= x < 15%	2,482,098.85	1.39%	128	7.26%
15 <= x < 25%	6,874,896.81	3.84%	137	7.78%
25 <= x < 30%	5,972,015.03	3.34%	85	4.82%
30 <= x < 35%	8,880,805.88	4.96%	112	6.36%
35 <= x < 40%	12,906,276.88	7.21%	153	8.68%
40 <= x < 45%	17,267,275.95	9.64%	176	9.99%
45 <= x < 50%	30,693,453.23	17.14%	263	14.93%
50 <= x < 55%	38,691,367.29	21.61%	298	16.91%
55 <= x < 60%	17,375,364.72	9.70%	143	8.12%
60 <= x < 65%	19,768,744.79	11.04%	145	8.23%
65 <= x < 70%	10,892,373.05	6.08%	73	4.14%
70 <= x < 75%	5,656,373.64	3.16%	39	2.21%
75 <= x < 80%	1,609,055.15	0.90%	10	0.57%
	179,070,101.27	100.00%	1,762	100.00%

Max 78.49%
Min 0.00%
Weighted-Average 49.31%

*Indexed using Nationwide Regional, Quarterly, Seasonally-adjusted House Price Index as at Q3 2019

Loan term (Sub-Account level)	£	%	#	%
120 <= x < 140	0.00	0.00%	1	0.05%
140 <= x < 160	2,358,243.10	1.32%	20	1.08%
160 <= x < 180	1,368,577.57	0.76%	27	1.46%
180 <= x < 200	7,980,468.48	4.46%	111	6.00%
200 <= x < 220	6,287,946.10	3.51%	103	5.57%
220 <= x < 240	1,708,463.96	0.95%	28	1.51%
240 <= x < 260	24,749,625.50	13.82%	252	13.62%
260 <= x < 280	15,790,032.26	8.82%	175	9.46%
280 <= x < 300	3,508,974.86	1.96%	47	2.54%
300 <= x < 320	98,596,704.50	55.06%	904	48.86%
320 <= x < 340	1,933,107.73	1.08%	20	1.08%
340 <= x < 360	826,604.09	0.46%	10	0.54%
360	13,961,353.12	7.80%	152	8.22%
	179,070,101.27	100.00%	1,850	100.00%
Max	360.00			
Min	120.00			
Weighted-Average	282.41			
Seasoning (Sub-Account level)	£	%	#	%
50 <= x < 100	326,892.88	0.18%	25	1.35%
100 <= x < 120	320,596.16	0.18%	1	0.05%
120 <= x < 130	2,466,391.84	1.38%	20	1.08%
130 <= x < 140	36,299,617.22	20.27%	333	18.00%
140 <= x < 150	38,622,148.42	21.57%	435	23.51%
150 <= x < 160	59,682,981.28	33.33%	634	34.27%
160 <= x < 170	24,975,199.68	13.95%	224	12.11%
170 <= x < 175	4,158,128.92	2.32%	36	1.95%
175 <= x < 200	11,254,376.34	6.28%	124	6.70%
200 <= x < 215	963,768.53	0.54%	18	0.97%
	179,070,101.27	100.00%	1,850	100.00%
Max	212.15			
Min	53.36			
Weighted-Average	152.23			

Remaining Term (Sub-Account level)	£	%	#	%
< 0	441,244.73	0.25%	3	0.16%
0 <= x < 12	1,148,511.85	0.64%	21	1.14%
12 <= x < 24	3,015,687.68	1.68%	39	2.11%
24 <= x < 48	6,813,467.09	3.80%	99	5.35%
48 <= x < 60	3,252,080.81	1.82%	49	2.65%
60 <= x < 100	21,329,853.13	11.91%	258	13.95%
100 <= x < 120	19,224,566.46	10.74%	200	10.81%
120 <= x < 130	10,696,093.81	5.97%	98	5.30%
130 <= x < 140	22,121,158.04	12.35%	188	10.16%
140 <= x < 150	41,968,974.12	23.44%	384	20.76%
150 <= x < 160	20,426,960.79	11.41%	216	11.68%
160 <= x < 170	10,945,291.77	6.11%	101	5.46%
170 <= x < 175	1,704,014.40	0.95%	15	0.81%
175 <= x < 200	3,726,853.00	2.08%	39	2.11%
200 <= x < 235	12,255,343.59	6.84%	140	7.57%
	179,070,101.27	100.00%	1,850	100.00%

Max 232.14
Min -11.97
Weighted-Average 130.39

Number Months in Arrears (Account level)	£	%	#	%
0	171,320,745.36	95.67%	1,669	94.72%
0 <= x < 1	4,793,796.61	2.68%	51	2.89%
1 <= x < 2	1,641,785.11	0.92%	18	1.02%
2 <= x < 3	557,563.77	0.31%	10	0.57%
3 <= x < 6	650,639.81	0.36%	11	0.62%
6 <= x < 9	64,823.64	0.04%	2	0.11%
9 <= x < 12	40,746.97	0.02%	1	0.06%
>=12	0.00	0.00%	0	0.00%
	179,070,101.27	100.00%	1,762	100.00%

Max 11.85
Min 0.00
Weighted-Average 0.5

Property type (Account level)	£	%	#	%
Residential (House, detached or semi-detached)	74,130,050.34	41.40%	665	37.74%
Residential (Flat/Apartment)	28,607,835.07	15.98%	247	14.02%
Residential (Bungalow)	4,036,080.64	2.25%	39	2.21%
Residential (Terraced House)	72,296,135.22	40.37%	811	46.03%
	179,070,101.27	100.00%	1,762	100.00%

Geographic Region (Account level)	£	%	#	%
Scotland	8,392,220.06	4.69%	115	6.53%
South East	38,800,879.59	21.67%	289	16.40%
West Midlands	12,175,390.33	6.80%	190	10.78%
South West	9,925,241.95	5.54%	89	5.05%
North West	14,010,107.96	7.82%	236	13.39%
Yorkshire & Humberside	7,596,189.96	4.24%	133	7.55%
London	67,621,119.95	37.76%	389	22.08%
East Anglia	2,326,055.70	1.30%	31	1.76%
Wales	9,286,171.13	5.19%	136	7.72%
East Midlands	5,638,229.27	3.15%	86	4.88%
North	3,298,495.37	1.84%	68	3.86%
	179,070,101.27	100.00%	1,762	100.00%

Repayment Method (Sub-Account level)	£	%	#	%
Interest Only	115,933,359.27	64.74%	756	40.86%
Repayment	61,036,347.09	34.09%	1,075	58.11%
Part & Part	2,100,394.91	1.17%	19	1.03%
	179,070,101.27	100.00%	1,850	100.00%

Loan purpose (Sub-Account level)	£	%	#	%
No data	1,467,001.12	0.82%	77	4.16%
Purchase	88,538,943.92	49.44%	793	42.86%
Re-mortgage	44,322,830.00	24.75%	523	28.27%
Right to Buy	44,741,326.23	24.99%	457	24.70%
	179,070,101.27	100.00%	1,850	100.00%

Interest Rate Type (Sub-Account level)	£	%	#	%
Floating rate loan (for life)	178,469,265.73	99.66%	1,844	99.68%
	600,835.54	0.34%	6	0.32%
Floating rate loan linked to Libor, BoE reverting to the Bank's standard variable rate (SVR),				
	179,070,101.27	100.00%	1,850	100.00%

Current Interest Rate Index (Sub-Account level)	£	%	#	%
3 month LIBOR	18,822,005.83	10.51%	260	14.05%
BoE Base Rate	71,672,016.77	40.02%	698	37.73%
Standard Variable Rate	88,576,078.67	49.46%	892	48.22%
	179,070,101.27	100.00%	1,850	100.00%

Current Interest Rate (Sub-Account level)	£	%	#	%
1.5 <= x < 2%	483,082.58	0.27%	7	0.38%
2 <= x < 2.5%	13,626.93	0.01%	1	0.05%
2.5 <= x < 3%	73,348,094.73	40.96%	740	40.00%
3 <= x < 3.5%	14,258,546.71	7.96%	173	9.35%
3.5 <= x < 4%	1,698,171.25	0.95%	28	1.51%
4 <= x < 4.5%	812,183.17	0.45%	9	0.49%
4.5 <= x < 5%	258,321.82	0.14%	5	0.27%
5 <= x < 5.5%	88,198,074.08	49.25%	887	47.95%
	179,070,101.27	100.00%	1,850	100.00%

Max 5.39%

Min	1.97%
Weighted-Average	4.05%

Borrower Employment Status (Account level)	£	%	#	%
No data	2,301,084.47	1.29%	36	2.04%
Employed or full loan is guaranteed	160,564,589.80	89.67%	1,627	92.34%
Self-employed	16,204,427.00	9.05%	99	5.62%
	179,070,101.27	100.00%	1,762	100.00%

First Time Buyer (Account level)	£	%	#	%
Y	49,771,512.36	27.79%	527	29.91%
N	129,298,588.91	72.21%	1,235	70.09%
	179,070,101.27	100.00%	1,762	100.00%

Occupancy Type (Account level)	£	%	#	%
Owner-occupied	178,764,087.51	99.83%	1,757	99.72%
Non-owner-occupied/buy-to-let	306,013.76	0.17%	5	0.28%
	179,070,101.27	100.00%	1,762	100.00%

Originator (Account level)	£	%	#	%
GMAC	165,989,525.41	92.70%	1,619	91.9%
KENSINGTON	13,080,575.86	7.30%	143	8.1%
	179,070,101.27	100.00%	1,762	100.0%

HISTORICAL PERFORMANCE

The following table shows various historical performance characteristics relevant to the Loans.

1. *Pre-payment rates*

Historical Annualised Constant Prepayment Rate (**CPR**) is shown on a monthly basis and covers all loans within the Provisional Portfolio, as well as loans that have redeemed since 30/06/2015. CPR is calculated as any excess payment (unscheduled principal collections) over the opening principal balance of all the loans.

Month	Annualised CPR
30/06/2015	10.34%
31/07/2015	11.75%
31/08/2015	11.93%
30/09/2015	12.63%
31/10/2015	12.11%
30/11/2015	13.68%
31/12/2015	14.06%
31/01/2016	10.16%
29/02/2016	9.16%
31/03/2016	17.95%
30/04/2016	12.63%
31/05/2016	13.58%
30/06/2016	15.62%
31/07/2016	15.95%
31/08/2016	9.93%
30/09/2016	7.22%
31/10/2016	13.05%
30/11/2016	15.77%
31/12/2016	15.37%
31/01/2017	11.04%
28/02/2017	15.57%
31/03/2017	13.03%
30/04/2017	16.42%
31/05/2017	15.76%
30/06/2017	17.82%
31/07/2017	15.18%
31/08/2017	12.54%
30/09/2017	15.48%
31/10/2017	12.64%
30/11/2017	8.57%
31/12/2017	16.75%
31/01/2018	8.72%
28/02/2018	10.98%
31/03/2018	18.97%
30/04/2018	9.70%
31/05/2018	13.39%
30/06/2018	11.93%
31/07/2018	16.29%
31/08/2018	14.67%
30/09/2018	11.02%
31/10/2018	10.33%
30/11/2018	17.96%
31/12/2018	5.66%
31/01/2019	9.02%
28/02/2019	13.06%
31/03/2019	10.64%
30/04/2019	6.61%
31/05/2019	14.50%
30/06/2019	13.91%

2. Delinquencies

The historical arrears experience is shown on a monthly basis and covers all loans within the Provisional Portfolio, as well as loans that have redeemed since 30/06/2015. The measurement for delinquencies is Months in Arrears (**MIA**) and is calculated as arrears balance over gross monthly scheduled payment amount (**CMS**) on an account level.

Month	Performing	0 < MIA <= 1	1 < MIA <= 2	2 < MIA <= 3	3 < MIA
30/06/2015	96.01%	2.99%	0.53%	0.29%	0.17%
31/07/2015	96.04%	2.88%	0.61%	0.34%	0.13%
31/08/2015	95.38%	3.25%	0.83%	0.28%	0.25%
30/09/2015	95.22%	3.59%	0.58%	0.24%	0.38%
31/10/2015	95.43%	3.07%	0.99%	0.09%	0.42%
30/11/2015	95.00%	3.43%	0.85%	0.43%	0.28%
31/12/2015	95.56%	2.93%	0.82%	0.37%	0.32%
31/01/2016	95.08%	3.45%	0.73%	0.18%	0.56%
29/02/2016	94.92%	3.46%	0.70%	0.44%	0.47%
31/03/2016	95.50%	3.01%	0.70%	0.31%	0.48%
30/04/2016	95.63%	3.09%	0.49%	0.28%	0.51%
31/05/2016	95.28%	3.47%	0.47%	0.32%	0.46%
30/06/2016	95.20%	3.32%	0.67%	0.34%	0.47%
31/07/2016	95.25%	3.07%	0.78%	0.34%	0.56%
31/08/2016	95.02%	3.11%	0.88%	0.35%	0.63%
30/09/2016	95.35%	2.75%	0.78%	0.39%	0.73%
31/10/2016	94.93%	3.21%	0.86%	0.25%	0.74%
30/11/2016	95.21%	3.13%	0.69%	0.27%	0.70%
31/12/2016	95.58%	2.80%	0.75%	0.07%	0.80%
31/01/2017	95.22%	3.10%	0.72%	0.35%	0.61%
28/02/2017	95.36%	2.91%	0.75%	0.32%	0.66%
31/03/2017	96.37%	2.25%	0.47%	0.34%	0.57%
30/04/2017	95.98%	2.53%	0.46%	0.32%	0.71%
31/05/2017	96.25%	2.41%	0.35%	0.22%	0.78%
30/06/2017	96.34%	2.43%	0.37%	0.12%	0.74%
31/07/2017	96.33%	2.58%	0.33%	0.16%	0.59%
31/08/2017	96.33%	2.50%	0.47%	0.10%	0.60%
30/09/2017	96.23%	2.59%	0.51%	0.24%	0.44%
31/10/2017	96.25%	2.86%	0.29%	0.19%	0.41%
30/11/2017	96.47%	2.64%	0.33%	0.15%	0.42%
31/12/2017	96.03%	2.78%	0.63%	0.08%	0.48%
31/01/2018	96.33%	2.42%	0.66%	0.22%	0.38%
28/02/2018	95.77%	2.93%	0.67%	0.26%	0.37%
31/03/2018	95.66%	3.00%	0.64%	0.26%	0.44%
30/04/2018	96.06%	2.65%	0.59%	0.33%	0.37%
31/05/2018	96.22%	2.68%	0.35%	0.46%	0.30%
30/06/2018	95.77%	2.79%	0.91%	0.25%	0.29%
31/07/2018	95.80%	2.76%	0.87%	0.24%	0.33%
31/08/2018	95.34%	3.14%	0.98%	0.28%	0.27%
30/09/2018	94.96%	3.02%	1.34%	0.33%	0.34%
31/10/2018	95.96%	2.23%	0.81%	0.60%	0.40%
30/11/2018	95.77%	2.51%	0.78%	0.36%	0.57%
31/12/2018	95.62%	2.46%	0.88%	0.38%	0.67%
31/01/2019	95.10%	3.36%	0.41%	0.40%	0.73%
28/02/2019	95.06%	2.93%	1.05%	0.36%	0.60%
31/03/2019	95.28%	3.12%	0.68%	0.37%	0.55%
30/04/2019	95.74%	2.58%	0.76%	0.26%	0.67%
31/05/2019	95.62%	3.10%	0.62%	0.18%	0.49%
30/06/2019	95.68%	2.80%	0.85%	0.26%	0.41%

3. Loss-severity

Historical Weighted Average (WA) Loss Severity was calculated using the following information that was recorded at the time of each repossession:

- Sale Date
- Balance at Redemption (£)
- Sale Price (£)
- Costs (£)
- Net Sale Proceeds (£) calculated as the difference between Sale Price and Costs
- Write-Off Amounts (£) calculated as the difference between Net Sale Proceeds and Balance at Redemption

Specifically, loss severity is the ratio (expressed as a percentage) between the Write-Off Amounts and Balance at Redemption. The data below for Balance at Redemption, Net Sale Proceeds and Write-off Amounts is an aggregation across each month since July 2016. Where data was not available on either Balance at Redemption, Sale Date, Sale Price or Costs, this was excluded from WA Loss Severity calculations.

Sale Date	Balance At Redemption	Net Sale Proceeds	Write-off Amounts	WA-Loss Severity
Jul-16	134,649.81	119,740.00	14,909.81	11.07%
Jul-17	80,682.09	71,646.29	9,035.80	11.20%
Sep-17	114,798.60	165,097.00	0.00	0.00%
Oct-17	209,291.19	166,976.31	42,314.88	20.22%
Mar-18	63,405.51	33,855.19	29,550.32	46.61%
May-18	83,310.17	145,722.00	0.00	0.00%
Jun-18	56,195.57	27,281.87	28,913.70	51.45%
May-19	41,250.79	42,348.00	0.00	0.00%

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 owner-occupied mortgages).

Arrears and Repossession Rates for UK owner-occupied mortgages

The table below sets out the repossession and arrears rates of residential owner-occupied properties in the United Kingdom since 2007.

Year	Number of Owner-Occupied Mortgages Outstanding (at end of period)	>3 months arrears rate at end of period	Repossession rate
2007	10,826,500	1.11%	0.22%
2008	10,498,200	1.83%	0.35%
2009	10,257,100	2.44%	0.43%
2010	10,168,600	2.22%	0.33%
2011	9,996,200	2.07%	0.31%
2012	9,835,000	2.03%	0.27%
2013	9,657,800	1.80%	0.24%
2014	9,491,100	1.40%	0.17%
2015	9,329,700	1.22%	0.08%
2016	9,208,200	1.02%	0.06%
2017	9,109,900	0.92%	0.05%
2018	9,032,700	0.88%	0.05%

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
1996 Q1	150.9	2.79%	103.5	0.5%
1996 Q2	152.8	2.21%	105.2	2.8%
1996 Q3	153.1	2.13%	107.1	5.2%
1996 Q4	154	2.60%	110.4	8.3%
1997 Q1	154.9	2.65%	112.4	8.6%
1997 Q2	156.9	2.68%	115.9	10.2%
1997 Q3	158.4	3.46%	120.4	12.5%
1997 Q4	159.7	3.70%	123.8	12.2%
1998 Q1	160.2	3.42%	126.6	12.7%
1998 Q2	163.2	4.02%	129.4	11.7%
1998 Q3	163.7	3.35%	131.5	9.2%
1998 Q4	164.4	2.94%	132.9	7.4%
1999 Q1	163.7	2.18%	135.7	7.2%
1999 Q2	165.5	1.41%	138.9	7.3%
1999 Q3	165.6	1.16%	143.2	9.0%
1999 Q4	166.8	1.46%	149.7	12.6%
2000 Q1	167.5	2.32%	156.3	15.2%
2000 Q2	170.6	3.08%	161.1	16.0%
2000 Q3	170.9	3.20%	160.1	11.8%
2000 Q4	172	3.12%	163.7	9.4%
2001 Q1	171.8	2.57%	169.0	8.2%
2001 Q2	173.9	1.93%	173.8	7.9%
2001 Q3	174	1.81%	180.1	12.4%
2001 Q4	173.8	1.05%	185.6	13.3%
2002 Q1	173.9	1.22%	192.1	13.7%
2002 Q2	176	1.21%	205.1	18.1%
2002 Q3	176.6	1.49%	219.1	21.7%

2002 Q4	178.2	2.53%	232.5	25.3%
2003 Q1	179.2	3.05%	241.9	25.9%
2003 Q2	181.3	3.01%	248.4	21.1%
2003 Q3	181.8	2.94%	256.6	17.1%
2003 Q4	182.9	2.64%	268.5	15.5%
2004 Q1	183.8	2.57%	280.4	15.9%
2004 Q2	186.3	2.76%	293.9	18.4%
2004 Q3	187.4	3.08%	303.8	18.4%
2004 Q4	189.2	3.44%	305.5	13.8%
2005 Q1	189.7	3.21%	308.0	9.8%
2005 Q2	191.9	3.01%	311.8	6.1%
2005 Q3	192.6	2.77%	312.4	2.8%
2005 Q4	193.7	2.38%	315.2	3.2%
2006 Q1	194.2	2.37%	323.0	4.9%
2006 Q2	197.6	2.97%	326.8	4.8%
2006 Q3	199.3	3.48%	334.0	6.9%
2006 Q4	201.4	3.98%	344.3	9.2%
2007 Q1	203	4.53%	353.9	9.5%
2007 Q2	206.3	4.40%	360.1	10.2%
2007 Q3	207.1	3.91%	365.1	9.3%
2007 Q4	209.8	4.17%	367.8	6.8%
2008 Q1	211.1	3.99%	361.9	2.3%
2008 Q2	215.3	4.36%	345.7	-4.0%
2008 Q3	217.4	4.97%	327.5	-10.3%
2008 Q4	215.5	2.72%	313.4	-14.8%
2009 Q1	210.9	-0.09%	302.4	-16.4%
2009 Q2	212.6	-1.25%	305.0	-11.8%
2009 Q3	214.4	-1.38%	317.3	-3.1%
2009 Q4	216.9	0.65%	324.0	3.4%
2010 Q1	219.3	3.98%	329.3	8.9%
2010 Q2	223.5	5.13%	333.8	9.4%
2010 Q3	224.5	4.71%	331.5	4.5%
2010 Q4	227	4.66%	325.9	0.6%
2011 Q1	230.9	5.29%	328.3	-0.3%
2011 Q2	234.9	5.10%	329.7	-1.2%
2011 Q3	236.2	5.21%	330.1	-0.4%
2011 Q4	238.6	5.11%	329.7	1.2%
2012 Q1	239.6	3.77%	328.8	0.2%
2012 Q2	242.2	3.11%	326.0	-1.1%
2012 Q3	243.1	2.92%	325.0	-1.5%
2012 Q4	246	3.10%	326.0	-1.1%
2013 Q1	247.4	3.26%	329.2	0.1%
2013 Q2	249.7	3.10%	330.7	1.4%
2013 Q3	250.9	3.21%	339.1	4.3%
2013 Q4	252.5	2.64%	349.1	7.1%
2014 Q1	253.9	2.63%	359.3	9.1%
2014 Q2	256	2.52%	369.0	11.6%
2014 Q3	256.9	2.39%	374.7	10.5%
2014 Q4	257.4	1.94%	378.2	8.3%
2015 Q1	256.4	0.98%	380.0	5.8%
2015 Q2	258.5	0.98%	384.6	4.2%
2015 Q3	259.3	0.93%	388.4	3.7%
2015 Q4	260	1.01%	394.2	4.3%
2016 Q1	260	1.40%	399.8	5.2%
2016 Q2	262.2	1.43%	404.8	5.2%
2016 Q3	264.2	1.89%	409.4	5.4%
2016 Q4	265.8	2.23%	412.0	4.5%
2017 Q1	267.7	2.96%	415.8	4.0%
2017 Q2	271.5	3.55%	416.5	2.9%
2017 Q3	274.2	3.79%	419.9	2.6%
2017 Q4	276.4	3.99%	423.0	2.7%
2018 Q1	277.5	3.66%	425.9	2.4%
2018 Q2	280.6	3.35%	426.0	2.3%
2018 Q3	283.3	3.32%	428.6	2.1%
2018 Q4	284.9	3.08%	428.4	1.3%
2019 Q1	284.4	2.49%	427.7	0.4%
2019 Q2	289	2.99%	428.8	0.7%

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 the Seller, the Original Legal Title Holder, the New Legal Title Holder, the Issuer and the Security Trustee (the **Mortgage Sale Agreement**), on the Closing Date the Seller will (in consideration for payment of the Consideration):

- (a) sell, assign or otherwise transfer to the Issuer a portfolio of English and Welsh residential mortgage loans each secured by an English Mortgage and, where applicable, other Related Security (the **English Loans**); and
- (b) sell to the Issuer a portfolio of Scottish residential mortgage loans each secured by a Scottish Mortgage and, where applicable, other Related Security (the **Scottish Loans**) and procure that the Original Legal Title Holder grants the Scottish Declaration of Trust in respect of the Scottish Loans and their Related Security in favour of the Issuer incorporating the termination of the trust declared and created by the Vendor Scottish Declaration of Trust.

The English Loans and their Related Security comprising the Portfolio will be assigned by way of equitable assignment to the Issuer, while the Scottish Loans and their Related Security comprised in the Portfolio will be held on trust for the Issuer by the Original Legal Title Holder (with the consent of the Seller) under the Scottish Declaration of Trust dated the Closing Date, in each case referred to as a **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 and beneficial interest in the Loans and their Related Security comprising the Portfolio shall comprise: (a) an amount equal to net Notes proceeds less fees and expenses (the Purchase Price); and (b) deferred consideration consisting of Class X Certificate Payments and Class Y Certificate Payments, the right to such payments represented by the issue of the Class X Certificate and the Class Y Certificates respectively (the Consideration). The economic risk in, and benefit of, the Loans will be deemed to have passed to the Issuer on the Cut-Off Date.

Product Switches, Further Advances, Flexible Drawings, Authorised Underpayments, Payment Holidays and Porting

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; (ii) to agree to a Product Switch; (iii) to agree to any Payment Holiday that is an Unauthorised Payment Holiday; (iv) to agree to any Underpayment that is an Unauthorised Underpayment; or (v) to agree to a Porting request and the obligations referred to in paragraphs (i) to (v) 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.

To the extent that (as applicable the Mortgage Conditions require an advance of a Flexible Drawing and subject to the relevant Borrower satisfying any conditions under the relevant Mortgage Conditions, then in any such case the equitable and beneficial interest in any such 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 relevant

Collection Account and (ii) in the event of a shortfall therein, Principal Receipts standing to the credit of the Transaction Account). The Servicer will provide to the Issuer, the Seller, the Legal Title Holder and the Cash Manager (i) a Drawing Notice, (ii) the details of the amount of Principal Receipts retained by the Servicer in the Collection Accounts to purchase such Flexible Drawing ; and (iii) the shortfall (if any). In the event of a shortfall in Principal Receipts available to pay the purchase price in respect of a Flexible Drawing, based on the information contained in the Servicer Report, the Cash Manager shall, to the extent available, fund any shortfall by debiting the available Principal Receipts standing to the credit of the Transaction Account, and transfer such amount to the 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 such Flexible Drawing (and there are insufficient Principal Receipts available in the Collection Accounts 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, to the extent that the Seller has funds to do so, in accordance with the Mortgage Sale Agreement, for a consideration equal to the Repurchase Price.

Principal Receipts shall not be applied by the Issuer in purchasing Further Advances or Ports. After the Closing Date, if a Legal Title Holder agrees to make any Further Advance or Port, then the Seller shall be obliged to, buy-back 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 (subject to the steps set out in the Mortgage Sale Agreement being taken) to the extent that the Seller has funds to do so, 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.

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 Relevant Servicing and Legal Title Holder Deed, 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 or assignation 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 delivery of the Perfection Notice.

Each of the Seller and the Issuer agrees to notify the other and the Security Trustee and the 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 Legal Title Holder of a Perfection Notice, the Legal Title Holder will do or procure the completion of such acts, matters and things as the Issuer reasonably requires the Legal Title Holder to do in order to give effect to the terms of the assignments and assignations and the transfer of legal title in accordance with the provisions of the Mortgage Sale Agreement and the Relevant Servicing and Legal Title Holder Deed.

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*":

For the purposes of the Loan Warranties references to the "knowledge" or "awareness" of the Seller (or similar phrases) shall be limited to the actual knowledge of the individuals which are part of the Asset Finance Solutions team within Barclays Bank PLC and have been directly involved in the preparation and negotiation of the Transaction Document and management of the transaction.

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| <p>1. Accuracy of information provided</p> <p>2. Enforceability</p> | <p>As of the Cut-off Date, the information relating to each Loan in respect of the Outstanding Principal Balance of that Loan set out in the Mortgage Sale Agreement is true and accurate in all respects.</p> <p>As of the Cut-off Date, the information relating to the Loans in respect of originator, origination date, loan maturity date, current interest rate type (including current interest rate and reference rate), monthly contractual payment due, arrears balance, and outward postcode of the Mortgaged Property and main account number set out in the Mortgage Sale Agreement is true and accurate in all material respects.</p> <p>Each Loan and the related Mortgage (and, to the extent that a Guarantee was required under the Lending Criteria in relation to a Loan, that Guarantee) in each case that was documented on the basis of the Standard Documentation 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 8 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 or discretionary remedies, (iv) (without prejudice to the statement at paragraph 17 below) the application of the Unfair Terms in Consumer Contracts Regulations 1994 and 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 (v) the Consumer Credit Act 1974 (the CCA) and (2) no warranty is given in relation to any obligation of the Borrower to pay prepayment charges, mortgage administration fees, exit fees or charges payable in the event of Borrower default) and each related Mortgage that was documented on the basis of the Standard Documentation secured</p> |
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the repayment of all advances, interest, costs and expenses payable by the relevant Borrower (other than, in relation to any prepayment charges).

3. Holding title deeds and customer files

Save for title deeds held at the Land Registry of England and Wales or the Registers of Scotland (as applicable), 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 are held by or to the order (or are in the process of being arranged to be held to the order) of the Seller.
4. Currency denomination

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.
5. Loan on pro forma terms

As far as the Seller is aware, each Loan and its related Mortgage was made on and remains on the same terms as are set out in the Standard Documentation.
6. Interest payments

So far as the Seller is aware (having made due and careful enquiries of the Servicer) 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 arrear.
7. Property valuation

As far as the Seller is aware (having made due and careful enquiries), at the time of origination of the relevant Loan, a valuation of the relevant Property was undertaken that would be acceptable to a Prudent Residential Mortgage Lender.
8. First ranking mortgage

Each Loan is at least secured by a valid and subsisting first ranking legal mortgage (or, in Scotland, first ranking standard security) which is, so far as the Seller is aware having made due and careful enquiries, over the Property to which it relates (subject to completion of any registration or recording requirements at the Land Registry of England and Wales or the Registers of Scotland (as applicable) and (in those cases) there is nothing to prevent that registration or recording being effected, and in the case of a Right to Buy Loan, subject to any charge or security which may arise in favour of the relevant local authority).
9. Legal and beneficial title/no encumbrance

Immediately prior to the transfer of the Loans under the Mortgage Sale Agreement, the Seller was the absolute beneficial owner of all of such Loans and the related Mortgages and the other Related Security to be sold to the Issuer thereunder at the Closing Date and, in the case of the Scottish Loans and their Related Security, in terms of the Vendor Scottish Declaration of Trust and the Seller has not assigned (whether by way of absolute assignment or assignation or by way of security only), transferred, charged, released, disposed of or dealt with the

benefit of any of the Loans or their related Mortgages, the Related Security or any of the property, rights, title, interest or benefit to be sold or assigned pursuant to the Mortgage Sale Agreement in any way whatsoever other than pursuant to the Mortgage Sale Agreement.

The Original Legal Title Holder is the legal title holder of all Loans, the related Mortgages and the Related Security, subject to (i) the relevant Borrower's right of redemption and/or discharge, (ii) completion of any registration or recording requirements at the Land Registry of England and Wales or the Registers of Scotland (as applicable) and (in those cases) there is nothing to prevent that registration or recording being effected and (iii) on the Closing Date, the rights of the Seller as beneficiary under the Vendor Scottish Declaration of Trust.

10. Borrower non-breach of obligations

So far as the Seller is aware, having made due and careful enquiries of the Servicer, no Borrower is in breach of any material obligation owed in relation to a Loan and/or its related Mortgage (other than in relation to any payment default in respect of that 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).

11. Litigation

The Seller or so far as the Seller is aware (having made due and careful enquiries of the Servicer) the Original Legal Title Holder or the Servicer have 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 and the related Mortgage or other Related Security of the relevant Original Legal Title Holder or the Seller (as the case may be) or their ability to fully and effectively enforce the same.

12. Satisfaction of Applicable Laws

So far as the Seller is aware, 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).

13. Compliance with obligations and rights

So far as the Seller is aware, having made due and careful enquiries, the Original Legal Title Holder and the Servicer 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.

14. Location of property

Each Property is located in England, Wales or Scotland.

15. No set-off/lien
- So far as the Seller is aware having made due and careful enquiries of the Servicer, no lien or right of set off or counterclaim has been created or arisen between the Borrower and the Original Legal Title Holder or the Seller which would entitle such Borrower to reduce the amount of any payment otherwise due under the relevant Loan. Neither the Original Legal Title Holder nor the Seller is on notice of any set-off claim by a Borrower against any Originator that is exercisable against the Original Legal Title Holder or the Seller.
16. Non-waiver of rights
- So far as the Seller is aware, having made due and careful enquiries of the Servicer, other than where required to comply with any applicable law, regulation or requirement of any governmental, tax or regulatory body, none of the Seller or, so far as the Seller is aware, having made due and careful enquiries, the relevant Originator, the Original Legal Title Holder, the Servicer or, the Servicer's delegate 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 that 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. No UTCCR related actions taken against Seller or LTH
- So far as the Seller is aware, having made due and careful enquiries of the Servicer, to the extent that any Loan and related Mortgage is subject to the UTCCR, no action whether formal or informal has been taken by the CMA, the FCA or a "**qualifying body**" as defined in the UTCCR, against the Seller or (as far as the Seller is aware having made due and careful enquiries) the Original Legal Title Holder pursuant to the UTCCR or otherwise which might restrict or prevent the use in any Loan and related Mortgage of any material term or the enforcement of such terms.
18. Transferability without further approvals or restrictions
- All Loans and Related Security (in each case that was documented on the basis of the Standard Documentation) 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. Further advances
- The amount of each Loan has been fully advanced to the Borrower and the Mortgage Documents contain no obligation to make any further advance other than those Loans which contain terms entitling the Borrowers to redraw funds if the Borrowers have previously made overpayments.
20. Record-keeping
- So far as the Seller is aware, having made due and careful

enquiries of the Servicer, the Servicer (or its delegate) keeps full and proper accounts, books, and records, showing all material transactions relating to each Loan and the same are up to date and accurate in all material respects, and in the possession of the Servicer to be held to the order of the Issuer and/or the Security Trustee.

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| 21. No Seller
employee/directors | No Borrower is or has been within the 12 months preceding the date of the Mortgage Sale Agreement an employee or director of the Seller. |
| 22. Lending Criteria | So far as the Seller is aware, having made due and careful enquiries of the Servicer, prior to making a further advance the requirements of the relevant Originator's Lending Criteria were met, subject to exceptions made on a case by case basis as would be acceptable to a Reasonable Prudent Mortgage Lender. |

Definitions:

Lending Criteria means, in respect of a Loan, the relevant lending criteria applied by the relevant Originator, as applicable, in respect of that Loan and its Related Security as such criteria applied at the date on which the relevant Loan was made.

Reasonable Prudent Mortgage Lender means a reasonably prudent owner-occupied residential mortgage lender operating in the market at the time that the relevant determination was made and lending to borrowers in England, Wales and Scotland, where the Loan is secured over residential property who generally satisfies the criteria of sources of residential mortgage capital.

Standard Documentation means the standard documentation of the relevant 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 (Standard Documentation) to the Mortgage Sale Agreement, provided that for the purposes of Loan Warranties 2 (*Enforceability*) and 18 (*Transferability*) Standard Documentation means the standard documentation of the relevant Originator that have been listed as being reviewed in the due diligence reports provided on the Closing Date by Allen & Overy LLP, and Dentons UK and Middle East LLP.

None of the Security Trustee, the Arranger or the Lead Manager have undertaken any additional due diligence in respect of the application of the Lending Criteria and have relied entirely upon the representations and warranties referred to above which will be made by the Seller to the Issuer and the Security Trustee pursuant to the Mortgage Sale Agreement.

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 of Seller to make an indemnity payment and option to repurchase

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 (subject to certain limitations below) be required (i) to pay the MSA Warranty Indemnity Amount or (ii) 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) (as further described below).

If the Seller does not opt to repurchase the relevant Loan and its Related Security, the Seller shall (subject to certain limitations described below) indemnify (on an after-Tax basis) and keep indemnified (on an after-Tax basis) the Issuer against all MSA Relevant Liabilities relating to the breach of the Loan Warranty. The Seller shall be liable under the Mortgage Sale Agreement for any MSA Relevant Liabilities which remain outstanding on any Interest Payment Date, such amount being reduced by Available Revenue Receipts applied pursuant to items (g), (i), (k), (m), (o) and (q) of the Pre-Enforcement Revenue Priority of Payments. The Seller will have no liability to the Issuer for breach of warranty in respect of the Mortgage Loans (i) unless the Issuer has notified the Seller in writing of such breach within the period of two (2) years from and including the Closing Date, and (ii) to the extent that payment of any related MSA Warranty Indemnity Amount would result in the debit balance at such time of the Seller MSA Rebate Ledger exceeding £400,000.

The MSA Warranty Indemnity Amount to be paid by the Seller for any such indemnification shall be an amount sufficient to 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 an amount equal to the Current Balance of such Loan(s) as at the date of such indemnification payment 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 indemnified plus the Issuer's costs and expenses (if any) associated with the indemnity payment. As described and subject to the above, however, if the Seller so chooses, instead of indemnifying the Issuer (on an after Tax basis) against all Liabilities relating to the breach of Loan Warranty, the Seller may repurchase the Loan and its Related Security at the Repurchase Price (together with any other Loan secured or intended to be secured by such Related Security or any party of it).

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, Wales or Scotland (as applicable) 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, Wales or Scotland (as applicable),

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, provided that those terms of the Mortgage Sale Agreement specific to the law of Scotland relating to the Scottish Loans and their Related Security shall be construed in accordance with Scots law).

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

Block Buildings Policy means any Properties in Possession Cover or 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 or heritable Properties which have been taken out in the name of the relevant Borrower or in the name of the Borrower and the Legal Title Holder 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.

Calculation Date means the third Business Day preceding each Interest Payment Date.

Certificate of Title means a solicitor's or licensed or (in Scotland) qualified conveyancer's report or certificate of title obtained in respect of each Property.

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 estimated as having been received in respect of the Mortgage Portfolio during the period from (and excluding) the Cut-off Date to (and including) the Closing Date as determined by the Seller (based solely on information provided by the 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 excluding) the Cut-off Date to (and including) the Closing Date as determined by the Seller (based solely on information provided by the 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 1 October 2019.

English Mortgage means a first ranking legal charge secured over a Property located in England or Wales.

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, among other things, make Overpayments (Flexible Drawings), underpay interest and principal in a given month (Underpayments) and/or to take a Payment Holiday.

FOS means the Financial Ombudsman Service or any successor entity that assumes its relevant functions.

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

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.

Interest Calculation Date means fifth London Banking Day before the Interest Payment Date for which the relevant Rate of Interest will apply.

Legal Title Transferee means any person to whom the relevant Legal Title Holder transfers the legal title to the Loans, subject to the terms of the Deed Poll.

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, any MHA/CP Documentation (if applicable), the Valuation Report and the Certificate of Title (where available), whether in original form or otherwise.

MHA/CP Documentation means an affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 and/or (as applicable) the Civil Partnership Act 2004 in connection with a Scottish Mortgage or the Property secured thereby.

Mortgage means:

- (a) each English Mortgage, in respect of any English Loan; and
- (b) each Scottish Mortgage, in respect of any Scottish Loan,

which is, or is to be, sold, assigned or transferred by the Seller to or held in trust for the Issuer pursuant to:

- (i) the Mortgage Sale Agreement, in respect of any English Loan; or
- (ii) the creation of the Issuer's interest as beneficiary under the Scottish Declaration of Trust, in respect of any Scottish Loan,

which secures the repayment of the relevant Loan pursuant to the Mortgage Conditions applicable to it.

Mortgage Conditions means in respect of a Loan, all the terms and conditions 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 (being in respect of any Scottish Loans, a standard security).

Mortgaged Property or Property means (in England, Wales), the freehold, leasehold or commonhold property or (in Scotland) a heritable property or property held under a long lease 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 Scotland and which have in all material respects the same or similar characteristics to the Portfolio and are administered to standards, criteria and procedures as ought to have been applied in relation to the Portfolio or, if the relevant content in the Relevant Servicing and Legal Title Holder Deed relates to a specific Loan, as ought to have been applied in relation to such Loan.

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 and MHA/CP Documentation 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 Originator 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.

Scottish Mortgage means a first ranking standard security over a Property located in Scotland.

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.

Transaction means the transaction contemplated by the Transaction Documents.

Underpayment means the amount less than the Contractual Monthly Payment as agreed between the Borrower and the relevant Originator 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.

Administration Agreement

The Issuer, the Security Trustee, the Legal Title Holder, the Seller, the Servicer Administrator and the Servicer Facilitator will enter into, on or about the Closing Date, an administration agreement (the **Administration Agreement**). The services to be provided by the Servicer Facilitator (the **Servicer Facilitator Services**) and the services to be provided by the Servicer Administrator (the **Servicer Administrator Services**) are each set out in the Administration Agreement. The Servicer Facilitator Services will be limited to: (i) procuring on behalf of the Issuer the appointment by the Issuer of a replacement servicer following termination of the appointment of the Servicer; (ii) providing certain directions to the Servicer and the Legal Title Holder on behalf of the Issuer in the circumstances set out in the Relevant Servicing and Legal Title Holder Deed; and (iii) performing any other functions imposed on the Servicer Facilitator pursuant to the Transaction Documents.

Servicer Administrator Services

Pursuant to the terms of the Administration Agreement, the Servicer Administrator may, in its sole discretion, elect to carry out certain ongoing administration roles in relation to the securitisation, including (without limitation) electing:

- (a) following distribution of the Investor Reports, the right to review those Investor Reports and flag manifest errors or issues to the Cash Manager;
- (b) the right to review the Servicer Reports and flag manifest errors or issues to the Servicer; and
- (c) to attend meetings of the Committee in accordance with the Relevant Servicing and Legal Title Holder Deed.

In respect of its rights under the Administration Agreement, the Servicer Administrator will owe no duty or have any liability to any other party. For the avoidance of doubt, the Servicer Administrator shall have no liability for exercising or failing to exercise its rights under the Administration Agreement and shall not be liable to monitor the Servicer or the provision of the Services or effect any remediation relating to the Services to be provided by the Servicer.

The Issuer will indemnify the Servicer Administrator on demand against any loss, cost, expense or other liability which are incurred by the Servicer Administrator in connection with the performance of its role or the exercise of its rights as Servicer Administrator under the Transaction Documents, save in the case where such loss, cost, expense or other liability is as a result of the Servicer Administrator's fraud, gross negligence or wilful default.

Pursuant to the terms of the Administration Agreement, the Servicer Administrator has undertaken not to resign from its appointment as Servicer Administrator for so long as any of the Notes are outstanding.

The Administration Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Relevant Servicing and Legal Title Holder Deed

Introduction – Interim Servicing and Legal Title Holder Deed

The Issuer, the Seller, the Original Legal Title Holder, the Security Trustee, the Servicer Administrator, the Servicer Facilitator and the Servicer will enter into on or about the Closing Date, the interim servicing and legal title holder deed (the **Interim Servicing and Legal Title Holder Deed**) pursuant to which the Servicer will commence servicing the Loans on Closing Date.

Appointments

On or about the Closing Date, the Servicer will be appointed by the Issuer and the Original Legal Title Holder.

Original Legal Title Holder

The Original Legal Title Holder will agree to hold the legal title and any other right, title, interest and benefit held by it with respect to the Mortgage Portfolio, from time to time, on bare trust (or in the case of the Scottish Loans and their Related Security, in terms of the Scottish Declaration of Trust) for and on behalf of the Issuer absolutely, and undertake not to breach any legal or regulatory requirements in relation to the Portfolio.

Introduction – Long-Term Servicing and Legal Title Holder Deed

The Issuer, the Seller, the New Legal Title Holder, the Security Trustee, the Servicer Administrator, the Servicer Facilitator and the Servicer will enter into on or about the Closing Date, the servicing and legal title holder deed (the **Long-Term Servicing and Legal Title Holder Deed**) pursuant to which the Servicer will commence servicing the Loans on the earlier of:

- (a) the Transfer Date; and
 - (b) the occurrence of a Perfection Trigger Event;
- (the **Servicer Effective Date**).

Appointments

On or about the Closing Date, the Servicer will be appointed by the Issuer and the New Legal Title Holder.

New Legal Title Holder

The Legal Title Holder will agree to hold the legal title and any other right, title, interest and benefit held by it with respect to the Mortgage Portfolio, from time to time, on bare trust (or in the case of the Scottish Loans and their Related Security, in terms of the Scottish Declaration of Trust) for and on behalf of the Issuer absolutely, and undertake not to breach any legal or regulatory requirements in relation to the Portfolio.

Terms of each Servicing and Legal Title Holder Deed

The terms of the Interim Servicing and Legal Title Holder Deed and the Long-Term Servicing and Legal Title Holder Deed, as described below, are substantially the same. References below to the "Legal Title Holder" shall mean (i) prior to the Servicer Effective Date, the Original Legal Title Holder and (ii) following the Servicer Effective Date, the New Legal Title Holder.

Servicer

The Servicer's action in servicing the Loans and their Related Security in accordance with the terms of the Servicing and Legal Title Holder Deed (including the procedures of the Servicer) are binding on the Issuer. The Servicer is appointed to:

- (a) service, manage and administer the Loans in accordance with the applicable provisions of the service specification (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 Servicer from time to time subject to the terms of the Servicing and Legal Title Holder Deed) and provide the services set out in the Servicing and Legal Title Holder Deed in relation to the Loans and their Related Security comprising the Portfolio;
- (b) exercise the Issuer's and the relevant Legal Title Holder'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 Servicer by the Servicing and Legal Title Holder Deed; and
- (d) perform any other functions imposed on the Servicer by any other Transaction Document to which it is a party.

The Services

The services to be provided by the Servicer (as agent for the Issuer and the Legal Title Holder) are set out in the Servicing and Legal Title Holder Deed (the **Services**).

The Services include, but are not limited to:

- (a) servicing the Mortgage Loans in accordance with all applicable policies;
- (b) exercising the Issuer's rights, powers and discretions under and in relation to the Mortgage Loans and their Related Security;

- (c) 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) and Applicable Laws and as may be undertaken in accordance with the standards of a Prudent Mortgage Servicer;
- (d) collecting payments on the Loans and discharging Loans and Related Security upon redemption;
- (e) monitoring and, where appropriate, pursuing arrears (or procuring the same) (in accordance with the service specification) and enforcing the Related Security;
- (f) 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;
- (g) processing transfers of titles, notices of death or forfeitures or irritancy of leases, sale and exchange of land, account conversions, term amendments, deed amendments, compensation and enforcement notices;
- (h) paying any third party disbursements incurred in providing the Services from the relevant Collection Accounts;
- (i) dealing with all types of transactions, posting and refunding fees, setting up direct debits, payment date changes and payment holidays;
- (j) 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;
- (k) dealing with Flexible Drawings, Further Advances, Payment Holidays or Authorised Underpayments or Porting requests in accordance with the provisions of the Mortgage Sale Agreement, the Mortgage Conditions and of the Servicing and Legal Title Holder Deed;
- (l) keeping records and books of account for the Issuer in relation to the Loans and their Related Security comprised in the Mortgage Portfolio;
- (m) notifying relevant Borrowers of any change in their Contractual Monthly Payment;
- (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 Servicing and Legal Title Holder Deed, procuring and 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 English Land Registry or the Registers of Scotland, as applicable;
- (p) acting as collection agent for the Issuer under the Direct Debiting Scheme in accordance with the provisions of the Servicing and Legal Title Holder Deed; 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 Prudent Mortgage Servicer to do in administering its loans and their Related Security; and
- (r) consulting and/or obtaining consent from (as applicable) the Committee.

The Servicing Standard

The standard applied to the Servicer in relation to the provision of services (the **Servicing Standard** will be the standard of a Prudent Mortgage Servicer.

Undertakings by the Servicer

The Servicer has undertaken, among other things, to:

- (a) administer the relevant Mortgage Loans and their Related Security in accordance with all Applicable Laws and the service specification as they apply to the Mortgage Loans from time to time;
- (b) comply with all Applicable Laws in respect of the administration, enforcement and servicing of the Mortgage Loans;
- (c) maintain all approvals, authorisations, permissions, consents and licences required by the 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 Servicer in connection with the performance of the Services;
- (d) 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 Services in accordance with the provisions of the Servicing and Legal Title Holder Deed;
- (e) make all payments required to be made by it pursuant to the Servicing and Legal Title Holder Deed 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 or deduction (including, without limitation, in respect of any fees owed to it) or counterclaim, but subject to any deductions required by law;
- (f) transfer all monies received by direct debit from the Mortgage Borrowers from the Collection Accounts into the Transaction Account no later than the next Business Day after these amounts are identified as received in the Collection Accounts (subject to the right of the Servicer to pay Servicer Expenses Amounts, subject to the Expenses Cap, as permitted by the Servicing and Legal Title Holder Deed);
- (g) not to make any material change to the service specification without the prior written consent of the Issuer, the Committee and (following an Enforcement Notice) the Security Trustee (except for changes (i) required in order to comply with any Requirements of Law, (ii) that the Servicer considers necessary in order to be a Prudent Mortgage Servicer or (iii) which are required by the Legal Title Holder) and provide to the Issuer, the Committee, the Seller, the Legal Title Holder and the Security Trustee a copy of any proposed material changes to the service specification; and
- (h) provide to the Cash Manager reports (as described) more fully in the Servicing and Legal Title Holder Deed and such other related data as the Cash Manager may reasonably request.

Setting of Interest Rates on the Loans

Subject to the terms of the Relevant Servicing and Legal Title Holder Deed and the restrictions set out therein, from the Closing Date, each of the Issuer and the Legal Title Holder grant the Servicer full right, liberty and authority from time to time to the extent that a Mortgage Loan is at any time subject

to a standard variable rate, to change the standard variable rate applicable to such Mortgage Loan in consultation with the Committee, provided that the Servicer shall (i) only increase such standard variable rate if there is an increase in the Bank of England Base Rate and then only in an amount up to the relevant increase and (ii) decrease the standard variable rate of interest in an amount at least equal to the relevant decrease in the Bank of England Base Rate, save that in the event that a change in the Bank of England Base Rate would result in the SVR being lower than 0 per cent. then the SVR will be charged at 0%. Subject to the terms of the Servicing and Legal Title Holder Deed the Issuer has granted the Servicer full right, liberty and authority in accordance with the relevant Mortgage Conditions to determine, set and change the SVR applicable to the Loans in accordance with the relevant Mortgage Conditions, the Legal Title Holder's rate setting policy, Applicable Law and as a Prudent Mortgage Servicer. In exercising such rights, the Servicer is under no obligation to consider the interests of the Noteholders and the Certificateholders and may exercise its rights in a manner that would be prejudicial to the Noteholders and the Certificateholders.

Subject to the terms of the Servicing and Legal Title Holder Deed and the restrictions set out therein (as to which, see below), the Legal Title Holder shall have full right, liberty and authority from time to time, in accordance with the relevant Mortgage Conditions and Applicable Law, to determine, set and change the non-SVR 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) in each case as may be undertaken in accordance with the standards of a Reasonable Prudent Mortgage Lender.

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 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 Issuer shall bear and be responsible for postage and incidental costs arising in relation to a notification of a change in the rates of interest or Contractual Monthly Payment in relation to a Mortgage Loan. The 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.

Repurchase of Loans by the Seller

In the case of a breach of Loan Warranties, the 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.

If, pursuant to the Mortgage Sale Agreement, the Issuer is required to deliver an Election Notice, the Servicer shall provide reasonable assistance to the Issuer with delivering such Election Notice. The Servicer shall, following the delivery of a Loan Remedy 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 Servicer in connection with any repurchase by the Seller.

Operation of collection accounts after the Transfer Date

On or prior to the Transfer Date, the Interim Period Collection Accounts with the Collection Account Bank (the **Collection Account**) shall be transferred to the name of the relevant New Legal Title Holder in respect of the Loans transferred pursuant to the Mortgage Sale Agreement. Each New 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 Interim Period Collection Account Declaration of Trust in favour of, among others, the Issuer (the **New Collection Account Declaration of Trust**).

Amounts credited to each Collection Account from (and including) the Transfer Date that relate to the Issuer's Collection Portion will be identified on a daily basis (each such aggregate daily amount, a **Daily Mortgage Loan Amount**) and the Servicer shall procure that the Collection Account Bank shall transfer or procure to be transferred an amount equal to the Daily Mortgage Loan Amount from the Collection Account into the Transaction Account on the next Business Day after that Daily Mortgage Loan Amount is identified as received in the Collection Account (subject to the deduction of any amount required by the Servicer to pay costs and expenses due at such time (the **Servicer Expenses Amounts**), subject to the Expenses Cap).

In the event that the Servicer Expense Amounts exceed the Expenses Cap in any Interest Period, the Servicer shall consult with the Committee and the Committee shall be required to consent to any Servicer Expenses Amount in excess of the Expenses Cap, such consent not to be unreasonably withheld.

Each of the Issuer and the New Legal Title Holder appoint the Servicer as its agent to act on its behalf to manage the Collection Accounts.

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 Legal Title Holder will (with the reasonable assistance of the Servicer) within 60 calendar days of such downgrade:

- (a) use all reasonable endeavours to 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) use all reasonable endeavours to procure that such financial institution enters into a replacement collection account agreements with each Legal Title Holder;
- (c) use all reasonable endeavours to procure that such financial institution enters into a deed on terms substantially similar to those set out in the Collection Account Declarations of Trust with respect to the replacement collection account; and
- (d) use all reasonable endeavours to 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 each Collection Account are transferred to the replacement accounts at such replacement institution as soon as practicable or, where the Collection Account Bank ceases to have the Collection Account Bank Rating within 60 calendar days of such downgrade; and
- (e) transfer all Direct Debit mandates to such replacement collection account and procure that the Servicer instructs Borrowers to make all Contractual Monthly Payments made by a Borrower under a payment arrangement other than the Direct Debitting Scheme are made to such replacement collection account from the date on which the replacement collection account is opened.

Each Legal Title Holder undertakes that it shall not terminate the Collection Account Declarations of Trust without the prior written consent of the Security Trustee and the Seller.

No replacement or termination of the appointment 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.

Provision of Data for Monitoring of Mortgage Sale Loan Warranties

In the event that the Servicer identifies, in its normal conduct of the Services, any fact or circumstance which it determines constitutes a breach or potential breach of a Mortgage Loan Warranty (including for the avoidance of doubt, in respect of any Flexible Drawings, Further Advances or Porting), the Servicer agrees (but without incurring any contractual liabilities or obligations related thereto) to promptly notify the Issuer, the Seller or any other person in writing of such event provided that the Servicer shall not incur any liabilities or obligations to the Issuer or the Seller or any other person for notifying them of a breach or a potential breach (which is not a breach) under the Servicing and Legal Title Holder Deed or any failure to identify or notify them of any breach or potential breach of which it may or should have become aware.

Flexible Drawings, Further Advances, Product Switches, Payment Holidays, Authorised Underpayments and Porting

Where the Servicer, on behalf of the Issuer, agrees that a Flexible Drawing must be made by a Borrower as a result of, *inter alia*, the 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 Servicer shall then notify 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 Cash Manager.

If the 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, a Product Switch or a Port, and the Servicer agrees to such request, it will promptly notify the Issuer, the Security Trustee, the Committee and the Servicer Facilitator 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 Election 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 Servicing and Legal Title Holder Deed and the Mortgage Sale Agreement, the 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 or Payment Holidays or Authorised Underpayment (if applicable) subject to the conditions of the Servicing and Legal Title Holder Deed and the Mortgage Sale Agreement.

The Committee

A committee will be established to be comprised of the representatives of Barclays (in their capacity as Servicer Administrator) and each other holder from time to time of more than 50.1 per cent. (or the representative of holders of Class Y Certificates acting in concert who together hold more than 50.1

per cent.) of the principal amount outstanding of the Class Y Certificates (the **Majority Class Y Certificateholder**) who elects to be a member of the Committee (each a **Committee Member** and collectively the **Committee**).

The Servicer, the Legal Title Holder and the Issuer (as applicable) shall consult with the Committee Members on matters under the Servicing and Legal Title Holder Deed, including:

- (a) on the outcome of any Investor Reports and Servicer Reports;
- (b) the outcome of any annual third party audit of the Servicer (which will include sampling and data integrity (such as verifying the data tape against the Servicer's systems and documentation)) and the right to discuss the outcome of such audit in an annual meeting with the Servicer and, if a Servicer default has occurred as identified in that audit report, the right to notify the Issuer and the Security Trustee thereof;
- (c) delegation of a material portion of the Servicer's powers and obligations under the Servicing and Legal Title Holder Deed; and
- (d) consideration of a material change to the Servicer's selection criteria for third parties retained by the Servicer to provide certain third party services.

The Servicer shall consider in good faith any recommendations or representations made by the Committee Members with respect to such consultation matters. The Servicer and Legal Title Holder shall not be obliged to follow or agree to any suggestions, recommendations or directions of the Committee or any other authorised representative which arise as part of a consultation process or otherwise and the final determination of all such matters shall be made by the Servicer acting in accordance with the Servicing Standard.

In addition, the Committee shall have consent rights in relation to:

- (a) replacement or termination of the Servicer;
- (b) any material modifications proposed to be made to the Legal Title Holder's Policies;
- (c) any material modifications proposed to be made to the Services;
- (d) the delegation of a material portion of the Services; and
- (e) any Servicer Expenses Amount in excess of the Expenses Cap,

and the Servicer shall not be permitted to undertake such activities without the unanimous consent of the Committee, such consent in the case of paragraph (e) not to be unreasonably withheld.

Meetings of the Committee may be convened at the request of the Servicer Administrator, the Servicer or the Majority Class Y Certificateholder. Each of the Majority Class Y Certificateholder and the Servicer Administrator are entitled to 1 vote. The Committee Members may act solely in their own interests and have no implied duties or obligations of any kind to other Noteholders.

Compensation of the Servicer

The Issuer will pay to the Servicer a quarterly fee (the **Servicing Fee**) commencing on the Closing Date for its services under the Servicing and Legal Title Holder Deed which shall, for so long as Pepper (UK) Limited is the Servicer, be on terms to be agreed between the Issuer and the Servicer.

The Servicing Fee is payable by the Issuer to the Servicer's account in arrear on each Interest Payment Date 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.

All fees payable to the Servicer are exclusive of VAT.

Removal or Resignation of the Servicer

A Servicer Termination Event shall occur if any of the following events (each, a Servicer Termination Event) occur:

- (a) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing and Legal Title Holder Deed and such default continues unremedied for a period of 15 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following service of an Enforcement Notice) the Security Trustee requiring the same to be remedied;
- (b) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing and Legal Title Holder Deed and in the reasonable opinion of the Issuer (prior to the delivery of an Enforcement Notice) or the opinion of the Security Trustee (after the delivery of an Enforcement Notice) (acting on the instructions of the Note Trustee) such default is materially prejudicial to the interests of the Noteholders (which determinations shall be conclusive and binding on all Secured Creditors) and such default continues unremedied for a period of 15 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following delivery of an Enforcement Notice) the Security Trustee, as appropriate, requiring the same to be remedied;
- (c) the Servicer ceasing to be an authorised person under FSMA or failure by the Servicer to obtain or maintain the necessary licences, registrations or regulatory approvals enabling it to continue servicing the Loans other than as a result of or arising out of a Change in Applicable Law;
- (d) an Insolvency Event in respect of the Servicer; and
- (e) the occurrence of a Change of Control of the Servicer, which (i) results in the Issuer or any relevant party being in breach of any Applicable Law, or (ii) has a material adverse effect on the Servicer's ability to perform its material obligations under the Servicing and Legal Title Holder Deed, provided that, if the Servicer has notified the Issuer in writing that any such Change of Control has taken place, the Issuer must deliver a termination notice within 30 days following receipt of such notice or otherwise will be deemed to have consented to the Change of Control.

Following the occurrence of a 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 paragraph (a), (b), (d) or (e)) shall deliver written notice to the Servicer on becoming aware of the relevant Servicer Termination Event to terminate the Servicer's appointment with effect from the date of receipt of such notice provided that the 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 Servicer as servicer under the Servicing and Legal Title Holder Deed, the Issuer and the Servicer Facilitator, 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 Servicing and Legal Title Holder Deed.

The Issuer or (following the delivery of an Enforcement Notice) the Security Trustee on becoming aware of the occurrence of a Servicer Termination Event shall give notice in writing to the Servicer Facilitator and the Committee of the occurrence of a Servicer Termination Event and request it 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 Servicing and Legal Title Holder Deed following consultation with the Servicer Facilitator within 30 calendar days of the occurrence of the applicable Servicer Termination Event and provide details of its selection (the **Proposed Successor**) to the Issuer, the Committee 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 Servicing and Legal Title Holder Deed, provided however that any such appointment shall be subject to the prior written consent of the Committee and 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 Servicing and Legal Title Holder Deed) 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 Servicer

The appointment of the Servicer under the Servicing and Legal Title Holder Deed may be terminated by the Servicer upon the expiry of not less than 18 months' written notice of termination given by the Servicer to the Issuer and to the Security Trustee (with a copy to the Seller, the Servicer Facilitator and the Committee) (or by such shorter period of notice as may be agreed between the Servicer, the Issuer, the Committee 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 receipt by the Security Trustee of a certificate signed by two Authorised Signatories of the Issuer confirming satisfaction of the conditions in the Servicing and Legal Title Holder Deed;
- (b) a Successor Servicer shall be appointed in accordance with the terms of the Servicing and Legal Title Holder Deed, such appointment to be effective not later than the date of such termination and the Servicer shall notify the Issuer with a copy to the Security Trustee in writing of the identity of such Successor Servicer; and
- (c) the costs incurred in connection with the transfer of the servicing of the Mortgage Loans to a new servicer are payable by the Servicer, except if the Servicer is forced to resign due to a change in Applicable Laws (in which case such costs will be borne by the Issuer).

Delivery of documents and records

If the appointment of the Servicer is terminated or the Servicer resigns, the Servicer must as soon as reasonably practicable deliver (and in the meantime hold on trust for, and to the order of, the Issuer) to the Issuer, or as it shall direct, *inter alia*, the Title Deeds and the 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 Mortgage 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 Servicer) any monies then held by the Servicer on behalf of the Issuer and any other assets of the Issuer.

Neither the Note Trustee nor the Security Trustee is obliged to act as servicer in any circumstances.

Enforcement Procedures

The Servicer will, in relation to any default by a Borrower under or in connection with a Loan 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 Servicing and Legal Title Holder Deed) and (ii) the standard of a Prudent Mortgage Servicer in connection with defaults of a similar nature, 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 and the Legal Title Holder that mortgage lenders generally exercise discretion in pursuing their respective Enforcement Procedures and that the Servicer may exercise such discretion in applying the relevant 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 Servicer's Liability

The Servicer shall have no obligation in respect of any Liabilities suffered or incurred by the Issuer and/or the Security Trustee, the Seller, any Legal Title Holder and/or any other person as a result of the performance by the Servicer of the Services save to the extent that such Liabilities are suffered or incurred as a result of any Breach of Duty on the part of the Servicer under the Servicing and Legal Title Holder Deed.

The 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 any fraud or wilful default on the part of the Servicer or any of its subcontractors or delegates in carrying out its functions as Servicer under the Servicing and Legal Title Holder Deed.

The maximum liability of the Servicer whether in contract, tort (including negligence and breach of statutory duty) or otherwise arising out of or in connection with the Servicing and Legal Title Holder Deed shall be, for all claims arising in the 12 month period commencing on the Closing Date and thereafter each successive 12 month period (or part thereof (a **Contract Year**)), limited to an amount equal to 200 per cent. of the Servicing Fees paid in that Contract Year (or in the case of a period of less than 12 months, which would otherwise be payable to the Servicer and Legal Title Holder for the full 12 month period) in the 12 month period in which such claim arises, provided that the Servicer does not exclude or limit their liability for:

- (a) the Servicer's gross negligence, fraud or wilful default in the performance of its obligations under the Servicing and Legal Title Holder Deed;
- (b) any sum which the Servicer and its respective subcontractors or delegates hold or should hold on trust for the Issuer and for which the Servicer fails to account to the Issuer; or
- (c) 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.

Remuneration of Servicer

The Servicing Fee shall be increased annually (**Increased Fees**) by a rate at which the Retail Price Index has increased in the previous 12 months and such Increased Fees will be paid:

- (a) where the Servicing Fee and the Increased Fees do not exceed the Senior Fee Cap, as the Servicing Fee; and
- (b) any amounts of the Servicing Fee and the Increased Fees in excess of the Senior Fee Cap, the Subordinated Servicing Fee.

Senior Fee Cap means the cap with respect to the Servicing Fees which equals an amount of 0.225 per cent. per annum of the aggregate Current Balance of the Loans as at the last day of the applicable Determination Period.

Governing Law

The Servicing and Legal Title Holder Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law (provided that any terms of the Servicing and Legal Title Holder Deed which are particular to the Law of Scotland shall be construed in accordance with Scots 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 including any branch.

Applicable Laws means:

- (a) for the purpose of the Mortgage Sale Agreement and the Servicing and Legal Title Holder Deed: (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 the FCA Consumer Credit sourcebook); 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 UK Finance, 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) above; and
- (b) 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 Servicer's policy for managing Loans which are in arrears and pre-arrears financial distress.

Arrears Procedures means the Servicer's procedures for managing Loans which are in arrears and pre-arrears financial distress.

Authority means any competent regulatory, prosecuting, tax or governmental authority in any jurisdiction, domestic or foreign.

Breach of Duty means:

- (a) in relation to any person (other than the persons set out in paragraphs (b) and (c) below), a wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person; and
- (b) 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);
- (c) in relation to Pepper (UK) Limited as Servicer, a material breach under the Servicing and Legal Title Holder Deed, fraud, negligence, illegal dealing or wilful default.

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 Legal Title Holder to debit a sum of money on specified dates from the account of the Borrower for deposit into an account of the Legal Title Holder.

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.

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).

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, sisted 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, sisted or restrained, in each case within 30 days thereafter;
- (j) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (i) above; 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 with respect to the Legal Title Holder, the administration, arrears and enforcement policies and procedures which are applied from time to time by the Legal Title Holder to mortgage loans and the security for their repayment which are beneficially owned solely by the Issuer.

Liability means, in respect of any person, any fee, loss, damage, cost, charge, award, claim, demand, expense, judgment, decree, action, proceeding or other liability whatsoever (including by way of indemnity) 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.

Security means a mortgage, standard security, assignation in security, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

Servicer Power of Attorney means the power of attorney from the Issuer provided to the Servicer pursuant to the Servicing and Legal Title Holder Deed.

Servicing and Legal Title Holder Deed means the servicing and legal title holder deed entered into on or around the Closing Date by, among others, the Servicer and the Issuer and any replacement Servicing and Legal Title Holder Deed which is entered into by, among others, the Issuer and a Successor Servicer pursuant to which mortgage administration services are provided in respect of the Portfolio.

Share Trust Deed means the declaration of trust dated 23 September 2019 pursuant to which the Share Trustee holds the beneficial interest in the share of Holdings on trust for discretionary purposes.

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 Contractual

Monthly Payment (a) which can be funded by accrued Overpayments but (b) where the Borrower has not agreed a payment holiday arrangement in advance.

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, present and future in, to and under the Transaction Documents (other than the Trust Deed, the Deed of Charge, the Scottish Declaration of Trust, any Scottish Sub-Security and the Scottish Supplemental 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 English Loans and their Related Security and other related rights comprising the Portfolio (other than in respect of Scottish Loans) and any sums derived therefrom;
- (c) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit, present and future, to, in and under the Insurance Contracts and any sums derived therefrom;
- (d) an assignation in security of the Issuer's interest in the Scottish Loans and their Related Security (comprising the Issuer's beneficial interest under the Scottish Declaration of Trust) (the **Scottish Supplemental Charge**);
- (e) a charge by way of first fixed charge over the Issuer's rights, title, interest and benefit, present and future, in and to monies now or at any time hereafter 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 all interest accruing from time to time thereon and the debt represented thereby, to hold the same unto the Security Trustee absolutely;
- (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 Original Legal Title Holder Trust (created pursuant to the Interim Period 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 Administration Agreement and each Servicing and Legal Title Holder Deed;

- (h) a charge by way of first fixed charge over the Issuer's rights, title, interest and benefit, present and future, to, under or in respect of any Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf;
- (i) 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 Seller Declaration of Trust; and
- (j) 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 and including all of the Issuer's property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not the subject of the charges or fixed security referred to above as aforesaid).

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, except in relation to the Issuer's Scottish assets, where crystallisation will occur on the appointment of an administrative receiver or receiver or upon commencement of the winding-up of the Issuer. A crystallised floating charge will rank ahead of the claims of unsecured creditors which are in excess of the prescribed part but will rank behind the expenses of any administration or liquidator, the claims of preferential creditors and the beneficiaries of the prescribed part on enforcement of the Security.

Pre-Enforcement Revenue Priority of Payments and Pre-Enforcement 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*".

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*".

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. Aspects relating to Scottish Loans and their Related Security (including each Scottish Supplemental Charge entered into pursuant thereto) will be governed by and construed in accordance with Scots 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 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 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 "resecuritisation" 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) or Article 2 of the Securitisation Regulation, such investments shall not qualify as "Authorised Investments".

Issuer Power of Attorney means the power of attorney granted by the Issuer in favour of the Security Trustee under the Deed of Charge on the Closing Date substantially in the form set out to the Deed of Charge.

Legal Title Holder Power of Attorney means each power of attorney granted by the relevant Legal Title Holder in favour of the Issuer and the Security Trustee, as applicable, (i) on or about the Closing Date or (ii) on or about the Servicer Effective Date substantially in the form set out in the Relevant Servicing and Legal Title Holder Deed.

Matured Authorised Investment means an Authorised Investment which has matured or been disposed of by the Cash Manager.

Scottish Sub-Security means any Scottish standard security executed pursuant to the Deed of Charge.

Secured Creditors means 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 Servicer, the New Legal Title Holder, the Original Legal Title Holder, the Servicer Facilitator, the Servicer Administrator, the Cash Manager, the Replacement Cash Manager Facilitator, the Issuer Account Bank, the Corporate Services Provider, the Original Legal Title Holder, 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.

Seller Power of Attorney means the power of attorney delivered by the Seller pursuant to the Mortgage Sale Agreement.

Servicer Power of Attorney means the power of attorney from the Issuer provided to the Servicer pursuant to the Relevant Servicing and Legal Title Holder Deed.

Transaction Documents means the Administration Agreement, the Agency Agreement, the Bank Account Agreement, the Cash Management Agreement, the Corporate Services Agreement, the Deed of Charge, the Deed Poll, the Interim Period Collection Account Declarations of Trust, the Issuer Power of Attorney, each Legal Title Holder Power of Attorney, the Interim Servicing and Legal Title Holder Deed, the Long-Term Servicing and Legal Title Holder Deed, the Issuer Power of Attorney, a master definitions and construction schedule made between among others, the Issuer, the Seller and the Security Trustee (the **Master Definitions and Construction Schedule**), the Mortgage Sale Agreement, the New Collection Account Declarations of Trust, the Original Legal Title Holder Corporate Services Agreement, the Risk Retention Letter, the Scottish Declaration of Trust, the Scottish Supplemental Charge, the Seller Declaration of Trust, the Seller Power of Attorney, the Servicer Power of Attorney, the Retention Holder Deed Poll, the Share Trust Deed, the Subscription Agreement, the Trust Deed and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes and/or the Certificates.

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 each Class of 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 the Class X Certificate Payment in respect of the Class X Certificate and the payment of the Class Y Certificate Payment in respect of the Class Y 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 Servicer and the Security Trustee will enter into a cash management agreement (the **Cash Management Agreement**).

Cash Management Services to be provided to the Issuer

Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer or, upon the Security Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer, the Security Trustee. The Cash Manager's principal function will be effecting payments to and from the Transaction Account. In addition, the Cash Manager will, subject to receipt of the relevant data and information, including, without limitation, the Servicer Report, 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) for the relevant 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 6.9 (*Determinations and Reconciliation*), Certificate Condition 6.7 (*Determination and Reconciliation*) and the Cash Management Agreement.

In addition, the Cash Manager will also (to the extent that it has been provided with the relevant data and information, including, without limitation, the Servicer Report (where applicable)):

- (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 and the Class E Notes are each redeemed in full (**Class E Notes Redemption Date**), Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments or (ii) following the Class E 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*");
- (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 from the Liquidity Reserve Fund Trigger Event (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 to the Liquidity Reserve Fund in accordance with items (a) and (b) of the Pre-Enforcement Principal Priority of Payments and item (f) of the Pre-Enforcement Revenue Priority of Payments (as applicable) (see "*Credit Structure – Liquidity Reserve Fund*");
- (v) the **MSA Warranty Claims Ledger**, which will record any MSA Warranty Indemnity Amounts due by the Seller in accordance with the Mortgage Sale Agreement. The Cash Manager will make all debits and/or credits to the MSA Warranty Claims Ledger on the basis of and in reliance on information provided to it by the Seller, the Issuer or the Servicer, as applicable. Any MSA Warranty Indemnity Amounts will be recorded as a debit on the MSA Warranty Claims Ledger by the Cash Manager on the date that the Cash Manager is informed by the Seller, the Issuer or the Servicer that such payments are due. The Cash Manager will record as a credit to the MSA Warranty Claims Ledger (and the MSA Relevant Liabilities will accordingly be reduced by) (i) any Available Revenue Receipts applied pursuant to items (g), (i), (k), (m), (o) and (q) of the Pre-Enforcement Revenue Priority of Payments in respect of such MSA Warranty Indemnity Amounts or (ii) any MSA Warranty Payments made by the Seller (with a corresponding debit being made to the Seller MSA Rebate Ledger in respect of this item (ii)). For the avoidance of doubt, any repurchases of Mortgage Loans shall not be reflected in the Seller MSA Rebate Ledger or the MSA Warranty Claims Ledger (but shall reduce the MSA Relevant Liabilities from time to time);
- (vi) the **Seller MSA Rebate Ledger** will be established to record any MSA Warranty Payments made by the Seller to the Issuer in accordance with the Mortgage Sale Agreement. The Cash Manager will make all debits and/or credits to the MSA Warranty Rebate Ledger on the basis of and in reliance on information provided to it by the Seller, the Issuer or the Servicer, as applicable. Any MSA Warranty Payments will be recorded as a debit on the Seller MSA Rebate Ledger by the Cash Manager on

the date that such amount is deposited in the Transaction Account (with a corresponding credit being made to the MSA Warranty Claims Ledger). The Cash Manager will record as a credit to the Seller MSA Rebate Ledger any MSA Warranty Rebate paid pursuant to item (s) of the Pre-Enforcement Revenue Priority of Payments, item (j) of the Pre-Enforcement Principal Priority of Payments or item (i) of the Post-Enforcement Priority of Payments, as applicable;

- (vii) the **Principal Deficiency Ledger**, which will record on the appropriate sub-ledger as a debit deficiencies arising from Losses on the Portfolio (on the date the Cash Manager is informed of such Losses by the Servicer 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 any drawing under the Liquidity Reserve Fund to fund a Senior Revenue Amount (on the Interest Payment Date that the amount standing to the credit of the Liquidity Reserve Fund is applied in accordance with the Pre-Enforcement Revenue Priority of Payments), 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
 - (viii) 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); and
- (c) (assuming delivery by the Servicer of the previous Servicer Reports by no later than the date falling ten Business Days after the end of the relevant Collection Period), make available 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 Servicer, the Security Trustee, the Noteholders, the Certificateholders, the Rating Agencies, Bloomberg and Intex on the Cash Manager Website.

At the direction of the Seller, the Cash Manager, on behalf of and in the name of the Issuer, may direct the Issuer Account Bank to invest monies standing from time to time to the credit of the Transaction Account in Authorised Investments as determined and booked 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 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.

Investor Reports and information Reporting under the Securitisation Regulation

Securitisation Regulation Reporting

The Cash Manager (on behalf of the Issuer) shall:

- (a) publish on the Cash Manager Website a Quarterly Investor Report as required by and in accordance with Article 7(1)(e) of the Securitisation Regulation, which shall be provided (i) as at the Closing Date and prior to the Template Effective Date, in the form of set out in Annex VIII of the (CRA3) and (ii) following confirmation from the Issuer to the Cash Manager of the Template Effective Date, in the final form adopted under the Securitisation Regulation;
- (b) publish on the Cash Manager Website (simultaneously with the report referred to in paragraph (a) above) on a quarterly basis certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(a) of the Securitisation Regulation which report shall be provided by the Servicer to the Cash Manager (to the reasonable satisfaction of the Cash Manager) (i) as at the Closing Date and prior to the Template Effective Date, in the form of the standardised template set out in Annex I of the CRA3 as required by Article 43(8) of the Securitisation Regulation and (ii) following confirmation from the Issuer that the Template Effective Date has occurred, in the manner required by such technical standards;
- (c) publish on the Cash Manager Website on receipt from the Servicer any information required to be reported pursuant to Article 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation without delay; and
- (d) subject to receipt from the Issuer of the final Transaction Documents and this Prospectus, within 15 days of the issuance of the Notes, make available on the Cash Manager Website copies of the final Transaction Documents and this Prospectus.

Each report set out above and loan-by-loan and other information shall be made available no later than one month following the Interest Payment Date following the Collection Period to which it relates. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. To the extent any technical standards prepared under the Securitisation Regulation come into effect after the date of this Prospectus and require such reports to be published in a different manner or on a different website the Issuer (as designated entity for the purposes of the Securitisation Regulation) shall comply with the requirements of such technical standards.

The Cash Manager will (as authorised by the Issuer) make the information referred to above available to the Noteholders and Certificateholders, relevant competent authorities (including for the avoidance of doubt the FCA) and, upon request, to potential investors in the Notes on the Cash Manager Website. In addition, the Issuer confirms that the Cash Manager on behalf of the Issuer has made available the documents required by Article 7(1)(b) of the Securitisation Regulation prior to the pricing date of the Notes.

None of the reports or the Cash Manager Website or the contents thereof form part of this Prospectus.

The Cash Manager does not assume any responsibility for the Issuer's obligations as the entity responsible to fulfil the reporting obligations under the Securitisation Regulation and the Issuer acknowledges that it is responsible for its complying with its obligations under the Securitisation Regulation. In providing the services, the Cash Manager also assumes no responsibility or liability to the Noteholders, any potential investor in the Notes or any other party (including for their use and/or onward disclosure of such information, reports or documentation) and shall have the benefit of the powers, protections and indemnities granted to it under the Transaction Documents. Any such report or other additional reports may include disclaimers excluding liability of the Cash Manager for the information provided therein.

The Servicer or the Issuer shall provide all relevant information required in order to prepare such reports to the Cash Manager. The Cash Manager shall not be liable for the accuracy and completeness of the information or data that has been provided to it and the Cash Manager will not be obliged to verify, re compute, reconcile or recalculate any such information or data.

The Cash Manager shall not have any duty to monitor, enquire or satisfy itself as to the veracity, accuracy or completeness of any documentation or information provided to it under this clause or whether or not the provision of such information accords with the Securitisation Regulation requirements and shall be entitled to rely conclusively upon any instructions given by (and any determination by) the Issuer (or the Servicer on its behalf) regarding the same, provided that such instructions are given in accordance with the Transaction Documents, and shall have no obligation, responsibility or liability whatsoever for the provision of information, reports and documentation on the website. The Cash Manager shall not be responsible for monitoring the Issuer's compliance with the Securitisation Regulations.

The Cash Manager shall not assume or have any responsibility or liability for monitoring or ascertaining whether any person to whom it makes the documentation, reports or information available on the Cash Manager Website falls within the category of persons permitted or required to receive such documentation, reports or information under the transparency requirements and shall be entitled to assume that such persons are the persons to whom the documentation should be made available on the Cash Manager Website and shall not be liable to anyone whatsoever for so relying, assuming or doing. The information reports and documents posted on the Cash Manager Website shall be downloadable by any person with access to the Cash Manager Website.

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**) 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 and the Security Trustee) of its resignation to the Issuer 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.

Cash Manager Website means the website of <https://pivot.usbank.com> (or such other website as may be available for such purpose and notified by the Cash Manager to the Transaction Parties and the Rating Agencies from time to time).

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 Legal Title Holder, 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, Holdings and the Legal Title Holder with certain corporate and administrative functions against the payment of a fee. Such services include, *inter alia*, the performance of all general book-keeping, secretarial, registrar and company administration services for the Issuer and Holdings (including the provision of directors), providing the directors with information in connection with the Issuer, Holdings and the Legal Title Holder 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 Original Legal Title Holder Corporate Services Agreement

On or prior to the Closing Date, the Issuer, the Original Legal Title Holder, Intertrust Management Limited (the **OLTH Corporate Services Provider**) and the Security Trustee will enter into a corporate services agreement (the **Original Legal Title Holder Corporate Services Agreement**) pursuant to which OLTH Corporate Services Provider will provide the Original Legal Title Holder with certain corporate and administrative functions against the payment of a fee. Such services include, *inter alia*, the performance of all general book-keeping, secretarial, registrar and company administration services for the Original Legal Title Holder, providing the directors with information in connection with the Original Legal Title Holder and the arrangement for the convening of shareholders' and directors' meetings.

The fees due to the OLTH Corporate Services Provider in relation to the fees of the OLTH Corporate Services Provider will be as agreed between the Original Legal Title Holder and the OLTH Corporate Services Provider. Fees due and payable to the OLTH Corporate Services Provider will be paid ahead of all outstanding Notes and Certificates.

Governing Law

The Original Legal Title Holder Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

The Interim Period Collection Account Declaration of Trust

During the Interim Period, all collections arising in respect of Loans will be paid into the collection accounts in the name of the Original Legal Title Holder (the **Interim Period Collection Accounts**).

The Original Legal Title Holder Trust

The Original Legal Title Holder has, pursuant to a declaration of trust entered into on the Closing Date, declared themselves trustee over 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 **Interim Period Legal Title Holder Trust** and the declaration of trust the **Interim Period Collection Account Declaration of Trust**). Pursuant to the terms of the Interim Period Collection Account Declaration of Trust, the Interim Period Collection Account Trust Property is held by the Original Legal Title Holder absolutely for, themselves and the Issuer and the Seller in the manner and in the proportions specified in the Interim Period Collection Account Declaration of Trust.

The Issuer's share of each Interim Period Legal Title Holder Trust at any relevant time (the **Interim Period Issuer Trust Share**) shall equal all amounts credited to the relevant Interim Period Collection Accounts at such time in respect of the relevant Loans and their Related Security comprising the Portfolio taking into account any amounts previously paid to the Issuer in respect of such Loans and their Related Security.

Additional beneficiaries may from time to time on and from the Closing Date accede to the Interim Period 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 Servicer, acting as cash administrator, will procure that amounts constituting the Interim Period 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 (subject to the deduction of any amount required by the Servicer to pay costs and expenses due at such time (the **Servicer Expenses Amount**), subject to the Expenses Cap) in accordance with the provisions of the Interim Servicing and Legal Title Holder Deed.

Governing Law

The Interim Period Collection Account Declarations of Trust and any non-contractual obligations arising out of or in connection with them will be governed by English law.

The New Collection Account Declarations of Trust

On or prior to the Transfer Date, each of the Interim Period Collection Accounts shall be transferred to the name of the relevant New Legal Title Holder with the Collection Account Bank in respect of the Loans transferred to such New Legal Title Holder pursuant to the Mortgage Sale Agreement. On or prior to the Transfer Date, the Issuer, the Seller, the New Legal Title Holder (as Legal Title Holder), the Security Trustee and others will enter into a declaration of trust pursuant to which each New Legal Title Holder will declare a trust over all of its rights, title and beneficial interest in all amounts standing to the credit of the New Collection Accounts (the **New Collection Account Declaration of Trust**). Pursuant to the terms of the New Collection Account Declaration of Trust, each New Legal Title Holder as the Legal Title Holder will declare a trust (the **New Collection Account Trust**) over all its rights, title, interest and benefit, present and future, to the credit of the relevant New Collection Account, absolutely for itself, the Issuer, the Seller and any new beneficiaries that may accede to the New Collection Account Declaration of Trust, as beneficiaries in the manner and in the proportions specified in the New 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's share of the Collection Account Trust (the Issuer Trust Share) is calculated.

The Issuer Trust Share 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 Servicer will instruct the Collections Account Bank to transfer amounts constituting the Issuer Trust Share 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 (subject to the deduction of any amount required by the Servicer to pay costs and expenses due at such time (the **Servicer Expenses Amount**), subject to the Expenses Cap) in accordance with the provisions of the Long-Term Servicing and Legal Title Holder Deed.

Collection Accounts means (i) during the Interim Period, the Original Collection Accounts and (ii) from the Transfer Date, the New Collection Accounts.

Expenses Cap means £85,000 in any Collection Period.

Interim Period Collection Accounts means each collection account in the name of each Original Legal Title Holder held with the Collection Account Bank into which all payments due by Borrowers under the Mortgage Loans beneficially owned by the Issuer are made.

Issuer's Collection Portion means at any time an amount equal to the aggregate of the Issuer's share of the collections credited to the Collection Accounts in relation to the Mortgage Loans in the Mortgage Portfolio since the Closing Date, minus the aggregate amount transferred from the Collection Accounts to the Transaction Account since the Closing Date and any Servicer Expenses Amount paid by the Servicer to third parties in accordance with the Relevant Servicing and Legal Title Holder Deed.

New Collection Accounts means each collection account in the name of each New Legal Title Holder held with the Collection Account Bank into which all payments due by Borrowers under the Mortgage Loans beneficially owned by the Issuer are made.

Governing Law

The New Collection Account Declarations of Trust and any non-contractual obligations arising out of or in connection with them 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 (v) (inclusive) of the Pre-Enforcement Revenue Priority of Payments; see "*Risk Factors – Risks Related to the availability of funds to pay the Notes – 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 Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes in full) from the application of Available Principal Receipts as Available Revenue Receipts to cure any Revenue Shortfall in accordance with item (c) 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 from the proceeds of the Class R Notes. 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 paragraphs (e), (g) and (h) 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 the Pre-Enforcement Revenue Priority of Payments. Following redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E 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 Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, payments required to be made pursuant to items (a) to (o) 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 Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, an amount equal to 1.5 per cent. of the aggregate Principal Amount Outstanding 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 as at the Closing Date; or (ii) following the redemption in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E 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 occurrence of the Liquidity Reserve Trigger Event and the amount required, from time to time, to be standing to the credit of the Liquidity Reserve Fund Ledger within the Transaction Account shall be an amount equal to Liquidity Reserve Fund Required Amount. The Issuer may invest the amounts standing to the credit of the Liquidity Reserve Fund Ledger from time to time in Authorised Investments.

On the occurrence of the Liquidity Reserve Fund Trigger Event, Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments and Available Revenue Funds in accordance with the Pre-Enforcement Revenue Priority of Payments will be available to fund and replenish the Liquidity Reserve Fund in accordance with the following conditions and in the following order of application:

- (a) on the Interest Payment Date on which the Liquidity Reserve Fund Trigger Event occurs and on each Interest Payment Date until the LRF Principal Top-Up Event has occurred, in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments in an amount sufficient to fund Liquidity Reserve Fund to the Liquidity Reserve Fund Required Amount; then
- (b) on any Interest Payment Date following the LRF Principal Top-Up Event, in accordance with item (f) of the Pre-Enforcement Revenue Priority of Payments in an amount sufficient to fund the Liquidity Reserve Fund to the Liquidity Reserve Fund Required Amount; and
- (c) on any Interest Payment Date following the LRF Principal Top-Up Event, in accordance with item (b) of the Pre-Enforcement Principal Priority of Payments in an amount sufficient to fund the Liquidity Reserve Fund to the Liquidity Reserve Fund Required Amount (but only after taking into account funds applied in connection with item (f) of the Pre-Enforcement Revenue Priority of Payments).

On and from the Liquidity Reserve Fund Trigger Event, 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 paragraph (e) 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 Liquidity Reserve Fund Trigger Event, any Liquidity Reserve Fund Excess Amount will be available to be applied as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments.

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 paragraph (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 the Senior Revenue Amounts exceeds the Liquidity Reserve Fund Required Amount.

Liquidity Reserve Fund Required Amount shall be calculated on and from the occurrence of the Liquidity Reserve Fund Trigger Event as 1.5 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on that Interest Payment Date before the application of the Pre-Enforcement Principal Priority of Payments.

Liquidity Reserve Fund Trigger Event means the Interest Payment Date on which the amount standing to the credit of the General Reserve Fund as at such Interest Payment Date (after application of the Available Revenue Funds) is less than 1 per cent. of the aggregate Principal Amount Outstanding 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 as at the Closing Date.

Senior Revenue Amounts means all amounts to be paid pursuant to items (a) to (e) of the Pre-Enforcement Revenue Priority of Payments.

LRF Principal Top-Up Event means the Interest Payment Date on which the aggregate of all amounts credited to the Liquidity Reserve Fund Ledger in accordance with item (a) of the Pre-Enforcement Principal Priority of Payments on the current Interest Payment Date and all prior Interest Payment Dates (disregarding any debit entries made to the Liquidity Reserve Fund Ledger on or prior to such Interest Payment Date) is equal to or greater than the Liquidity Reserve Fund Required Amount on such Interest Payment Date.

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 Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F 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 (c) 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 nine sub-ledgers: the Principal Deficiency Ledger relating to the Class A Notes (the **Class A Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class B Notes (the **Class B Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class C Notes (the **Class C Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class D Notes (the **Class D Principal Deficiency Sub-Ledger**), the Principal Deficiency Ledger relating to the Class E Notes (the **Class E Principal Deficiency Sub-Ledger**) and the Principal Deficiency Ledger relating to the Class

F Notes (the **Class F Principal Deficiency Sub-Ledger**) each a **Principal Deficiency Sub-Ledger**). Any Principal Addition Amounts will be recorded on the date such Principal Addition Amounts are determined by the Cash Manager, any drawing under the Liquidity Reserve Fund to fund a Senior Revenue Amount will be recorded on the Interest Payment Date that amount standing to the credit of the Liquidity Reserve Fund is applied in accordance with Pre-Enforcement Revenue Priority of Payments and any Losses on the Portfolio will be recorded on the date that the Cash Manager is informed of such Losses by the Servicer, and will each be recorded as a debit: (a) first, to the Class F Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class F Notes; (b) second, to the Class E Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class E Notes; (c) third, to the Class D Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class D Notes; (d) fourth, to the Class C Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes; (e) fifth, to the Class B Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes; and (f) sixth, to the Class A Principal Deficiency Sub-Ledger up to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes. Investors should note that realised Losses in any period will be calculated after applying any recoveries following enforcement of a Loan 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 (g), (i), (k), (m), (o) and (q) of the Pre-Enforcement Revenue Priority of Payments (if any) (which amounts shall, for the avoidance of doubt, thereupon become Available Principal Receipts).

6. MSA Warranty Indemnity Amounts and MSA Warranty Rebates

A ledger will be established to record any MSA Warranty Indemnity Amounts due by the Seller in accordance with the Mortgage Sale Agreement (the **MSA Warranty Claims Ledger**). Any MSA Warranty Indemnity Amounts will be recorded as a debit on the MSA Warranty Claims Ledger by the Cash Manager on the date that the Cash Manager is informed by the Seller or the Issuer that such payments are due. The Cash Manager will record as a credit to the MSA Warranty Claims Ledger (i) any Available Revenue Receipts applied pursuant to items (g), (i), (k), (m), (o) and (q) of the Pre-Enforcement Revenue Priority of Payments in respect of such MSA Warranty Indemnity Amounts or (ii) any MSA Warranty Payments made by the Seller (with a corresponding debit being made to the Seller MSA Rebate Ledger in respect of this item (ii)).

A ledger will be established to record any MSA Warranty Payments made by the Seller to the Issuer in accordance with the Mortgage Sale Agreement (the **Seller MSA Rebate Ledger**). Any MSA Warranty Payments will be recorded as a debit on the Seller MSA Rebate Ledger by the Cash Manager on the date that such amount is deposited in the Transaction Account (with a corresponding credit being made to the MSA Warranty Claims Ledger). The Cash Manager will record as a credit to the Seller MSA Rebate Ledger any MSA Warranty Rebate paid pursuant to item (s) of the Pre-Enforcement Revenue Priority of Payments, item (j) of the Pre-Enforcement Principal Priority of Payments or item (i) of the Post-Enforcement Priority of Payments, as applicable.

MSA Warranty Indemnity Amount means any amounts which the Issuer is entitled to claim (following any applicable grace periods) from the Seller in respect of any representations, warranties, undertakings, covenants and indemnities provided to the Issuer by the Seller in respect of the relevant Loan and Related Security pursuant to the Mortgage Sale Agreement;

MSA Warranty Payment means any amounts which the Seller pays to the Issuer in respect of the MSA Warranty Indemnity Amount due pursuant to the Mortgage Sale Agreement;

MSA Warranty Rebate means the amount paid by the Issuer pursuant to the Priority of Payments to compensate the Seller for any MSA Warranty Payment not previously compensated.

7. 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 the Issuer has insufficient Available Revenue Receipts to make payment in full of all amounts of interest (including any accrued interest thereon) due on the Notes or the Class X Payment in respect of the Class X Certificate, 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*) and Certificate Condition 18 (*Subordination by Deferral*), as applicable, to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as the relevant Class of Notes or Certificates becomes due and repayable in full in accordance with the Conditions or Certificate Conditions. 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 Notes) within any applicable grace period in accordance with the 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 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) 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 not covered by (g) below; (e) the proceeds of any Loan Repurchase attributable to interest; (f) the proceeds of any payment by the Seller to the Issuer under the Mortgage Sale Agreement (other than in relation to a Loan Repurchase); 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 Calculation Period; (ii) if representing MSA Warranty 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 Note Trustee;
- (b) interest payable to the Issuer on the Issuer Accounts and received in the immediately preceding Calculation 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 Fund Ledger and the General Reserve Fund Ledger and amounts withheld by the Paying Agent from payments of Payment Amounts under the Certificates on a previous Interest Payment Date;
- (d) other net income of the Issuer received during the immediately preceding Calculation Period, excluding any Principal Receipts;
- (e) Principal Addition Amounts to be applied as Available Revenue Receipts in accordance with item (c) 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 6.9 (*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 paragraphs (e) and (h) of this 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) of this definition of Available Revenue Receipts) to do so) to pay Senior Revenue Amounts; and
- (i) any Available Principal Receipts to be applied as Available Revenue Receipts pursuant to item (o) of the Pre-Enforcement Principal Priority of Payments;

less

- (j) amounts applied from time to time during the immediately preceding Calculation 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 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 fees under the Relevant Servicing and Legal Title Holder Deed in accordance with items (b)(iv) of the Pre-Enforcement Revenue Priority of Payments and not otherwise covered by the items below (the **Servicer Expenses Amount**);
 - (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 amounts 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 that are 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 (during the Collection Account Migration Period) the Original Legal Title Holder or (following the Transfer Date) New Legal Title Holder; 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 (j) being collectively referred to herein as **Permitted Withdrawals**);

- (k) any tax payments paid or payable by the Issuer during the immediately preceding Calculation Period to the extent not funded from amounts standing to the credit of the Issuer Profit Ledger;
- (l) (taking into account any amount paid by way of Permitted Withdrawals) amounts to remedy any overdraft in relation to the Collection Accounts of (during the Interim Period) the

Original Legal Title Holder or (following the Transfer Date) the New Legal Title Holder, or to pay any amounts due to the Collection Account Bank in respect of the Loans.

Calculation Period means, as at any date of determination, the immediately preceding three Collection Periods and in the case of the first Calculation Period, the period from (and including) 1 October 2019 to (but excluding) 1 January 2020.

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 Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes in full, if the Cash Manager calculates that there will be a Revenue Shortfall on the immediately following Interest Payment Date, then pursuant to item (c) 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 to cure such a Revenue Shortfall on such Interest Payment Date.

If any Principal Addition Amounts are applied to any Class of Notes on any Interest Payment Date in accordance with item (c) 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) (a) for so long as Pepper (UK) Limited is the Servicer, the Servicing Fee (up to the Senior Fee Cap), together with any fees, costs, charges, liabilities and expenses then due and with any VAT (if payable) thereon as provided for in the Relevant Servicing and Legal Title Holder Deed or (b) where Pepper (UK) Limited is not the Servicer, any remuneration then due and payable to the replacement Servicer together with any fees, costs, charges, liabilities and expenses then due to such replacement Servicer under the provisions of the replacement Relevant Servicing and Legal Title Holder Deed, together with VAT (if payable) thereon as provided therein;
 - (v) any remuneration then due and payable to the New Legal Title Holder from the Transfer Date and any fees, costs, charges, liabilities and expenses then due to it under the provisions of the Long-Term Servicing and Legal Title Holder Deed, together with (if payable) VAT thereon as provided therein;
 - (vi) 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;
 - (vii) any remuneration then due and payable to the Original Legal Title Holder Corporate Services Provider and any fees, costs, charges, liabilities and expenses then due to it under the provisions of the Original Legal Title Holder 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 Declarations of Trust, together with (if applicable) VAT thereon as provided therein; and
 - (x) any remuneration then due and payable to the Servicer Facilitator and any fees, costs, charges, liabilities and expenses then due to it under the provisions of the Administration 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 item (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*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts due and payable on the relevant Interest Payment Date in respect of:
 - (i) any interest due on the Class A Notes; and
 - (ii) the Class X Certificate Payment due on the Class X Certificate;
- (f) *sixth*, on any Interest Payment Date following the LRF Principal Top-Up Event, to credit the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (g) *seventh*, (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);
- (h) *eighth*, 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;
 - (i) *ninth*, (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);
 - (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 credit the General Reserve Fund up to the General Reserve Fund Required Amount;

- (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 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;
- (s) *nineteenth*, to provide for any MSA Warranty Rebate due and remaining unpaid to the Seller until amounts outstanding on the Seller MSA Rebate Ledger have been reduced to zero;
- (t) *twentieth*, to pay any amounts due to the Lead Manager under the Subscription Agreement;
- (u) *twenty-first*, to pay any costs and expenses of the Issuer (including the Subordinated Servicing Fee) which remain unpaid following the application of Available Revenue Receipts pursuant to item (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 Class Y Certificate Payment on the Class Y Certificates Payment (which shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations under items (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.,

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**); and
- (b) the amount of such underpayment has been agreed between the Borrower and the relevant Legal Title Holder;

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 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 estimated as having been received in respect of the Mortgage Portfolio during the period from (and excluding) the Cut-Off Date to (and including) the Closing Date as determined by the Seller (based solely on information provided by the 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 excluding) the Cut-off Date to (and including) the Closing Date as determined by the Seller (based solely on information provided by the Servicer) on the Closing Date.

Early Repayment Charge means any charge (other than a Redemption Fee) which a Borrower is required to pay in the event that he or she repays all or any part of the relevant Loan before a specified date in the Mortgage Conditions.

Interest Period means the period from (and including) an Interest Payment Date (except in the case of the first Interest Period, which shall commence on (and include) the Closing Date) to (but excluding) the next following Interest Payment Date.

Loan Repurchase means the Repurchase Price paid by the Seller to the Issuer under the MSA in respect of any Flexible Drawing, Further Advance or Port, but does not include the Repurchase Price paid by the Seller to the Issuer in respect of any repurchase of a Flexible Drawing, Further Advance or Port which has been repurchased as a result of a Loan Warranty breach.

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.

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.

Overpayment means, in respect of any Loan, any additional amounts of principal receipts received in a month above the regular, scheduled Contractual 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.

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) the proceeds of any Loan Repurchase attributable to principal;
- (f) any other payment received by the Issuer in the nature of principal;

less

- (g) 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.

Redemption Fee means the standard redemption fee charged to the Borrower by the Servicer pursuant to the applicable tariff of charges or as approved by the relevant Legal Title Holder where the Borrower makes a repayment of the full outstanding principal of a Loan on the maturity date of such Loan.

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), (h), (j), (l) and (n) of the Pre-Enforcement Revenue Priority of Payments.

Shortfall Proceeds means in respect of a Mortgage Loan which has been subject to enforcement proceedings, and following completion of such enforcement proceedings there were insufficient proceeds received to repay all amounts owed by the Borrower under the relevant Mortgage Loan in full (such amount being the **Shortfall**), any proceeds subsequently received in respect of that Shortfall whether in respect of principal, interest or other amounts.

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 received by or on behalf of the Issuer during the immediately preceding Calculation Period;
- (b) the amounts (if any) calculated on the Calculation Date preceding that Interest Payment Date pursuant to the Pre-Enforcement Revenue Priority of Payments, to be the amount by which

the debit balance of each of the Class A Principal Deficiency Sub-Ledger and/or the Class B Principal Deficiency Sub-Ledger and/or the Class C Principal Deficiency Sub-Ledger and/or the Class D Principal Deficiency Sub-Ledger and/or the Class E Principal Deficiency Sub-Ledger and/or the Class F Principal Deficiency Sub-Ledger is to be reduced on that Interest Payment Date by the application of Available Revenue Receipts;

- (c) on each Interest Payment Date following a Calculation Period, any Reconciliation Amounts deemed to be Available Principal Receipts in accordance with Condition 6.9 (*Determinations and Reconciliation*);
- (d) principal from any Authorised Investments to be received on or prior to the Calculation Date;
- (e) if all Notes are being redeemed in accordance with Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) or Condition 8.4 (*Optional Redemption of the Notes in full*) on the relevant Interest Payment Date, then all amounts standing to the credit of the Liquidity Reserve Fund;
- (f) after the application of any amounts standing to the credit of the Liquidity Reserve Fund in accordance with item (h) of the definition of Available Revenue and the application of Available Revenue Receipts to pay Senior Revenue Amounts, all amounts equal to the Liquidity Reserve Fund Excess Amount;
- (g) following redemption in full of the Class E Notes, all amounts standing to the credit of the General Reserve Fund; and
- (h) following the service of an Enforcement Notice, all amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund.

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*, on and from the Interest Payment Date on which the Liquidity Reserve Fund Trigger Event occurs, and until the LRF Principal Top-Up Event has occurred, to fund the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (b) *second*, on the Interest Payment Date immediately succeeding the Interest Payment Date on which the LRF Principal Top-Up Event occurs, to fund the Liquidity Reserve Fund Required Amount (but only after taking into account funds applied in connection with item (f) of the Pre-Enforcement Revenue Priority of Payments);
- (c) *third*, 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 items (h), (j), (l) and (n) of the Pre-Enforcement Revenue Priority of Payments if the relevant PDL Condition applies;

- (d) *fourth*, 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;
- (e) *fifth*, 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;
- (f) *sixth*, 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;
- (g) *seventh*, 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;
- (h) *eighth*, 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;
- (i) *ninth*, 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;
- (j) *tenth*, to provide for any MSA Warranty Rebate due and remaining unpaid to the Seller until amounts outstanding on the Seller MSA Rebate Ledger have been reduced to zero;
- (k) *eleventh*, in or towards repayment, *pro rata* and *pari passu*, of principal amounts outstanding on the Class R Notes until the Principal Amount Outstanding on the Class R Notes has been reduced to zero; and
- (l) *twelfth*, 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; and (iv) for so long as the Class E Notes are not the Most Senior Class of Notes, the Class E 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 or the Class E Notes (respectively), and **relevant PDL Condition**, in each case as calculated following the application of Available Revenue Receipts, except paragraph (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 their 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 their 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) 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) (A) for so long as Pepper (UK) Limited is the Servicer, the Servicing Fee (up to the Senior Fee Cap) together with any fees, costs, charges, liabilities and expenses then due and with any VAT (if payable) thereon as provided for in the Relevant Servicing and Legal Title Holder Deed or (B) where Pepper (UK) Limited is not the Servicer, any remuneration then due and payable to the replacement Servicer together with any fees, costs, charges, liabilities and expenses then due to such replacement Servicer under the provisions of the replacement Servicing and Legal Title Holder Deed, together with VAT (if payable) thereon as provided therein;
 - (v) any remuneration then due and payable to the New Legal Title Holder from the Transfer Date and any fees, costs, charges, liabilities and expenses then due to it under the provisions of the Long-Term Servicing and Legal Title Holder Deed, together with (if payable) VAT thereon as provided therein;
 - (vi) 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;

- (vii) any remuneration then due and payable to the Original Legal Title Holder Corporate Services Provider and any fees, costs, charges, liabilities and expenses then due to it under the provisions of the Original Legal Title Holder 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 and payable to the Issuer Account Bank under the provisions of the Bank Account Agreement, together with VAT (if payable) 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 the Collection Account Bank under the provisions of the Collection Account Declarations of Trust, together with VAT (if applicable) thereon as provided therein; and
 - (x) any remuneration then due and payable to the Servicer Facilitator and any fees, costs, charges, liabilities and expenses then due to the Servicer Facilitator under the provisions of the Administration 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 to the amounts of interest on the Class A Notes and, 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 any other amounts due in respect of the Class A Notes which has accrued but is unpaid on the date of the Enforcement Notice and any Class X Certificate Payment which has accrued but is unpaid on the date of the Enforcement Notice;
- (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 provide for any MSA Warranty Rebate due and remaining unpaid to the Seller until amounts outstanding on the Seller MSA Rebate Ledger have been reduced to zero;

- (j) *tenth*, to pay any amounts due to the Lead Manager under the Subscription Agreement;
- (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 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;
- (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 (but only to the extent not capable of being satisfied out of amounts standing to the credit of the Issuer Profit Ledger or amounts retained by the Issuer under item (m) below);
- (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 Class Y Certificates Payment (which shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations ranking items (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 Regulation 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 or their participants. Beneficial interests in a Regulation 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 Regulation 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 Lead Manager. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

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 one or more other QIBs. 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*" below).

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 "*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 Lead Manager, 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 Elavon Financial Services DAC, 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, 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 means (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 and (ii) where the Notes are in definitive registered form, shall be the date falling 15 days prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer (including the Cash Manager or a Paying Agent), the Arranger, the Lead Manager, the Note Trustee or the Security Trustee will have any responsibility or liability for any aspect of the records relating to or for 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 a lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provide various services, including safekeeping, administration, clearance and settlement of internationally traded securities, and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer, the Note Trustee or the Security Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or to 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 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 Regulation 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 Regulation 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 Regulation 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 Regulation 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 Regulation 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 Regulation 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 Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Regulation 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 Regulation 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 – Risks relating to the Characteristics of the Notes – Registered Definitive Notes and denominations in integral multiples*".

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

While any Class of Notes is 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 such 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 Euronext Dublin 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 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 Certificates with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that 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 ICSD 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 ICSD 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 outstanding of the issue amount through their records. The Issuer ICSD 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, S.A. (**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 Lead Manager. Ownership of Certificate Book-Entry Interests will be shown on, and transfers of Certificate Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Certificate Book-Entry Interests.

So long as the nominee 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 and the Variable Funding 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 entitled "*Action in respect of the Global Certificates and the Certificate Book-Entry Interests*" below.

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 Certificate 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 entitled "*Transfer 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 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 to continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Arranger, the Lead Manager, the Note Trustee, the Security Trustee, 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 the 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, Euroclear and Clearstream, Luxembourg will determine the identity of the Participants for the purposes of making payments under the Certificates. The **Record Date** in respect of the Certificates shall be as at the close of business on the Business Day prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Certificate Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Lead Manager, the Note Trustee or the Security Trustee, 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 the lack of simultaneous transfers of securities.

- Euroclear and Clearstream, Luxembourg provide various services, including the safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing.
- Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.
- Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.
- An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that, under existing industry practices, if any of the Issuer, the Note Trustee or the Security Trustee requests any action of owners of Certificate Book-Entry Interests or if an owner of a Certificate Book-Entry Interest desires to give instructions or to 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 entitled "*General*" above, 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 Certificate Condition 15 (*Notice to Certificateholders*)). The Note Trustee

may, in accordance with Certificate 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 £153,244,000 Class A mortgage backed floating rate notes due January 2042 (the **Class A Notes**), £5,993,000 Class B mortgage backed floating rate notes due January 2042 (the **Class B Notes**), the £4,281,000 Class C mortgage backed floating rate notes due January 2042 (the **Class C Notes**), the £2,568,000 Class D mortgage backed floating rate notes due January 2042 (the **Class D Notes**), the £1,712,000 Class E mortgage backed floating rate notes due January 2042 (the **Class E Notes** and together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the **Rated Notes**), the £3,424,000 Class F mortgage backed floating rate notes due January 2042 (the **Class F Notes**, and together with the Rated Notes, the **Floating Rate Notes**) and the £2,568,000 Class R mortgage backed zero rate notes due January 2042 (the **Class R Notes**, together with the Floating Rate Notes, the **Notes**) in each case of Kentmere No. 2 plc (the **Issuer**) are constituted by a trust deed (the **Trust Deed**) dated 22 October 2019 (the **Closing Date**) and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Noteholders (in such capacity, the **Note Trustee**). Any reference in these terms and conditions (the **Conditions**) to a Class of Notes or of Noteholders shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class R 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 Class X Certificate or the Class Y 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 U.S. Bank Trustees Limited as trustee for the Secured Creditors (in such capacity, the **Security Trustee**).

Pursuant to an agency agreement (the **Agency Agreement**) dated on or prior to the Closing Date and made between, among others, the Issuer, the Note Trustee and Elavon Financial Services DAC, UK Branch as principal paying agent (in such capacity, the **Principal Paying Agent** and, together with any further or other paying agent appointed under the Agency Agreement, the **Paying Agent**), Elavon Financial Services DAC, UK Branch as registrar (in such capacity, the **Registrar**) and Elavon Financial Services DAC, UK Branch as agent bank (in such capacity, the **Agent Bank**), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and a master definitions and construction schedule (the **Master Definitions and Construction Schedule**) entered into by, among others, the Issuer, the Note Trustee and the Security Trustee on the Closing Date and the other Transaction Documents (as defined therein).

Physical copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions and Construction Schedule and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of the Paying Agent. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

2. INTERPRETATION

2.1 Definitions

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule available as described above.

2.2 Interpretation

These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions and Construction Schedule.

3. FORM, DENOMINATION AND TITLE

3.1 Form and Denomination

Each Class of Notes will initially be represented by a global note certificate in registered form (a **Global Note**).

For so long as any of the Notes are represented by a Global Note, transfers and exchanges of beneficial interests in such Global Note and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of, with respect to the Rule 144A Global Notes, and with respect to the Regulation S Global Notes, Euroclear Bank S.A./N.V. (**Euroclear**) or Clearstream Banking, S.A. (**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 (**Regulation 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 **Regulation 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 Regulation 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 Regulation 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 Regulation 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 and Class X Certificate 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, and (in relation to the Class X Certificate) ranks *pari passu* with the Class X Certificate Payments, 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**) and in respect of the Class X Certificate, the interests of the person who for the time being is registered in the Register in as holder of the Class X Certificate (the **Class X Certificateholder**) 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 and the Class X Certificate, 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 and the Class X Certificateholder (so long as any Class A Notes or Class X Certificate 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, the Class X Certificate 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, the Class X Certificateholder and the Class B Noteholders (so long as any Class A Notes and/or any Class X Certificate and/or any Class B Notes remain outstanding).
- (d) The Class D Notes constitute direct, secured and (subject to the limited recourse provision in Condition 12.4 (*Limited Recourse*) and Condition 17 (*Subordination by Deferral*))) unconditional obligations of the Issuer. The Class D Notes rank *pari passu* without

preference or priority among themselves in relation to payment of interest and principal at all times, subordinate to the Class A Notes, the Class X Certificate, the Class B Notes and the Class C Notes, as provided in these Conditions and the Transaction Documents. Accordingly, the interests of the persons who for the time being are registered in the Register as holders of the Class D Notes (the **Class D Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class X Certificateholder, the Class B Noteholders and the Class C Noteholders (so long as any Class A Notes and/or any Class X Certificateholder 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 X Certificate, 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 X Certificateholder, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders (so long as any Class A Notes and/or any Class X Certificate 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 X Certificate 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 X Certificateholder, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders (so long as any Class A Notes and/or any Class X Certificate 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 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 X Certificate, 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 R Notes (the **Class R Noteholders**) will be subordinated to the interests of each of the Class A Noteholders, the Class X Certificateholder, 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 X Certificate 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 Y Certificates constitute direct, secured and (subject to the limited recourse provisions in Certificate Condition 12.4 (*Limited Recourse*))) unconditional obligations of the Issuer. The Class Y Certificates rank *pari passu* without preference or priority among

themselves in relation to the payment of the Certificates 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 and the Class R Notes as provided in these Conditions and the Transaction Documents. Accordingly, the Class Y 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 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 R Notes remain outstanding).

- (i) The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of holders of each Class of the Notes, and each Class of Certificates (and at all times have regard to and subject always to the Class Y Certificate Entrenched Rights, Class X Certificate Entrenched Right and the Retained Interest Entrenched Rights) 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 and at all times have regard to and subject always to the Class Y Certificate Entrenched Rights, the Class X Certificate Entrenched Rights and the Retained Interest Entrenched Rights) 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.
- (j) The Trust Deed and the Deed of Charge also contain provisions limiting the powers of any Class of Noteholders or Class of Certificateholders to pass an effective Extraordinary Resolution, Class Y Certificate Entrenched Rights, Class X Certificate Entrenched Right or Retained Interest Entrenched Rights 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, Class Y Certificate Entrenched Rights, Class X Certificate Entrenched Rights and the Retained Interest Entrenched Rights) 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.
- (k) The Retained Interest Holder will not be entitled to convene, count in the quorum or pass resolutions (including Extraordinary Resolutions and Ordinary Resolutions). Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding on the Retained Interest Holder (other than any resolutions in respect of a Retained Interest Entrenched Right unless the Retained Interest Holder has consented) if passed in accordance with the Conditions.
- (l) Subject to the Class X Certificate Entrenched Rights, the Class X Certificate Holders will not be entitled to convene, count in the quorum or pass resolutions (including Extraordinary Resolutions and Ordinary Resolutions). Any Ordinary Resolution or Extraordinary Resolution in respect of a Class X Certificate Entrenched Right will not be binding unless the Class X Certificate Holders have consented in writing.

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 R Notes) bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (save for the Class R 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 R 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 R Notes). The first Interest Payment Date (other than in respect of the Class R Notes) will be the Interest Payment Date falling in January 2020. No interest will be payable in respect of the Class R Notes.
- (b) In these Conditions, **Interest Payment Date** means the 28th day of January, April, July and October in each year (or, if such day is not a Business Day, the immediately following Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not)).
- (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 (other than the Class R 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 Notes (each a **Floating Rate of Interest**) and any Interest Period will be determined on the basis of the following provisions:
 - (i) Subject to paragraph (ii) below, the Agent Bank will determine the Compounded Daily SONIA as at the Interest Determination Date (as defined below) in question. The Rates of Interest for the relevant Interest Period shall be the aggregate Compounded Daily SONIA plus the Relevant Margin.
 - (ii) Notwithstanding the provisions of these Conditions, in the event the Bank of England publishes guidance as to (A) how the SONIA Reference Rate is to be determined or (B) any rate that is to replace the SONIA Reference Rate, the Agent Bank shall, and to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA for the purpose of the Notes for so long as the SONIA Reference Rate is not available or has not been published by the authorised distributors.
 - (iii) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Agent Bank, the Rate of Interest shall be (A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Relevant Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Relevant Margin relating to the relevant Interest Period in place of the Relevant Margin relating to that last preceding Interest Period) or (B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the relevant Class of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) that first Interest Payment Date (but applying the Relevant Margin applicable to the first Interest Period).

In the event that the Rate of Interest is less than zero per cent., the Rate of Interest shall be deemed to be zero per cent. There will be no maximum Rate of Interest on the Notes.

No interest will be payable on the Class R Notes.

- (c) The Margin on the Floating Rate 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) **Affiliate** means, in relation to any person (A) a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company; or (B) any other person that controls, is controlled by, or is under common control with such person;
 - (ii) **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;
 - (iii) **First Optional Redemption Date** means the Interest Payment Date falling in October 2024;
 - (iv) **Holding Company** means, in relation to a person, any other person in respect of which it is a Subsidiary;

outstanding, the Class Y Certificates (for the avoidance of doubt, the Class X Certificates shall not at any time constitute the Most Senior Class);

- (ix) **Observation Period** means the period from and including the date falling five London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Issue Date) and ending on, but excluding, the date falling five London Banking Days prior to the Interest Payment Date for such Interest Period (or, if applicable, the date falling five London Banking Days prior to any such earlier date, if any, on which the Notes become due and payable);
- (x) **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 8.10 (*Cancellation on redemption in full*) 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 or an electronic consent as envisaged by paragraph 1 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 (*Actions, Proceedings and Indemnification*) and Schedule 1 (*Form of the Regulation S Global Note*) and Schedule 2 (*Form of the Rule 144A Global Notes*) to the Trust Deed and Condition 11 (*Events of Default*), Condition 12 (*Enforcement*) and Condition 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) (i) (including, without limitation, the Retained Interest) which are for the time being held by or on behalf of or for the benefit of the Retention Holder, the Seller or any Affiliate thereof or (ii) which are for the time being held by or on behalf of or for the benefit of any person or party acting in concert with any party referred to in paragraph (i) above (each entity referred to in paragraphs (i) and (ii) above a **Relevant Person**), shall (unless until ceasing to be so held) be deemed not to remain outstanding. For these purposes, (a) one or more persons or parties shall be **acting in concert** if one person or party, pursuant to any agreement, understanding or undertaking (in whatever form and whether written or oral) agrees to vote on any proposed Ordinary Resolution or Extraordinary Resolution as directed by, or in a manner pre-agreed with, the other or others and (b) for the avoidance of doubt, any consultation or agreement entered into in accordance with customary processes in the bond market (including, without limitation, as part of any bondholder committee) with a Relevant Person that is on an arm's length basis, where the holder of the Notes or Certificates is acting independently and in its own interests, will not be regarded as acting in concert, and provided further that where all of the Notes of any Class 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). The Retained Interest Holder does not have voting or consent rights other than in respect of the Retained Interest Entrenched Rights.

- (xi) **Quarterly Collection Date** means the first day of January, April, July and October;
- (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) **Reuters Screen SONIA Page** means Reuters Screen SONIA Page or such other page as may replace Reuters Screen SONIA on that service for the purpose of displaying such information or if that service ceases to display such information, such page as displays such information on such service as may replace such screen;
- (xiv) **Servicer Report** means a report to be provided by the Servicer no later than the tenth 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) from and including November 2019 in accordance with the terms of the Relevant Servicing and Legal Title Holder Deed and detailing, *inter alia*, the information relating to the Portfolio necessary to produce the Investor Reports; and

- (xv) **Compounded Daily SONIA** means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the Interest Determination Date in question, as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005% being rounded upwards:

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SONIA_{i-5LBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

d is the number of calendar days in the relevant Interest Period;

do is the number of London Banking Days in the relevant Interest Period;

i is a series of whole numbers from one to do, each representing the relevant Business Day in chronological order from, and including, the first Business Day in the relevant Interest Period to, but excluding, the last London Banking Day in such Interest Period;

LBD means a London Banking Day;

London Banking Day means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

ni, for any day "i", means the number of calendar days from and including such day "i" up to but excluding the following London Banking Day; and

SONIA_{i-5LBD} means in respect of any London Banking Day falling in the relevant Interest Period, the SONIA Reference Rate for the London Banking Day falling five Business Days prior to that Business Day "i".

- (xvi) **SONIA Reference Rate** means in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate for such London Banking Day as provided by the administrator of SONIA to, and published by, authorised distributors of the rate as of 9:00 a.m. London time on the Reuters Screen SONIA Page or, if the Reuters Screen SONIA Page is unavailable, as otherwise published by such authorised distributors (on the London Banking Day immediately following such Business Day).

If, in respect of any London Banking Day in the relevant Observation Period, the Agent Bank determines that the SONIA Reference Rate is not available on the Reuters Screen SONIA Page or has not otherwise been published by the relevant authorised distributors, such SONIA Reference Rate shall be: (A) the Bank of England's Bank Rate (the Bank Rate) prevailing at close of business on the relevant London Banking Day; plus (B) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest

spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate.

- (xvii) **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.

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 Notes as calculated in accordance with Condition 6.3 (*Rate of Interest*), (in each case a **Step-Up Margin**). In respect of the First Optional Redemption Date only, the Step-Up Margin shall not apply if the Notes are redeemed on such date in accordance with Condition 8.4 (*Optional Redemption of the Notes in full*).

6.5 Determination of Floating Rates of Interest and Floating Interest Amounts

- (a) In relation to the Notes, the Agent Bank shall, as soon as practicable after 11am (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 Notes for the relevant Interest Period if the Floating Rate of Interest applies to such Notes.
- (b) The Floating Interest Amounts shall, in respect of a Class of Floating Rate Notes, be determined by applying the relevant Floating Rate of Interest to the Principal Amount Outstanding of such Class of Floating Rate 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 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, by the Agent Bank will (in the absence of manifest error) be binding on the Issuer, the Note Trustee, the Agent Bank, the Registrar, the Paying Agents and all Noteholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Issuer or the Noteholders shall attach to the Cash Manager or the Agent Bank in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 6.

6.8 Agent Bank

The Issuer shall procure that, so long as any of the Notes remain outstanding, there is at all times an agent bank for the purposes of the Notes. The Issuer may, subject to the prior written approval of the Note Trustee, terminate the appointment of the Agent Bank and shall, in the event of the appointed office of any bank being unable or unwilling to continue to act as the agent bank or failing duly to determine the 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.

6.9 Determinations and Reconciliation

- (a) In the event that the Cash Manager does not receive all three Servicer Reports to be delivered by the 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 paragraph (b) below. 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 paragraph (b)(i) below. Any: (i) calculations properly made on the basis of such estimates in accordance with paragraph (b) and/or paragraph (b)(i) below; (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 paragraph (b) and/or paragraph (b)(i) below, 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 paragraph (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 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 (**FATCA**). Noteholders will not be charged commissions or expenses on payments.

7.3 Payment of Interest following a Failure to pay Principal

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 6.1 (*Accrual of interest*) and Condition 6.3 (*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 January 2042 (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; and
- (vii) to repay the Class R Notes until they are each repaid in full,

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 paragraph (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 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 Euronext Dublin and admitted to trading on its Regulated Market) Euronext Dublin, 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 or Certificates,

then the Issuer shall, if the same would avoid the effect of such relevant event described in paragraph (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 paragraph (a) or (b) above is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution, then the Issuer may, on any Interest Payment Date and having given not more than 60 nor less than 30 days' notice (or, in the case of an event described in 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*) (subject to the Portfolio Option Holder's right to exercise the Portfolio Purchase Option), 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 (A) one or more of the circumstances referred to in paragraph (a) or (b) above prevail(s), (B)

setting out details of such circumstances and (C) 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 and rely upon such certificate and opinion without any enquiry or liability as sufficient evidence of the satisfaction of the circumstance set out in paragraph (ii) 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 (including, for the avoidance of doubt, an amount sufficient to reduce any debit balance of the MSA Warranty Claims Ledger to zero when applied in accordance with the applicable Priority of Payments), 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 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 Notes on such Optional Redemption Date (including, for the avoidance of doubt, an amount sufficient to reduce any debit balance of the MSA Rebate Ledger to zero when applied in accordance with the applicable Priority of Payments) (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 20 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 relevant Optional Redemption Date in accordance with Condition 8.4 (*Optional Redemption of the Notes in full*) with the result that the Notes will be redeemed in full in accordance with this Condition 8.5.
- (b) Any Note redeemed pursuant to paragraph (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 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 or the Seller (or any of their delegates) 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*) (subject to the Portfolio Option Holder's right to exercise the Portfolio Purchase Option), (ii) the Note Trustee and (iii) the Notes will be redeemed on the Interest Payment Date immediately following the exercise of such option by the Retention Holder or the Seller (or any of their delegates), 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 (including, for the avoidance of doubt, an amount sufficient to reduce any debit balance of the MSA Warranty Claims Ledger to zero when applied in accordance with the applicable Priority of Payments) (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 paragraph (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:

- (i) 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; or
- (ii) in respect of the Retention Holder, results in the Retention Holder no longer being able to qualify as an eligible retainer of the Retained Interest for purposes of the Risk Retention Requirements; and the Retention Holder is not able to transfer the Retained Interest to one of its affiliates without violating the Risk Retention Requirements or any other applicable law, or incurring any additional material costs or obligations in connection with any such transfer, in any case, as determined by the Retention Holder, in its sole discretion.

Risk Retention Regulatory Change Option means the option of the Retention Holder to acquire all but not some of the Portfolio, following a Risk Retention Regulatory Change Event; provided that if the Retention Holder has not exercised the Risk Retention Regulatory Change Option, then the Seller may exercise the option to acquire all but not some of the Portfolio.

Risk Retention Requirements means Article 6 of the Securitisation Regulation, and any replacement thereof or the U.S. Credit Risk Retention Requirement.

U.S. Credit Risk Retention Requirements means Section 15G 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 £153,244,000, in respect of the Class B Notes of £5,993,000, in respect of the Class C Notes of £4,281,000, in respect of the Class D Notes of £2,568,000, in respect of the Class E Notes of £1,712,000, in respect of the Class F Notes of £3,424,000 and , in respect of the Class R Notes of £2,568,000, 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 absolutely and without enquiry 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 reissued.

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, Servicer Administrator, the Issuer Account Bank, the 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 Notes and the default continues for: (i) a period of seven Business Days in the case of principal or (ii) 14 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 Certificate Conditions or any Transaction Document to which it is a party which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the failure continues for a period of 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 the Most Senior Class of Notes; 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 the Most Senior Class of Notes, 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 Certificate 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 (i) the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a 60 day period and such failure shall be continuing or (ii) the Note Trustee is unable to do so and such inability is 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. Any proceeds received by a Noteholder pursuant to any such proceedings shall be paid to the Note Trustee promptly following receipt thereof for application pursuant to the applicable Priority of Payment.

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) The Trust Deed also provides that, notwithstanding any other provision of the Conditions, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver that relates to a Class Y Certificate Entrenched Right, Class X Certificate Entrenched Right or a Retained Interest Entrenched Right unless the Class Y Certificate Holder, the Class X Certificate Holder or the Retained Interest Holder (as applicable) has consented in writing to such modification or waiver.
- (c) 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 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 or Class R Notes then outstanding, the Class Y Certificates. The Class X Certificates shall not at any time constitute the Most Senior Class).

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 outstanding or in issue, as applicable (unless the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of the 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 (*Rate of Interest*) or the consent of the Retained Interest Holder, the Class Y Certificate Holder or the Class X Certificate Holder is required (as described below):
 - (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 it has 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, the Class X Certificate Holders 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;
 - (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 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;
 - (iv) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on the Class Y Certificate Holder other than any resolution in respect of Class Y Certificate Entrenched Rights which shall only be binding on the Class Y Certificate Holder if the Class Y Certificate Holder has consented to such modification or waiver;
 - (v) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on the Class X Certificate Holder other than any resolution in respect of Class X Certificate Entrenched Rights which shall only be binding on the Class X Certificate Holder if the Class X Certificate Holder has consented to such modification or waiver; and
 - (vi) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on the Retained Interest Holder other than any resolution in respect of Retained Interest Entrenched Rights which shall only be

binding on the Retained Interest Holder if the Retained Interest Holder has consented to such modification or waiver.

- (b) The Trust Deed also provides that, notwithstanding any other provision of the Conditions, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver which is adverse to the Retained Interest where a corresponding modification or waiver is not made which affects the other Classes of Notes (the **Retained Interest Entrenched Rights**), unless the Retained Interest Holder has consented to such modification or waiver.
- (c) The Trust Deed also provides that, notwithstanding any other provision of the Conditions, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver which is adverse to the Class Y Certificates (and whether or not the interests of the Class Y Certificate Holder align with the interests of the holders of the relevant Class or Classes and/or the Certificates) (the **Class Y Certificate Entrenched Rights**), unless the Class Y Certificate Holder has consented to such modification or waiver.
- (d) The Trust Deed also provides that, notwithstanding any other provision of the Conditions, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver that relates to a Class X Certificate Entrenched Right, unless the Class X Certificate Holder has consented in writing to such modification or waiver.
- (e) 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 (other than (i) the Class X Certificate Holder unless the matter is also a Class X Certificate Entrenched Right or (ii) the Retained Interest Holder unless the matter is also a Retained Interest Entrenched Right), or the Note Trustee is of the opinion that it would not be materially prejudicial to the 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).
- (f) 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 **provided that** any amendment made in accordance with Condition 13.6 shall not constitute 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 affected Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable. For the avoidance of doubt, a proposal to sanction a reduction in the principal amounts due on a Class of Notes or any Class X Certificate Payment or Class Y Certificate Payment shall require the sanction of the holders of the relevant Class of Notes or Certificates to be so reduced, and shall not require the consent of other Classes of Notes or Certificates.
- (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 affected Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable.

- 13.4 The Note Trustee may or, in the case of paragraph (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 (other than in respect of a Basic Terms Modification, Class Y Certificate Entrenched Right, Class X Certificate Entrenched Right or Retained Interest Entrenched Right):
- (a) to the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee will not be materially prejudicial to the interests of the Noteholders of any Class or the interests of the Certificateholders of any Class, or the Note Trustee or the Security Trustee; or
 - (b) to the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note 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 any Collection Account in the name of the 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 (including, for the avoidance of doubt, any new appointment made thereunder) 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 (including, for the avoidance of doubt, any new appointment made thereunder) which, in the sole opinion of the Note Trustee or the Security Trustee, would have the effect of (i) 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 (ii) 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 Certificate Conditions.
- 13.5 The Note Trustee may, and may direct, the Security Trustee to, 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 (acting in accordance with the Trust Deed) the interests of the Noteholders of each Class or the Certificateholders of each Class 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 Certificate 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 or a Class Y Certificate Entrenched Right, Class X Certificate Entrenched Right or Retained Interest Entrenched Right) 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 non-compliance with any changes in the requirements under (I) the Securitisation Regulation (the Securitisation Regulation) after the Closing Date, including as a result of any changes as a result of the adoption of Regulatory Technical Standards in relation to the Securitisation Regulation, the CRR Amendment Regulation or any other risk retention legislation or regulations or official guidance in relation thereto or (II) enable the Issuer or any other transaction parties to comply with any changes in the requirements of the U.S. Credit Risk Retention Requirements, including as a result of any other U.S. risk retention legislation or regulations or official guidance in relation thereto, in each case applying in respect of the Transaction;
 - (c) enable the Notes to be (or to remain) listed on Euronext Dublin;
 - (d) enable the Issuer or any of the other transaction parties to comply with FATCA;
 - (e) 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;
 - (f) comply with the provisions of Rule 17g-5 of the Securities Exchange Act of 1934; and
 - (g) to change the reference rate or the base rate that then applies in respect of the Notes to an alternative base rate (including where such base rate may remain linked to SONIA but may be calculated in a different manner), (any such rate, which may include an alternative screen rate, an Alternative Base Rate) and making such other amendments as are necessary or advisable in the commercially reasonable judgment of the Issuer to facilitate such change (a **Base Rate Modification**), provided that the Issuer provides a certificate to the Note Trustee and the Security Trustee certifying (such certificate, a Base Rate Modification Certificate) that:
 - (i) such Base Rate Modification is being undertaken due to:

- I. an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;
- II. a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;
- III. the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
- IV. a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA);
- V. a public statement by the supervisor of the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
- VI. a public statement by the supervisor of the SONIA administrator that means SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; or
- VII. the reasonable expectation of the Issuer that any of the events specified in paragraphs (I) to (VI) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and

(ii) such Alternative Base Rate is:

- I. a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);
- II. a base rate utilised in a material number of publicly listed new issues of Sterling-denominated asset-backed floating rate notes prior to the effective date of such Base Rate Modification; or
- III. such other base rate as the Issuer reasonably determines (to preserve, so far as reasonably and commercially practicable, what would have been the expected Floating Rate of Interest applicable to the Class A Notes) or which is proposed by any holder of the Most Senior Class of Notes then outstanding or the Class Y Certificates then in issue),

and, in each case, the change to the Alternative Base Rate will not, in its opinion, be materially prejudicial to the interest of the Noteholders of each Class or each Class of Certificate Holders.

The Note Trustee and the Security Trustee shall be entitled to rely on a Base Modification Certificate absolutely without liability and enquiry.

For the avoidance of doubt, the Issuer (or the Seller on its behalf) may propose an Alternative Base Rate on more than one occasion, provided that the conditions set out in this paragraph (g) are satisfied,

(each a **Proposed Amendment**) and subject to:

- (h) 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 (a) 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 (a) 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; and
- (i) the Issuer certifying in writing to the Note Trustee and the Security Trustee that (upon which certificate the Note Trustee and the Security Trustee may rely absolutely and without liability or enquiry):
 - (i) the Issuer has provided at least 30 calendar days' notice to the Noteholders and Certificateholders of each Class of the proposed modification in accordance with Condition 16 (Notice to Noteholders) and Condition 15 (Notice to Certificateholders) and by publication on Bloomberg on the "Company Filings" screen relating to the Notes and Certificates; and
 - (ii) Noteholders or Certificateholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or the Class Y Certificates then in issue have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes or the Class Y Certificates may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification.

If Noteholders or Certificateholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or the Class Y Certificates then in issue have notified the Issuer in accordance with the notice provided above and the then current practice of any applicable clearing system through which such Notes or Class Y Certificates may be held within the notification period referred to above that they object to the proposed modification, then such modification will not be made unless an Extraordinary Resolution of each of the Noteholders or Certificateholders of the Most Senior Class of Notes then outstanding or the Class Y Certificates then in issue is passed in favour of such modification in accordance with the Trust Deed.

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes or Certificateholder's holding of the Class Y Certificates.

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.

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 and the Security Trustee) as provided above) or any other person and each of the Note Trustee and the Security Trustee and shall be entitled to rely, without 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, Certificateholder 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 Condition 13.5, this Condition 13.6 or Condition 13.8 and Clause 25 and Schedule 6 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, Certificate 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 may agree, without the consent of the Noteholders, the Certificateholders 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 be materially prejudicial to the interests of the Noteholders of any Class or the Certificateholders of any Class.
- 13.10 In determining whether a proposed action will not be materially prejudicial to the interests of the Noteholders of any Class or Certificateholders of any Class thereof, the Note 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

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 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 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 (acting on the instructions of the Note Trustee) is required to have regard to the interests of the Noteholders of any Class or Certificateholders of any Class or Classes, it shall (a) have regard (except as expressly provided otherwise and at all times have regard to and subject always to the Class Y Certificate Entrenched Right, Class X Certificate Entrenched Right and the Retained Interest Entrenched Rights) 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:
 - (i) the conclusion of the meeting specified in such Voting Certificate; and
 - (ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and
 - (b) that the bearer thereof is entitled to attend and vote at such meeting in respect of the Notes and/or Certificates represented by such Voting Certificate.
- 13.16 **Block Voting Instruction** means an English language document issued by a Paying Agent in which:

- (a) it is certified that on the date thereof Notes and/or Certificates (not being Notes and/or Certificates (as applicable) in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) are blocked in an account with a clearing system and that no such Notes and/or such Certificates will cease to be so blocked until the first to occur of:
 - (i) the conclusion of the meeting specified in such Block Voting Instruction; and
 - (ii) the Notes and/or the Certificates ceasing with the agreement of the Paying Agent to be so blocked and the giving of notice by the Paying Agent to the Issuer of the necessary amendment to the Block Voting Instruction;
- (b) it is certified that each holder of such Notes and/or such Certificates has instructed such Paying Agent that the vote(s) attributable to the Notes and/or the Certificates so blocked should be cast in a particular way in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 hours prior to the time for which such meeting is convened and ending at the conclusion thereof, neither revocable nor capable of amendment;
- (c) the aggregate principal amount or aggregate total amount of the Notes and/or the number of Certificates so blocked is listed distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (d) one or more persons named in such Block Voting Instruction (each hereinafter called a **proxy**) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes and/or the Certificates so listed in accordance with the instructions referred to in 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 reappointed to vote at the meeting when it is resumed.

13.17 Details of any Extraordinary Resolution and any Ordinary Resolution passed in accordance with the provisions of the Trust Deed shall be notified to each of the Rating Agencies by the Principal Paying Agent on behalf of the Issuer.

13.18 The Certificates will not have a Principal Amount Outstanding. However, for the purposes of the voting and quorum provisions, and the provisions concerning the giving of directions in writing to the Note Trustee or the Security Trustee, set out in the Conditions, the Certificate Conditions, the Deed of Charge and the Trust Deed any reference to the Principal Amount Outstanding of the Class X Certificate and the Class Y Certificates of any Class shall be deemed to be £10,000,000 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*). 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 of any Class and the Certificateholders of each Class.

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, Euronext Dublin all notices to the Noteholders will be valid if published in a manner which complies with the rules and regulations of Euronext Dublin (which includes delivering a copy of such notice to Euronext Dublin) and any such notice will be deemed to have been given on the date sent to Euronext Dublin.

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 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 Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes (other than in

respect of the Most Senior Class of 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 Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes to the extent only of any insufficiency of funds.

17.2 General

Any amounts of Deferred Interest in respect of Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F 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 B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F 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 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 more Rating Agencies (each 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 certifying and confirming that (A) a written request for such Rating Agency Confirmation has been delivered to each Rating Agency by or on behalf of the Issuer and (B) each of the events in paragraphs (i)(A) or (B) and (ii) above has occurred and the Note Trustee and the Security Trustee shall be entitled to rely on such certificate without further enquiry or liability.

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 (other than those Transaction Documents such as the Scottish Declaration of Trust and the Scottish Supplemental Charge which are governed by and construed in accordance with Scots Law).

20. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates in the form (subject to amendment) in which they will be set out in the Trust Deed (as defined below).

1. GENERAL

The Class X Certificate (the **Class X Certificate**) and the Class Y Certificates (the **Class Y Certificates** and together with the Class X Certificate, the **Certificates**) of Kentmere No. 2 plc (the **Issuer**) are constituted by a trust deed (the **Trust Deed**) dated on 22 October 2019 (the **Closing Date**) and made between, among others, the Issuer and U.S. Bank Trustees 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 **Certificate 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 and the Class R Notes as the case may be, or to the respective holders thereof. Any reference in these Certificate Conditions to a **Class** of the Class X Certificate or the Class Y Certificates or the Class X Certificateholder or the Class Y Certificateholders shall be a reference to the Class X Certificate or to the holders thereof or the Class Y Certificates or the 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 and the Class F Notes. Any reference to **Notes** shall be a reference to the Rated Notes and the Class R Notes. The security for the Certificates is constituted by a deed of charge and assignment (the **Deed of Charge**) dated on the Closing Date and made between, among others, the Issuer and U.S. Bank Trustees Limited as trustee for the Secured Creditors (in such capacity, the **Security Trustee**).

Pursuant to an agency agreement (the **Agency Agreement**) dated on or prior to the Closing Date and made between, among others, the Issuer, the Note Trustee and Elavon Financial Services DAC, UK Branch as principal paying agent (in such capacity, the **Principal Paying Agent**) and, together with any further or other paying agent appointed under the Agency Agreement, the **Paying Agent**), Elavon Financial Services DAC, UK Branch as registrar (in such capacity, the **Registrar**) and Elavon Financial Services DAC, UK Branch as agent bank (in such capacity, the **Agent Bank**), provision is made for, *inter alia*, the payment of amounts in respect of the Certificates.

The statements in these Certificate 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 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 Certificate Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule available as described above.

2.2 Interpretation

These Certificate 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 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, S.A. (**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 Certificate 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.

The Class Y Certificates are divisible by 10,000,000 and can be transferred in integrals of 1.

Definitive Certificates may be transferred upon the surrender of the relevant Definitive Certificate, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. All transfers of Definitive Certificates are subject to any restrictions on transfer set out on the Definitive Certificates and the detailed regulations concerning transfers in the Agency Agreement.

Each new Definitive Certificate to be issued upon transfer of such Definitive Certificate will, within five Business Days of receipt and surrender of such Definitive Certificate (duly completed and executed) for transfer, be available for delivery at the specified office of the Registrar or be mailed at the risk of the transferee entitled to such Definitive Certificate to such address as may be specified in the relevant form of transfer.

Registration of a Definitive Certificate on transfer will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax, stamp duty or other government charges which may be imposed in relation to it.

4. STATUS AND SECURITY

4.1 **Status of the Certificates**

- (a) The Certificates constitute direct, secured and (subject to the limited recourse provision in Condition 12.4 (*Limited Recourse*))) unconditional obligations of the Issuer.
- (b) The Class X Certificate Payments rank *pro rata* and *pari passu* with the payment of interest on the Class A Notes as provided in these Certificate Conditions and the Transaction Documents. There shall only ever be a single holder of the Class X Certificate.
- (c) The Class Y Certificates rank *pro rata* and *pari passu* without preference or priority among themselves in relation to payment of the Class Y Certificates Payments at all times, but

subordinate to items (a) to (u) the Pre-Enforcement Revenue Priority of Payments as provided in these Certificate Conditions and the Transaction Documents.

- (d) The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of the holders of each Class of Notes and each Class of Certificates equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and the Security Trustee (except where expressly provided otherwise) but requiring the Note Trustee and the Security Trustee where there is a conflict of interests between one or more Classes of Notes and/or Classes of Certificates in any such 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.
- (e) 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 Certificate 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.
- (f) The Retained Interest Holder will not be entitled to convene, count in the quorum or pass resolutions (including Extraordinary Resolutions and Ordinary Resolutions). Any Ordinary Resolution or Extraordinary Resolution passed by any Class of Noteholders will be binding on the Retained Interest Holder (other than any resolutions in respect of a Retained Interest Entrenched Right unless the Retained Interest Holder has consented) if passed in accordance with the Conditions.
- (g) Subject to the Class X Certificate Entrenched Rights, the Class X Certificate Holders will not be entitled to convene, count in the quorum or pass resolutions (including Extraordinary Resolutions and Ordinary Resolutions). Any Ordinary Resolution or Extraordinary Resolution in respect of a Class X Certificate Entrenched Right will not be binding unless the Class X Certificate Holders have consented in writing.

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, 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. ISSUER COVENANTS

Save with the prior written consent of the Note Trustee or unless otherwise permitted under any of these Certificate Conditions or any of the Transaction Documents, the Issuer shall not, so long as any Certificate remains outstanding:

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or undertaking;
- (b) **Restrictions on activities:** (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage or (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable)) or any employees (but shall procure that, at all times, it shall retain at least one independent director) or premises;
- (c) **Disposal of assets:** assign, transfer, sell, lend, lease, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire all or any of, its assets or undertakings or any interest, estate, right, title or benefit therein or attempt or purport to do any of the foregoing;
- (d) **Equitable and beneficial interest:** permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (e) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders except out of amounts of profit retained by the Issuer in accordance with the applicable Priority of Payments which are available for distribution in accordance with the Issuer's memorandum and articles of association and with applicable laws or issue any further shares;
- (f) **Indebtedness:** incur any financial indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;
- (g) **Merger:** consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person;
- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or pursuant thereto to be varied, modified, terminated, postponed, waived or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;
- (i) **Bank accounts:** have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to the Security Trustee;
- (j) **Purchase Certificates:** purchase or otherwise acquire any Certificates; or

- (k) **U.S. activities:** engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

6. PAYMENTS

6.1 Right to Payments

Each Certificate represents a *pro rata* entitlement of the Certificateholder 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.

- (a) **Class X Certificate Payment** means, on any date of determination:

- (i) prior to the delivery of an Enforcement Notice and in respect of each Interest Payment Date, an amount equal to:

$$\frac{A \times B \times C}{D}$$

where,

A = 0.0007

B = the aggregate Current Balance of the Loans calculated as of the immediately preceding Calculation Date)

C = the number of days in the relevant Interest Period

D = 365

with the total figure rounded downwards to the nearest £0.01; 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, any Class X Certificate Payment calculated in accordance with paragraph (i) above which has accrued but is unpaid on the date of the Enforcement Notice.

- (b) **Class Y 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.

- (c) **in issue** means, in relation to the Certificates, all the Certificates issued from time to time other than:
- (i) those Certificates which have been cancelled in accordance with Certificate Condition 11.4 (*Limited Recourse*);
 - (ii) those Certificates which have become void or in respect of which claims have become prescribed, in each case under Certificate Condition 9 (*Prescription*);
 - (iii) those mutilated or defaced Certificates which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Certificate Condition 14 (*Replacement of Certificates*);
 - (iv) 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 Certificate Conditions,

provided that for each of the following purposes, namely:

- (A) 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 electronic consent through the relevant Clearing System(s) 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;
- (B) 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, Certificate Condition 10 (*Events of Default*) and Certificate Condition 11 (*Enforcement*);
- (C) 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
- (D) the determination by the Note Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Certificateholders or any Class or Classes thereof,

those Certificates (if any) (i) (including, without limitation, the Retained Interest) which are for the time being held by or on behalf of or for the benefit of the Retention Holder, the Seller or any Affiliate thereof or (ii) which are for the time being held by or on behalf of or for the benefit of any person or party acting in concert with any party referred to in paragraph (i) above (each entity referred to in paragraphs (i) and (ii) above a **Relevant Person**), shall (unless and until ceasing to be so held) be deemed not to remain in issue. For these purposes, (a) one or more persons or parties shall be **acting in concert** if one person or party, pursuant to any agreement,

understanding or undertaking (in whatever form and whether written or oral) agrees to vote on any proposed Ordinary Resolution or Extraordinary Resolution as directed by, or in a manner pre-agreed with, the other or others and (b) for the avoidance of doubt, any consultation or agreement entered into in accordance with customary processes in the bond market (including, without limitation, as part of any bondholder committee) with a Relevant Person that is on an arm's length basis where the holder of the Notes or Certificates is acting independently and in its own interests will not be regarded as acting in concert provided where all of the Notes of any Class 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). The Retained Interest Holder does not have voting or consent rights other than in respect of the Retained Interest Entrenched Rights.

- (d) **Interest Payment Date** means the 28th day of January, April, July and October in each year or, if such day is not a Business Day, the immediately following Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not)).
- (e) **Payment** means, in relation to Class X Certificate, the Class X Certificate Payment, and in relation to the Class Y Certificates, the Class Y Payment.
- (f) **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 (and, for the avoidance of doubt, there shall only be one Class X Certificate).
- (g) **Certificates Payment** means, the Class X Certificate Payment and the Class Y Certificate Payment.
- (h) **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.
- (i) **Holding Company** means, in relation to a person, any other person in respect of which it is a Subsidiary.
- (j) **Subsidiary** means any person (referred to as the **first person**) in respect of which another person (referred to as the **second person**):
 - (i) 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
 - (ii) 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
 - (iii) 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

- (iv) 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
- (v) has the power to exercise, or actually exercises (in either case, directly or indirectly) dominant influence or control over the first person; or
- (vi) 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.

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 Certificate 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 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 Certificate Condition 6.5, whether by the Cash Manager, will (in the absence of manifest error) be binding on the Issuer, the Cash Manager, the Note Trustee, the Registrar, the Paying Agents and all Certificateholders and (in the absence of wilful default, gross negligence or fraud) no liability to the Issuer or the Certificateholders shall attach to the Cash Manager or the Registrar in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Certificate Condition 6.5.

6.6 Termination of Payments

When all Class X Certificate Payments and Class Y Certificate Payments (if any) (as set out in Certificate Condition 6.2 (*Payment*) and including any Deferred Payments that may be due in respect of the Class X Certificate as a result of payment deferral in accordance with

Certificate Condition 18 (*Subordination by Deferral*) have been made, no further Payments will be made by the Issuer and the Certificates shall be cancelled.

6.7 **Determination and Reconciliation**

Condition 6.9 (*Determinations and Reconciliation*) of the Notes shall have effect in relation to the Class Y Certificates as if set out in full herein.

7. PAYMENTS

7.1 **Payment of Payment Amounts**

Subject to Certificate 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 (**FATCA**). 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 Certificate 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 Certificate Condition 7.4, the expression **Presentation Date** means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

8. TAXATION

All payments 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.

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 Certificate 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 Certificate 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, 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 Most Senior Class of Notes and the default continues for: (i) a period of seven Business Days in the case of principal or (ii) 14 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 Certificate Conditions or any Transaction Document to which it is a party which in the opinion of the Note Trustee is materially prejudicial to the interests of the holders of the Most Senior Class and the failure continues for a period of 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, (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 Certificate 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 Certificate 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 at the expense or 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 Certificateholders (and all persons ranking in priority to the Noteholders and Certificateholders as set out in the order of priority set out in the Post-Enforcement Priority of Payments); and (ii) once all the Noteholders and Certificateholders (and all such higher ranking persons) have been repaid, to the remaining Secured Creditors in the order of priority set out in the Post-Enforcement Priority of Payments. The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee shall be paid by the Issuer. The Security Trustee shall be entitled to rely upon any financial or other professional advice referred to in this Certificate Condition 11.2 without further enquiry and shall incur no liability to any person for so doing.

11.3 Limitations on Enforcement

No Certificateholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents to enforce the performance of any of the Certificate 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 (i) the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a 60 day period or (ii) the Note Trustee is unable to do so and such inability is 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. Any proceeds received by a Certificateholder pursuant to any such proceedings shall be paid to the Note Trustee promptly following receipt thereof for application pursuant to the applicable Priority of Payment.

11.4 Limited Recourse

Notwithstanding any other Certificate 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 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 Certificate Conditions, the Conditions or the provisions of any of the Transaction Documents.
- (b) For the purposes of these Certificate 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 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 or Class R Notes then outstanding, the Class Y Certificates. The Class X Certificates shall not at any time constitute the Most Senior Class.

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 such Noteholders and/or Certificateholders and 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 such Noteholders and/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;
 - (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 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;
 - (iv) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on the Class X Certificate Holder other than any resolution in respect of Class X Certificate Entrenched Rights which shall only be binding on the Class X Certificate Holder if the Class X Certificate Holder has consented to such modification or waiver; and
 - (v) an Extraordinary Resolution passed at any meeting of a Class of Noteholders or Certificateholders shall be binding on the Retained Interest Holder other than any resolution in respect of Retained Interest Entrenched Rights which shall only be binding on the Retained Interest Holder if the Retained Interest Holder has consented to such modification or waiver.
- (b) The Trust Deed also provides that, notwithstanding any other provision of the Conditions, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver which is adverse to the Retained Interest where a corresponding modification or waiver is not made which affects the other Classes of Notes (the **Retained Interest Entrenched Rights**), unless the Retained Interest Holder has consented to such modification or waiver.
- (c) The Trust Deed also provides that, notwithstanding any other provision of the Conditions, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary

Resolution may authorise or sanction any modification or waiver which is adverse to the Class Y Certificates (and whether or not the interests of the Class Y Certificate Holder align with the interests of the holders of the relevant Class or Classes and/or the Certificates) (the **Class Y Certificate Entrenched Rights**), unless the Class Y Certificate Holder has consented to such modification or waiver.

- (d) The Trust Deed also provides that, notwithstanding any other provision of the Conditions, the Trust Deed or any other Transaction Documents, no Extraordinary Resolution or Ordinary Resolution may authorise or sanction any modification or waiver that relates to a Class X Certificate Entrenched Right, unless the Class X Certificate Holder has consented in writing to such modification or waiver.
- (e) 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).
- (f) 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 such Class of Notes and/or Certificates then outstanding or in issue, as applicable.
- (c) Subject to the more detailed provisions set out in the Trust Deed, the quorum at any meeting of any holders of any Class of Notes or holders of any Class of Certificates for passing an Extraordinary Resolution to (i) sanction a modification of the date of maturity of any Class of the Notes or Certificates, (ii) sanction a modification of the date of payment of principal or interest or amounts due in respect of any Class of the Notes or Certificates, (iii) sanction a modification of the amount of principal or the rate of interest payable in respect of any Class of the Notes, or where applicable, of the method of calculating the amount of any principal or interest payable in respect of any Class of the Notes or of the method of calculating the amounts payable in respect of any Class of the Certificates, (iv) alter the currency in which payments under any Class of the Notes or Certificates are to be made, (v) alter the quorum or majority required in relation to a resolution or a meeting of holders of any Class of the Notes or Certificates, (vi) sanction any scheme or proposal for the sale, conversion or cancellation

of any Class of the Notes or the Certificates, (vii) alter the priority of payment of interest or principal in respect of any Class of the Notes or amounts in respect of any Class of Certificates, (viii) change the definition of Basic Terms Modification **provided that** any amendment made in accordance with Condition 12.5 shall not constitute 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 affected Class of Notes and/or Certificates then outstanding or in issue, as applicable. For the avoidance of doubt, a proposal to sanction a reduction in the principal amounts due on a Class of Notes or Class X Certificate Payment or Class Y Certificate Payment shall require the sanction of the holders of the relevant Class of Notes or Certificates to be so reduced, and shall not require the consent of other Classes of Notes or Certificates.

- (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 affected Class or Classes of Notes and/or Certificates then outstanding or in issue, as applicable.
- 12.4 The Note Trustee may or, in the case of paragraph (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 (other than a Basic Terms Modification, Class Y Certificate Entrenched Right, Class X Certificate Entrenched Right or Retained Interest Entrenched Right):
- (a) to the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document, which in the opinion of the Note Trustee will not be materially prejudicial to the interests of the Noteholders of any Class or the interests of the Certificateholders of any Class or the Note Trustee or the Security Trustee; or
 - (b) to the Conditions, the Certificate Conditions, the Trust Deed or any other Transaction Document if in the opinion of the Note 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 any Collection Account in the name of the 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 (including, for the avoidance of doubt, any new appointment made thereunder) 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 (including, for the avoidance of doubt, any new appointment made thereunder) which, in the sole opinion of the Note Trustee or the Security Trustee, would have the effect of (i) 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 (ii) 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 Certificate Conditions.

The Note Trustee may, and may direct, the Security Trustee to, 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 (acting in accordance with the Trust Deed) the interests of the Noteholders of each Class or the Certificateholders of each Class 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 Certificate 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 Certificate Condition 12 in contravention of any express direction given by Extraordinary Resolution of the holders of the Most Senior Class or by a direction under Certificate Condition 10 (*Events of Default*) but so that no such direction shall affect any waiver, authorisation or determination previously given or made.

- 12.5 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 or a Class Y Certificate Entrenched Right, Class X Certificate Entrenched Right or Retained Interest Entrenched Right) to the Transaction Documents and/or the Certificate Conditions 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 non-compliance with any changes in the requirements under (I) the Securitisation Regulation (the **Securitisation Regulation**) after the Closing Date, including as a result of any changes as a result of the adoption of Regulatory Technical Standards in relation to the Securitisation Regulation, the CRR Amendment Regulation or any other risk retention legislation or regulations or official guidance in relation thereto or (II) enable the Issuer or any other transaction parties to comply with any changes in the requirements of the U.S. Credit Risk

Retention Requirements, including as a result of any other U.S. risk retention legislation or regulations or official guidance in relation thereto, in each case applying in respect of the Transaction;

- (c) enable the Notes to be (or to remain) listed on Euronext Dublin;
- (d) enable the Issuer or any of the other transaction parties to comply with FATCA;
- (e) 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;
- (f) comply with the provisions of Rule 17g-5 of the Securities Exchange Act of 1934;
- (g) for the purpose of changing the reference rate or the base rate that then applies in respect of the Notes to an alternative base rate (including where such base rate may remain linked to SONIA but may be calculated in a different manner), (any such rate, which may include an alternative screen rate, an Alternative Base Rate) and making such other amendments as are necessary or advisable in the commercially reasonable judgment of the Issuer to facilitate such change (a Base Rate Modification), provided that the Issuer provides a certificate to the Note Trustee and the Security Trustee certifying (such certificate, a Base Rate Modification Certificate) that:
 - (i) such Base Rate Modification is being undertaken due to:
 - I. an alternative manner of calculating a SONIA-based rate being introduced and becoming a standard means of calculating interest for similar transactions;
 - II. a material disruption to SONIA, an adverse change in the methodology of calculating SONIA or SONIA ceasing to exist or be published;
 - III. the insolvency or cessation of business of the SONIA administrator (in circumstances where no successor SONIA administrator has been appointed);
 - IV. a public statement by the SONIA administrator that it will cease publishing SONIA permanently or indefinitely (in circumstances where no successor SONIA administrator has been appointed that will continue publication of SONIA);
 - V. a public statement by the supervisor of the SONIA administrator that SONIA has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
 - VI. a public statement by the supervisor of the SONIA administrator that means SONIA may no longer be used or that its use is subject to restrictions or adverse consequences; or
 - VII. the reasonable expectation of the Issuer that any of the events specified in paragraphs (I) to (VI) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and

- (ii) such Alternative Base Rate is:
 - I. a base rate published, endorsed, approved or recognised by the Federal Reserve or the Bank of England, any regulator in the United States, the United Kingdom or the European Union or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);
 - II. a base rate utilised in a material number of publicly listed new issues of Sterling-denominated asset-backed floating rate notes prior to the effective date of such Base Rate Modification; or
 - III. such other base rate as the Issuer reasonably determines, (to preserve, so far as reasonably and commercially practicable, what would have been the expected Floating Rate of Interest applicable to the Class A Notes) or which is proposed by any holder of the Most Senior Class of Notes then outstanding or the Class Y Certificates then in issue),

and, in each case, the change to the Alternative Base Rate will not, in its opinion, be materially prejudicial to the interest of the Noteholders of each Class or each Class of Certificateholders. The Note Trustee and the Security Trustee shall be entitled to rely on a Base Rate Modification Certificate absolutely without liability and enquiry.

For the avoidance of doubt, the Issuer (or the Seller on its behalf) may propose an Alternative Base Rate on more than one occasion, provided that the conditions set out in this paragraph (g) are satisfied,

each a **Proposed Amendment** and subject to:

- (h) 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 (a), 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 requirements of paragraph (a) are met and each of the Note Trustee and the Security Trustee shall be entitled to rely on such certificate and memorandum without enquiry or liability; and
- (i) the Issuer certifying in writing to the Note Trustee and the Security Trustee that (upon which certificate the Note Trustee and the Security Trustee may rely absolutely and without liability or enquiry):
 - (i) the Issuer has provided at least 30 calendar days' notice to the Noteholders and Certificateholders of each Class of the proposed modification in accordance with Condition 16 (Notice to Noteholders) and Condition 15 (Notice to Certificateholders) and by publication on Bloomberg on the "Company Filings" screen relating to the Notes and Certificates; and
 - (ii) Noteholders or Certificateholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes

then outstanding or the Class Y Certificates then in issue have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes or the Class Y Certificates may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification.

If Noteholders or Certificateholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or the Class Y Certificates then in issue have notified the Issuer in accordance with the notice provided above and the then current practice of any applicable clearing system through which such Notes or Class Y Certificates may be held within the notification period referred to above that they object to the proposed modification, then such modification will not be made unless an Extraordinary Resolution of each of the Noteholders or Certificateholders of the Most Senior Class of Notes then outstanding or the Class Y Certificates then in issue is passed in favour of such modification in accordance with the Trust Deed.

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes or Certificateholder's holding of the Class Y Certificates.

Neither the Note Trustee nor the Security Trustee shall be obliged to agree to any modification pursuant to this Certificate Condition 12.5 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 Certificate Conditions.

Notwithstanding anything to the contrary in the Trust Deed or the other Transaction Documents, when implementing any Proposed Amendment pursuant to this Certificate Condition 12.5, the Note Trustee shall not consider the interests of the Noteholders, the Certificateholders or any other Secured Creditor (other than itself and the Security Trustee) as provided above) or any other person and each of the Note Trustee and the Security Trustee and shall be entitled to rely, without investigation, on any certificate or legal memorandum provided to it by the Issuer pursuant to this Certificate Condition 12.5 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, Certificateholder 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 Certificate Condition 12.5 may be made pursuant to this Certificate Condition 12.5. Any other modifications may only be made pursuant to Certificate Condition 12.4 or Certificate Condition 12.6 and Clause 25 and Schedule 6 of the Trust Deed.

- 12.6 Any such modification, waiver, authorisation or determination by the Note Trustee and/or the Security Trustee, as applicable, in accordance with the Conditions, these Certificate 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 Certificate Condition 15 (*Notice to Certificateholders*).

- 12.7 Any modification to the Transaction Documents and the Certificate Conditions shall be notified by the Issuer in writing to the Rating Agencies.
- 12.8 In connection with any such substitution of principal debtor referred to in Condition 8.3 (*Optional Redemption for Taxation or Other Reasons*) or Certificate Condition 12.18 (*Issuer Substitution Condition*), the Note Trustee may agree without the consent of the Noteholders, Certificateholders or the other Secured Creditors, to a change of the laws governing the Certificates, these Certificate Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee be materially prejudicial to the interests of the Noteholders of any Class and Certificateholders of any Class.
- 12.9 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 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 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 this does not impose or extend any actual or contingent liability for each of the Rating Agencies to 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.
- 12.10 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 Certificate 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 (acting on the instructions of the Note Trustee) is required to have regard to the interests of the Noteholders or Certificateholders of any Class or Classes, it shall (a) have regard (except as expressly provided otherwise and at all times have regard to and subject always to the Class Y Certificate Entrenched Rights, Class X Certificate Entrenched Right and the Retained Interest Entrenched Rights) 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 subdivision 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 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.

12.11 **Ordinary Resolution** means:

- (a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Trust Deed and the Certificate 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 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
- (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 a clear majority in aggregate Principal Amount Outstanding of the relevant Class of Notes or Class of Certificates.

12.12 **Extraordinary Resolution** means:

- (a) a resolution passed at a meeting of Noteholders and/or Certificateholders duly convened and held in accordance with the Trust Deed and the Certificate 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 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 the 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 the Certificateholders of the relevant Class; or
- (c) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Note Trustee) by or on behalf of the Noteholders and/or Certificateholders holding of at least 75 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes and/or Certificates.

12.13 **Eligible Person** means any one of the following persons who shall be entitled to attend and vote at a meeting:

- (a) a bearer of any Voting Certificate; and

(b) a proxy specified in any Block Voting Instruction.

12.14 **Voting Certificate** means an English language certificate issued by a Paying Agent in which it is stated 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:

(a) the conclusion of the meeting specified in such Voting Certificate; and

(b) the surrender of the Voting Certificate to the Paying Agent who issued the same; and

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.

12.15 **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 reappointed to vote at the meeting when it is resumed.
- 12.16 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.
- 12.17 The Certificates will not have a Principal Amount Outstanding. However, for the purposes of the voting and quorum provisions, and the provision concerning the giving of directions in writing to the Note Trustee or the Security Trustee, set out in the Conditions, the Certificate Conditions, the Deed of Charge and the Trust Deed any reference to the Principal Amount Outstanding of the Class X Certificate and the Class Y Certificates of any Class shall be deemed to be £10,000,000 in respect of each Certificate.

12.18 Issuer Substitution Condition

The Note Trustee may agree, subject to such amendment of these Certificate 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 Certificate Condition 5 (*Issuer Covenants*). In the case of a substitution pursuant to this Certificate Condition 12.18, 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 Noteholders of any Class and Certificateholders of each Class or Classes.

13. INDEMNIFICATION AND EXONERATION OF THE NOTE TRUSTEE AND THE SECURITY TRUSTEE

- (a) 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.
- (b) 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*, (i) 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, (ii) 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 (iii) 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

- (a) 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.
- (b) 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 Certificate 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 (other than those Transaction Documents such as the Scottish Declaration of Trust and the Scottish Supplemental Charge which are governed by and construed in accordance with Scots 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 Certificate Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. SUBORDINATION BY DEFERRAL

18.1 Class X Certificate Payments

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of Payment (which shall, for the purposes of this Certificate Condition, include any Deferred Payment from prior Interest Payment Dates, each as defined under this Certificate Condition 18) payable in respect of the Class X Certificate after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then the Issuer shall be entitled to defer to the next Interest Payment Date the payment of some or all of the relevant Payment due (such deferred amount, the Deferred Payment) in respect of the Class X Certificate to the extent only of any insufficiency of funds.

18.2 Notification

As soon as practicable after becoming aware that any part of a Payment on the Class X Certificate will be deferred or that a previous Deferred Payment will be made in accordance with this Certificate Condition 18, the Issuer will give notice thereof to the Class X Certificateholder in accordance with Certificate Condition 15 (*Notice to Certificateholders*). Any deferral of a Payment or further deferral of a Deferred Payment in accordance with this Certificate Condition 18 will not constitute an Event of Default. The provisions of this Certificate Condition 18 shall cease to apply on the Final Redemption Date, or any earlier date on which the Class X Certificate is cancelled or is required to be redeemed in full, at which time all Deferred Payments shall become due and payable.

FURTHER INFORMATION RELATING TO THE REGULATION OF MORTGAGES IN THE UK

Regulated Mortgage Contracts

In the United Kingdom, regulation of residential mortgage business under the Financial Services and Markets Act 2000 (**FSMA**) came into force on 31 October 2004 (the **Regulation Effective Date**). Residential mortgage lending under the FSMA is regulated by the FCA (and prior to 1 April 2013, was regulated by its predecessor the FSA). Subject to certain exemptions, entering into a Regulated Mortgage Contract as a lender, arranging Regulated Mortgage Contracts and advising in respect of or administering Regulated Mortgage Contracts (or agreeing to do any of these things) are each regulated activities under the FSMA and the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (as amended) (the **RAO**) requiring authorisation and permission from the FCA.

If a mortgage contract was entered into on or after the Regulation Effective Date but before 21 March 2016, it will be a Regulated Mortgage Contract under the RAO if: (i) the lender provided credit to an individual or to trustees; and (ii) the obligation of the borrower to repay is secured by a first legal mortgage or (in Scotland) a first ranking standard security on land (other than timeshare accommodation) in the United Kingdom, at least 40% of which is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the relevant trust, or by a related person. A related person (in relation to a borrower, or in the case of credit provided to trustees, a beneficiary of the relevant trust) is broadly the person's spouse or civil partner, near relative or a person with whom the borrower (or in the case of credit provided to trustees, a beneficiary of the trust) has a relationship which is characteristic of a spouse.

There have been incremental changes to the definition of Regulated Mortgage Contract over time, including the removal of the requirement for the security to be first ranking and the extension of the territorial scope to cover property in the EEA rather than just the UK. The current definition of a regulated mortgage contract is such that if a mortgage contract was entered into on or after 21 March 2016, it will be a regulated mortgage contract if it meets the following conditions (when read in conjunction with and subject to certain relevant exclusions, such as the relevant exclusions for buy-to-let loans): (a) the borrower is an individual or trustee; and (b) the obligation of the borrower to repay is secured by a mortgage or standard security on land in the EEA, at least 40% of which is used, or is intended to be used: (i) in the case of credit provided to an individual, as or in connection with a dwelling; or (ii) (in the case of credit provided to a trustee who is not an individual), as or in connection with a dwelling by an individual who is a beneficiary of the relevant trust, or by a related person.

Credit agreements which were originated before 21 March 2016, which were regulated by the CCA, and that would have been regulated mortgage contracts had they been entered into on or after 21 March 2016 are 'consumer credit back book mortgage contracts' and are also therefore Regulated Mortgage Contracts (see "*Regulation of residential secured lending (other than Regulated Mortgage Contracts)*").

As part of the UK's preparations for exiting the EU, minor changes to the legislation may occur as part of the UK's onshoring process, but these are unlikely to affect the scope or impact of the legislation described in this section on, and immediately following, exit day.

On and from the Regulation Effective Date, subject to any exemption, persons carrying on any specified regulated mortgage-related activities by way of business must be authorised under the FSMA. The specified activities currently are: (a) entering into a Regulated Mortgage Contract as

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

The Servicer hold authorisation and permission to enter into and to administer Regulated Mortgage Contracts. Subject to certain exemptions, brokers will be required to hold authorisation and permission to arrange and, where applicable, to advise in respect of Regulated Mortgage Contracts. The Issuer is not, and does not propose to be, an authorised person under the FSMA. Under Article 62 of the RAO, the Issuer does not require authorisation in order to acquire legal or beneficial title to a Regulated Mortgage Contract. The Issuer does not carry on the regulated activity of administering Regulated Mortgage Contracts by having them administered by the Servicer which has the required FSMA authorisation and permission. If the Relevant Servicing and Legal Title Holder Deed terminates, the Issuer will have a period of not more than one month in which to arrange for mortgage administration to be carried out by a replacement servicer having the required FSMA authorisation and permission.

The Issuer will only hold beneficial title to the Loans and their Related Security. In the event that legal title is transferred to the Issuer upon the occurrence of a Perfection Trigger Event the Issuer must arrange for a servicer to administer these Loans and is not expected to enter into any new Regulated Mortgage Contracts as lender under Article 61(1) of the RAO. However, in the event that a mortgage is varied, such that a new contract is entered into and that contract constitutes a Regulated Mortgage Contract, then the arrangement of, advice on, administration of and entering into of such variation would need to be carried out by an appropriately authorised entity.

The FCA's Mortgages and Home Finance: Conduct of Business sourcebook (**MCOB**), which sets out the FCA's rules for regulated mortgage activities, came into force on 31 October 2004. These rules cover, inter alia, certain pre-origination matters such as financial promotion and pre-application illustrations, pre contract and start-of-contract and post-contract disclosure, contract changes, charges and arrears and repossession. Further rules for prudential and authorisation requirements for mortgage firms, and for extending the appointed representatives regime to mortgages, came into force on 31 October 2004.

A borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention by an authorised person of the FCA rules, and may set off the amount of the claim against the amount owing by the borrower under the loan or any other loan that the borrower has taken with that authorised person (or exercise analogous rights in Scotland). Any such claim or set-off may adversely affect the Issuer's ability to make payments on the Notes.

Regulation of residential secured lending (other than Regulated Mortgage Contracts)

The UK government has pursued a policy commitment to move second charge lending into the regulatory regime for mortgage lending rather than the regime for consumer credit under which second charge lending fell. The UK government thought that there was a strong case for regulating lending secured on a borrower's home consistently, regardless of whether it is a first or subsequent charge. The European Mortgage Credit Directive (2014/17/EU) (the **Mortgage Credit Directive**) also follows this principle and makes no distinction between requirements for first charge and second (and subsequent) charge mortgage lending. The UK government concluded that it made sense to implement the changes to second (and subsequent) charge lending alongside the implementation of the Mortgage Credit Directive. The UK government also proposed to move the regulation of second (and subsequent) charge loans already in existence before 21 March 2016 to the regulated mortgage contract regime rather than keeping them within the consumer credit regime. The policy of regulating lending secured on a borrower's home consistently also meant that the UK government decided to change the regulatory regime of pre-2004 first charge loans regulated by the CCA. Mortgage regulation under FSMA began on 31 October 2004. Mortgages entered into before that date were regulated by the CCA, provided they did not exceed the financial threshold in place when they were entered into and were not otherwise exempt. In November 2015, the UK government introduced legislation which meant that the administration of and other activities relating to those pre-October 2004 first charge mortgages which were regulated by the CCA became regulated mortgage activities from 21 March 2017. The transfer of CCA regulated mortgages into the FSMA regime was implemented by the Mortgage Credit Directive Order 2015 on 21 March 2016 (the **Mortgage Credit Directive Order**). The government has put in place transitional provisions for existing loans so that some of the CCA protections in place when the loans were originally taken out are not removed retrospectively.

Unregulated mortgages which were originated before 31 October 2004, remain unregulated and are not regulated by virtue of the implementation of the Mortgage Credit Directive Order.

Credit agreements which were originated before 21 March 2016 which were regulated by the CCA and that would have been regulated mortgage contracts had they been entered into on or after 21 March 2016 are defined by the Mortgage Credit Directive Order as "consumer credit back book mortgage contracts" and would also therefore be Regulated Mortgage Contracts (**Consumer Credit Back Book Mortgage Contracts**). The main CCA consumer protection retained in respect of consumer credit back book mortgage contracts is the continuing unenforceability of the agreement if it was rendered unenforceable by the CCA prior to 21 March 2016. Unless the agreement was irredeemably unenforceable, the lender may enforce the agreement by seeking a court order or bringing any relevant period of non-compliance with the CCA to an end in the same manner as would have applied if the agreement was still regulated by the CCA. If a consumer credit back book mortgage contract was void as a result of section 56(3) of the CCA, that agreement or the relevant part of it will remain void. Restrictions on early settlement fees will also be retained. If interest was not chargeable under a consumer credit back book mortgage contract due to non-compliance with section 77A of the CCA (duty to serve an annual statement) or section 86B of the CCA (duty to serve a notice of sums in arrears (**NOSIA**)), once the consumer credit back book mortgage contract is regulated by FSMA under the Mortgage Credit Directive Order as of 21 March 2016, the sanction of interest not being chargeable under section 77A of the CCA and section 86D of the CCA ceases to apply, but only for interest payable under those loans after 21 March 2016. A consumer credit back book mortgage contract will also be subject to unfair relationship provisions described below. Certain provisions of MCOB are applicable to these consumer credit back book mortgage contracts. These include the rules relating to disclosure at the start of a contract and post-sale disclosure (MCOB 7), charges (MCOB 12) and arrears, payment shortfalls and repossession (MCOB 13). General conduct of business standards will also apply (MCOB 2).

If any of the Loans are in fact Consumer Credit Back Book Mortgage Contracts, the regulatory regime may result in adverse effects on the enforceability of certain Loans and consequently the Issuer's ability to make payment in full on the Notes when due.

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

In December 2011, the FSA published a consultation paper that consolidates proposals arising out of its wide-ranging mortgage market review, which was launched in October 2009 to consider strengthening rules and guidance on, inter alia, affordability assessments, product regulation, arrears charges and responsible lending. The FSA's aim was to ensure the continued provision of mortgage credit for the majority of borrowers who can afford the financial commitment of a mortgage, while preventing a re-emergence of poor lending practices as the supply of mortgage credit in the market recovered. In October 2012, the FSA published a feedback statement and final rules that generally came into force on 26 April 2014 with transitional arrangements where, among other things, the borrower does not take on additional borrowing. These rules have, for example, imposed more stringent requirements on lenders to assess the affordability of a loan made to a borrower and to verify the income of a borrower. In relation to interest-only loans that are not buy-to-let loans, the mortgage market review introduced rules that require relevant institutions, with effect from 26 April 2014, to obtain evidence (with permitted exceptions) that a borrower will have in place a clearly understood and credible payment strategy and that the payment strategy has the potential to repay the principal at the end of the term of an interest-only loan.

The FCA started to track firms' progress towards implementation of the mortgage market review from the second quarter of 2013 and: (i) published a report following a thematic review concerning the quality and suitability of mortgage advice provided by firms; and (ii) began a further thematic review on responsible lending in April 2015, on which it reported in May 2016. This is in addition to regulatory reforms being made as a result of the implementation of the Mortgage Credit Directive from 21 March 2016 (see "Mortgage Credit Directive"). It is possible that further changes may be made to the FCA's MCOB rules as a result of these reviews and regulatory reforms. To the extent that the new rules do apply to any of the Mortgage Loans, failure to comply with these rules may entitle a Borrower to claim damages for loss suffered or set-off the amount of the claim against the amount owing under the Loan. Any such claim or set-off may reduce the amounts available to meet the payments due in respect of the Notes.

Under the Financial Services Act 2012 (the **FSA 2012**): (a) the carrying on of servicing activities in certain circumstances by a person exercising the rights of the lender without FCA permission to do so renders the credit agreement unenforceable, except with FCA approval; and (b) the FCA has the power to make rules to render unenforceable contracts made in contravention of its rules on cost and duration of credit agreements or in contravention of its product intervention rules. The FSA 2012 also provides for formalised cooperation to exist between the FCA and the Ombudsman (as described below), particularly where issues identified potentially have wider implications, with a view to the FCA requiring affected firms to operate consumer redress schemes.

Any further changes to the FCA's MCOB arising from the FCA's mortgage market review, or to MCOB or the FSMA arising from HM Treasury's proposals to change mortgage regulation or changes in the regulatory structure or the FSA 2012, may adversely affect the Loans, the Seller, the Legal Title Holder, the Issuer, the Servicer and their respective businesses and operations.

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 and also applies to (as described above)

"consumer credit back book mortgage contracts". 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 and in relation to any related 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 and the CRA (each 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.

Plevin v Paragon [2014] UKSC 61, a Supreme Court judgment, has clarified that 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.

In March 2017, the FCA published final rules and guidance with respect to payment protection insurance complaints in light of Plevin. The rules do not apply to borrowers with Regulated Mortgage Contracts but they may apply to borrowers with Consumer Credit Back Book Mortgage Contracts. The FCA rules came into force on 29 August 2017 and require firms that sold payment protection insurance (**PPI**) to write to previously rejected mis-selling complainants who are eligible to complain again in light of Plevin in order to explain this to them by 29 November 2017. The FCA rules state that if the anticipated profit share and commission or the likely range of profit share and commission on a PPI Contract were not disclosed to the borrower before the PPI Contract was entered into, the firm should consider whether it can satisfy itself on reasonable grounds that an unfair relationship did not arise. A firm should make a rebuttable presumption that failure to disclose commission gave rise to an unfair relationship if the anticipated profit share plus the commission known or reasonably foreseeable at the time of sale was in relation to a single premium payment protection contract, more than 50% of the total amount paid in relation to the PPI Contract or in the case of a regular premium PPI Contract, at any time in the relevant period or period more than 50% of the total amount paid in relation to the PPI Contract in respect of the relevant period or periods. The FCA cites, amongst others, an example of such presumption being rebutted by the lender not having known and not being reasonably expected to have known or foreseen the level of commission and anticipated profit share. Where the firm concludes that the non-disclosure of commission on a PPI Contract has given rise to an unfair relationship, the FCA states that the firm should remedy the unfairness by paying the complainant a sum equal to the total commission paid by the complainant for PPI plus an amount representing any profit share payment, minus 50% of the total amount paid by the complainant for the PPI (**Compensation Sum**). The firm should also pay historic interest in relation to the Compensation Sum (which is the interest the complainant paid as a result of the Compensation Sum being included in the loan) where relevant and also pay simple interest on the whole amount.

If a court determined that there was an unfair relationship between the Lender and the Borrowers in respect of the Loans and orders that financial redress be 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.

Mortgage Prisoners

In March 2019, the FCA issued the Mortgages Market Study Final Report (the **MMS Final Report**) and published a consultation paper (the **Consultation**) setting out detailed proposals to remove regulatory barriers to changing mortgages for "mortgage prisoners". The Consultation closes in June 2019. The term "mortgage prisoners" has been defined by the FCA to mean mortgage customers who would benefit from changing their mortgage product (either with their existing lender or with a new lender) (**Switching**) but are unable to do so despite being up to date with their current mortgage payments. The FCA has confirmed that the findings from the MMS Final Report are aimed at the first charge residential mortgage market in particular and that it did not focus on second charge, buy-to-let, commercial mortgages or home reversion plans. The FCA have however stated that insights gained from the MMS Final Report are likely to be relevant to other markets within the FCA's regulatory scope.

The FCA previously recognised that the affordability rules applicable to new lenders (being whether the consumer can afford to service the mortgage, accounting for income and expenditure and includes consideration of future changes, taking account of likely future interest rates and the extent to which the customer is borrowing in to retirement) was an obstacle to new lenders being able to facilitate Switching. The Consultation sets out proposals as to how to modify these rules so that a borrower Switching who is up to date with their mortgage payments and is not taking on additional borrowing (other than to fund any product or arrangement fee) can pass the affordability test if the new product is cheaper than the existing product. The FCA is also consulting pursuant to the Consultation on imposing on mortgage administrators and servicers who act for unregulated lenders (such as the Issuer) an obligation to notify all relevant borrowers of that unregulated lender serviced by that administrator or servicer of the fact that the borrower may be able to switch to a cheaper product following the change in rules. These notices would only apply to residential borrowers (excluding lifetime mortgages) who were on a reversion rate and who were up to date with payments for the previous 12 months. The proposed modification of the rules should make it easier for a borrower who is a mortgage prisoner with an unregulated lender to switch to a new lender and this, together with the proposed notification obligations, could increase redemption rates where there are a significant number of mortgage prisoners held by an unregulated lender.

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).

A regulated mortgage contract under the FSMA, if originated by a United Kingdom lender from an establishment in the United Kingdom, will not be cancellable under these regulations, but will be subject to related pre-contract disclosure requirements in MCOB. Certain other credit agreements will be cancellable under these regulations if the borrower does not receive 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.

Compliance with the regulations may be secured by way of injunction (interdict in Scotland), granted on such terms as the court thinks fit to ensure such compliance, and certain breaches of the regulations may render the supplier or intermediaries (and their respective relevant officers) liable to a fine. Failure to comply with MCOB rules could result in, inter alia, disciplinary action by the FCA and possible claims under Section 138D of the FSMA for breach of FCA rules.

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

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

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

Unfair Terms in Consumer Contracts Regulations 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. 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 Servicer or their respective businesses and operations.

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

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 (or exercise analogous rights in Scotland). Any such non-recovery, claim or set-off may adversely affect the Issuer's ability to make payments on the Notes.

On 12 January 2016, the FCA and the Competition and Markets Authority (the CMA) entered into a memorandum of understanding in relation to consumer protection (the MoU) which stated that the

CMA may consider fairness but will not usually expect to do so where the firm concerned is an authorised firm or an authorised representative under the FSMA. Further, the MoU stated that the FCA will consider "fairness" within the meaning of the CRA and the UTCCR, of standard terms, and the CRA of negotiated terms, in financial services contracts issued by authorised firms of appointed representatives, when such firms or representatives are undertaking any regulated activity (as specified in Part II of the RAO) in the UK. In this MoU "authorised" includes having an interim permission and a "relevant permission" includes an interim permission. This will include contracts for:

- mortgages and the selling of mortgages;
- insurance and the selling of insurance;
- bank, building society and credit union accounts;
- life assurance;
- pensions;
- investments;
- consumer credit;
- consumer hire; and
- other credit-related regulated activities.

MCOB rules for Regulated Mortgage Contracts require that: (a) arrears charges represent a reasonable estimate of the cost of the additional administration required as a result of the borrower being in arrears; and (b) from 25 June 2010, the borrower's payments are allocated first towards paying off the balance of any payment shortfall, excluding any interest or charges on that balance. In October 2010, the FSA issued a statement that, in its view, early repayment charges are likely to amount to the price paid by the borrower in exchange for services provided and may not be reviewable for fairness under the UTCCR provided that they are written in plain and intelligible language and are adequately drawn to the borrower's attention. In January 2012, the FSA issued a further statement intended to raise awareness of issues that it commonly identified under the UTCCR (such statement has since been withdrawn - see below).

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 variations in mortgage contracts dated February 2000; (ii) an FSA statement of good practice on the 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 have been removed.

The 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.

The FCA have stated that the finalised FCA guidance "Fairness of variation terms in financial services consumer contracts under the Consumer Rights Act 2015" (see "*Unfair Terms in Consumer Contracts Regulations and the CRA*" below) applies equally to factors that firms should consider to achieve fairness under the UTCCR.

The CRA is applicable to Loans that were originated on or after 1 October 2015 or a Loan which has been subject to a material variation since 1 October 2015, such that the Loan may be treated as a new contract falling within the scope of the CRA. If any term of any such Loans or a notice of variation exercising a contractual power of variation in respect of any such 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. However, none of the Loans were originated on or after 1 October 2015 (see "*The Loans – Origination of the Portfolio*"). Further the Securitisation Regulation provides for a ban on the securitisation of residential mortgage loans made after the entry into force of Directive 2014/17/EU, which had been marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the information provided by the loan applicant might not be verified by the lender. The Seller has represented that none of the Mortgage Loans (including any Further Advance in respect of such Loan) was made (including as a result of any Product Switch, as a result of any Port or otherwise as a result of a material variation to the original Loan) after the entry into force of Directive 2014/17/EU. Pursuant to the Mortgage Sale Agreement, in the event that the warranty proves to have been untrue on the Closing Date, the Seller will be required to indemnify the Issuer in respect of all liabilities relating to the breach of warranty, or opt instead to repurchase such Loan and its Related Security (and any other Loan secured or intended to be secured by such Related Security or any part of it) at the Repurchase Price. 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 Servicer 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.

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 21 upheld borrower complaints brought before the Ombudsman in the last five years.

Consumer Protection from Unfair Trading Regulations 2008

On 11 May 2005, the European Parliament and the Council adopted Directive (2005/29/EC) on unfair business to consumer commercial practices (the **Unfair Practices Directive**). Generally the Unfair Practices Directive applies full harmonisation, which means that Member States may not impose more stringent provisions in the fields to which full harmonisation applies. By way of exception, the Unfair

Practices Directive permits Member States to impose more stringent provisions in the fields of financial services and immovable property, such as mortgage loans.

The Unfair Practices Directive provides that enforcement bodies may take administrative action or legal proceedings against a commercial practice on the basis that it is "unfair" within the Unfair Practices Directive. The Unfair Practices Directive is intended to protect only collective interests of consumers, and so is not intended to give any claim, defence or right of set-off to an individual consumer.

The Unfair Practices Directive is implemented into UK law by the Consumer Protection from Unfair Trading Regulations 2008 (the **CPUTR**), which came into force on 26 May 2008. The CPUTR prohibit certain practices which are deemed "unfair" within the terms of the CPUTR. Breach of the CPUTR does not (of itself) render an agreement void or unenforceable, but is a criminal offence punishable by a fine and/or imprisonment. The possible liabilities for misrepresentation or breach of contract in relation to the underlying credit agreements may result in irrecoverable losses on amounts to which such agreements apply. The CPUTR did not originally provide consumers with a private act of redress. Instead, consumers had to rely on existing private law remedies based on the law of misrepresentation and duress. However, the Consumer Protection (Amendment) Regulations 2014 (SI No. 870/2014) came into force on 1 October 2014 and in certain circumstances these amendments to the CPUTR give consumers a right to redress for misleading or aggressive commercial practices (as defined in the CPUTR), including a right to unwind agreements.

In addition, the Unfair Practices Directive is taken into account in reviewing rules under the FSMA. For example, MCOB rules for regulated mortgage contracts from 25 June 2010 prevent the lender from: (a) repossessing the property unless all other reasonable attempts to resolve the position have failed, which include considering whether it is appropriate to offer an extension of term, or a change in the product type; and (b) automatically capitalising a payment shortfall.

No assurance can be given that the implementation of the Unfair Practices Directive into UK law will not have a material adverse effect on the Loans or the manner in which they are serviced and accordingly on the ability of the Issuer to make payments to Noteholders.

Mortgage repossession

In June 2010, the FSA made changes to MCOB which effectively converted previous guidance on the policies and procedures to be applied by authorised firms (such as the Legal Title Holder) with respect to forbearance in the context of Regulated Mortgage Contracts into formal mandatory rules. Under these rules, a firm is restricted from repossessing a property unless all other reasonable attempts to resolve the position have failed and, in complying with such restriction, a firm is required to consider whether, given the borrower's circumstances, it is appropriate to take certain actions. Such actions refer to (among other things) the extension of the term of the mortgage, product type changes and deferral of interest payments. While the FSA indicated that it did not expect each forbearance option referred to in these rules to be explored at every stage of interaction with the borrower, it is clear that these rules impose mandatory obligations on firms without regard to any relevant contractual obligations or restrictions which the relevant loan may be subject to as a result, inter alia, of such loan being contained within a securitisation transaction. As a result, the rules may operate in certain circumstances to require the Servicer to take certain forbearance-related actions (which may not have been contemplated as at the date of this Prospectus or the Transaction Documents) in respect of one or more Loans and their Related Security. No assurance can be made that any such actions will not impact on the Issuer's ability to make payments in full when due on the Notes, although the impact of this will depend on the number of Loans that involve a Borrower who experiences payment difficulties.

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

Part I of the Home Owner and Debtor Protection (Scotland) Act 2010 came into force on 30 September 2010 and imposes additional requirements on heritable creditors (the Scottish equivalent of a mortgagee) in relation to the enforcement of standard securities over residential property in Scotland. Under Part I of the Act, the heritable creditor, which may be a Legal Title Holder or, in the event of it taking legal title to the Scottish Loans and their Related Security, the Issuer, has to obtain a court order to exercise its power of sale (in addition to initiating the enforcement process by the service of a two-month "calling up" notice), unless the borrower and any other occupiers have surrendered the property voluntarily. In applying for the court order, the heritable creditor also has to demonstrate that it has taken various preliminary steps to attempt to resolve the borrower's position, and comply with further procedural requirements.

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

Inquiries into payment protection insurance

Financial institutions, including mortgage lenders, continue to see a volume of claims for redress made by claimants who claim they were mis-sold PPI. The Financial Ombudsman Service (FOS) has provided guidance to the credit industry as to the correct approach to redress, which is published on its website (http://www.financialombudsman.org.uk/publications/technical_notes/ppi/redress.html). This is that the consumer should be put back into the position they would have been in but for the failure on the part of the lender or broker. Redress should be assessed on the basis that the claimant would not have purchased the policy, if the lender or broker had given a fair recommendation and/or had given appropriate information during the sale and that the claimant should be compensated if he has been out-of-pocket in the meantime.

The relevant regulators expect the credit industry to follow the FOS-mandated approach. Depending on the precise circumstances of each case, redress will normally involve calculating what the current balance of the loan would have been if the consumer had made the same monthly payments but without PPI. This is calculated by deducting the PPI premiums and the interest and charges that resulted from those premiums (including those arising because the ongoing balance on the loan was higher than it would have been, if the consumer had made the same payments to an account without PPI). If the reconstruction produces a credit balance for any period, the payment of interest (normally at the rate of 8% simple per year) should be added to the credit balances for the period that the account was in credit. This highly complex calculation methodology can result in high redress, particularly where the loan has been significantly utilised over a long period, as PPI is typically charged by reference to the loan balance. Where appropriate (for example, where the lender or broker rejected a complaint that it knew (or should have known) that the FOS would uphold), damages for distress/inconvenience may also need to be considered.

PPI redress is generally paid by cheque to each individual claimant as a matter of course, except where the loan is delinquent, in which case the Borrower will be advised that redress is to be set-off against the balance unless the Borrower opts to have it paid by cheque. Generally, it is within claimants' rights to request that their PPI redress is set-off against their balance, giving rise to a risk that the Issuer does not receive the full amount otherwise owed by the Borrower under the relevant Loan.

The FCA set a deadline of 29 August 2019 by which consumers needed to make any PPI complaints or lose their right to have them assessed by firms or the FOS (although consumers continue to be able to bring claims in court). There is a possibility that such a deadline could be challenged in court or subject to judicial review.

Set-off by Borrowers in respect of PPI claim amounts against the amount due by the Borrower under the relevant Loans may adversely affect the ultimate amount received by the Issuer in respect of the relevant Loans and/or the ability of the Issuer to make payments under the Notes.

OneSavings Bank v Burns and Legal Title Transfers of Scottish Mortgages

The validity of the form of Scottish assignation of standard securities used commonly in the marketplace over the past few decades was brought into question in a recent judgment of Banff Sheriff Court, in the case of *OneSavings Bank plc v Burns* [2017] SC BAN 20 (**OneSavings Bank v Burns**). In this case the court interpreted the relevant legislation as requiring a Scottish assignation to specify the amounts due under the standard securities in order to constitute a valid transfer of the legal title to such standard securities. The market practice in the majority of cases in Scotland had previously been for Scottish assignations not to specify the amounts due.

The effect of the judgment is that, where a mortgage loan and the standard security securing such loan has been transferred using a form of Scottish assignation which has not specified the amounts due under that standard security, the mortgage loan will vest in the transferee but legal title to the standard security may not vest in the transferee and will instead remain vested in the transferor. As a result, the transferee may (without further remedial action) encounter difficulties in trying to enforce the standard security against the underlying borrower. Although the judgment is not binding on other courts in Scotland it is possible that other Sheriff Courts will choose to follow the decision. On 26 May 2017 a (currently unreported) judgment of the Court of Session, in the case of *Shear v Clipper Holdings*, cast doubt on the judgment in *OneSavings Bank v Burns*. In giving the judgment, Lord Bannatyne disagreed with the approach of the Sheriff in *OneSavings Bank v Burns*. This case has been followed by a more recent judgement of Greenock Sheriff Court, in the case of *Promontoria (Henrico) Limited v The Firm of Portico Holdings (Scotland) and Others* [2018] SC GRE 5, where Sheriff Hamilton also disagreed with the approach of the Sheriff in *OneSavings Bank v Burns*.

Legal title to all of the Scottish Mortgages was transferred to the Original Legal Title Holder in 2015.

Given that the form of Scottish assignation used to transfer such Scottish Mortgages to the Original Legal Title Holder was the form held in *OneSavings Bank v Burns* to be ineffective, certain Borrowers could seek to defend or delay enforcement proceedings in respect of such Scottish Mortgages by arguing that the legal title to those Scottish Mortgages remains with the originator and has not transferred to the Original Legal Title Holder and that the Original Legal Title Holder has no title to bring such enforcement proceedings. Any delay or successful defence of enforcement proceedings could impact on the ability of the Servicer to exercise enforcement remedies in respect of the Scottish Mortgages and recover unpaid sums due from the relevant Borrowers and thereby affect the ability of the Issuer to make payments under the Notes. Any such risk is, however, limited to those Scottish Mortgages which are being called up under enforcement proceedings which are subsequently challenged on similar grounds.

If there is a further case that is taken to appeal and which supports the judgement in *OneSavings Bank v Burns*, it is likely that such case could have an impact on the number of cases where the same point is raised, and on existing cases that have not yet reached enforcement. In the absence of an appeal court decision regarding the judgement in *OneSavings Bank v Burns*, the fact that the title to Scottish Mortgages include assignations in the form criticised in *OneSavings Bank v Burns* may impact the value and/or sale of those Scottish Mortgages or the price achieved for them.

Land Registration Reform in Scotland

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

Previously, title to a residential property that was recorded in the General Register of Sasines would usually only be required to be moved to the Land Register of Scotland (a process known as "first registration") when that property was sold or if the owner decided voluntarily to commence first registration. However, the 2012 Act sets out in provisions which are being brought into effect in stages, additional circumstances which will trigger first registration of properties recorded in the General Register of Sasines, including (i) the recording of a standard security (which would extend to any standard security granted by the Issuer in favour of the Security Trustee over Scottish Mortgages in the Portfolio recorded in the General Register of Sasines, pursuant to the terms of the Deed of Charge following a Perfection Trigger Event (a **Scottish Sasine Sub-Security**)) or (ii) the recording of an assignation of a standard security (which, in the latter case, would extend to any assignation granted on the Transfer Date or by the relevant Legal Title Holder in favour of the Issuer or its nominee in respect of Scottish Mortgages in the Portfolio recorded in the General Register of Sasines, pursuant to the terms of the Mortgage Sale Agreement and/or the Relevant Servicing and Legal Title Holder Deed following a Perfection Trigger Event (a **Scottish Sasine Transfer**)).

The relevant provisions of the 2012 Act relating to the recording of standard securities came into force on 1 April 2016. As the transaction contemplated by the Transaction Documents involves the sale of a relatively static pool of mortgages and standard securities, these changes should not have any immediate effect in relation to the Scottish Mortgages contained in the Portfolio at the Closing Date. As of the date of this Prospectus, the General Register of Sasines is now closed to the recording of standard securities. Notwithstanding the provisions of the 2012 Act mentioned above, for the time being, other deeds such as assignations of standard securities (including Scottish Sasine Transfers) will continue to be accepted in the General Register of Sasines indefinitely (although the Registers of Scotland have reserved the right to consult further on this issue in the future).

If the General Register of Sasines becomes closed to assignations of standard securities at any time after the date of this Prospectus, then this would also have an impact on the registration of Scottish Sasine Transfers in addition to impacting on the registration of Scottish Sasine Sub-Security executed following a Perfection Trigger Event, with the probability of higher legal costs and a longer period required to complete registration than would currently be the case.

As noted above, such events will only occur following a Perfection Trigger Event and given that the proportion of residential properties in Scotland which remain recorded in the General Register of Sasines continues to decline (the Registers of Scotland estimate that, in April 2016 around 60 per cent. of property titles in Scotland were registered in the Land Register of Scotland), it is likely that, in relation to the Provisional Portfolio, where, as at the Portfolio Reference Date, 4.69 per cent. (by Outstanding Principal Balance) of the Properties are located in Scotland, only a minority of the Scottish Mortgages will be recorded in the General Register of Sasines.

General

No assurance can be given that additional legislation, regulations or guidance from Parliament, the FCA, the Competition and Markets Authority (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 Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full on the Notes when due.

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, payment protection insurance 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.

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 depends on their individual circumstances and may be subject to change in the future (possibly with retrospective effect). Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek professional advice.

The Class X Certificates and the Class Y Certificates are not considered below.

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. Euronext Dublin is a recognised stock exchange for such purposes. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in Member States of the European Economic Area and are admitted to trading on the main market of Euronext Dublin (references in this section to "the main market of Euronext Dublin" shall be taken to refer to the Regulated Market as defined herein). Provided, therefore, that such Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on those Notes will be payable without withholding or deduction for or 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. 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 should not be subject to any withholding or deduction for or on account of United Kingdom income tax.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate).

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

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

person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

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 statutory, judicial or administrative authority directly addressing the characterization of instruments similar to the Rule 144A Notes, when issued, the Class A Notes, Class B Notes, Class C Notes and Class D Notes will, and the Class E 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*" below 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;
- (j) persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement; and
- (k) United States holders (as defined below) that have a "functional currency" other than the U.S. 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 U.S. Internal Revenue Code of 1986, as amended (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) any estate the income of which is subject to U.S. federal income tax regardless of the source of its income; or
- (d) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

A **Non-United States holder** is a beneficial owner of the Notes that is neither a United States holder nor a partnership. 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 (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 statutory, judicial or administrative authority directly addressing the characterization of instruments 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, Class B Notes, Class C Notes and Class D Notes will, and the Class E 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 F Notes, although the Issuer intends to treat the Class F 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 Class F 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 the Class R Notes (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 U.S. 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 Class A 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, absent an election by the holder to accrue under the OID rules, 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 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 (and such potential for deferral is not, in the Issuer's view, sufficiently remote to be disregarded for purposes of the OID rules), 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 SONIA used in setting interest for the first Interest Period, and then adjusting the income for each subsequent Interest Period for any difference between the actual value of SONIA 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, OID, *de minimis* OID, and unstated interest 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 includable 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-U.S. Dollar currency

A United States holder holding U.S. Notes denominated in a non-U.S. 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-U.S. Dollar currency and converted into U.S. 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 U.S. Dollar value of the interest payments received. OID on U.S. Notes denominated in a non-U.S. Dollar currency for each accrual period will be determined in the non-U.S. Dollar currency that such U.S. Note is denominated in and then translated into U.S. 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 U.S. 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 U.S. 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-U.S. 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 allow such holder to make a QEF election and (ii) with respect to any United States holder of a Class F Note (and at such holder's expense), to allow such holder to file a protective statement preserving such United States holder's ability to treat the Issuer as a QEF if such class is treated as equity rather than debt for U.S. federal income tax purposes (although there is no guidance that such protective statements are effective or permitted). 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, 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 or value of all classes of shares of a foreign corporation. If more than 50 per cent. of the Equity Notes and other equity interests in 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-U.S. Dollar currency received into U.S. 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-U.S. 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 U.S. 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 U.S. 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 U.S. 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 U.S. 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 unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-United States holder of a trade or business in the U.S. or (ii) in the case of any gain realised on the sale or exchange of a Note by an individual Non-United States holder, that holder is present in the U.S. for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

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 may be 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 the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register 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, any transfer agent, the Registrar, Arranger, Lead Manager 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 Section 406 of ERISA and/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 Labor 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 the purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, and the prohibited transaction provisions of Section 406 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 Section 406 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 (i) any employee benefit plan subject to Title I of ERISA, (ii) any plan described in Section 4975(e)(1) of the Code to which Section 4975 of the Code applies, and (iii) 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 total 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 and the Class D 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 E Notes, the Class F Notes and the Class R Notes could be viewed as equity interests for the purposes of the Plan Asset Regulations.

Accordingly, any Notes that are not ERISA-Eligible Notes may not be purchased or held by any Benefit Plan Investor, including any ERISA Plan or other Plan or any entity whose underlying assets include plan assets by reason of such an ERISA Plan or other Plan's investment in such entity within the meaning of the Plan Asset Regulation, and each purchaser of such Note (or interest therein) will be deemed to have represented, warranted and agreed that it is not, and is not acting on behalf of (and for so long as it holds such Note (or interest therein) will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church or non-U.S. plan which is subject to any Similar Law, and no part of the assets to be used by it to acquire or hold such Note (or any interest therein) constitutes or will constitute the assets of any Benefit Plan Investor or such governmental, church or non-U.S. plan, or, if it is a governmental, church or non-U.S. plan, its acquisition, holding and disposition of such Note (or interest therein) will not constitute or result in a violation of any Similar Law. Each purchaser of an ERISA-Eligible Note (or interest therein) will be deemed to have represented, warranted and agreed that either (i) it is not, and is not acting on behalf of (and for so long as it holds such Note (or interest therein) will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church or non-U.S. plan subject to any Similar Law, and no part of the assets to be used by it to acquire or hold such Note (or interest therein) constitutes or will constitute the assets of any Benefit Plan Investor or such governmental, church or non-U.S. plan, or (ii) its acquisition, holding and disposition of such Note (or interest therein) will not constitute or

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 any Similar Law.

Each Plan fiduciary who is responsible for making the investment decisions on 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, the Arranger or the Lead Manager 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

Barclays (in its capacity as Lead Manager and Retention Holder) has, pursuant to a subscription agreement dated on or about the date of this Prospectus between the Seller, the Arranger, the Lead Manager, the Retention Holder 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) in the case of the Lead Manager:
 - (i) £145,581,000 of the Class A Notes at the issue price of 100 per cent.;
 - (ii) £5,693,000 of the Class B Notes at the issue price of 100 per cent.;
 - (iii) £4,066,000 of the Class C Notes at the issue price of 100 per cent.;
 - (iv) £2,439,000 of the Class D Notes at the issue price of 100 per cent.;
 - (v) £1,626,000 of the Class E Notes at the issue price of 100 per cent.,
(together the **LM Notes**);
- (b) in the case of the Retention Holder:
 - (i) £7,663,000 of the Class A Notes at the issue price of 100 per cent.;
 - (ii) £300,000 of the Class B Notes at the issue price of 100 per cent.;
 - (iii) £215,000 of the Class C Notes at the issue price of 100 per cent.;
 - (iv) £129,000 of the Class D Notes at the issue price of 100 per cent.;
 - (v) £86,000 of the Class E Notes at the issue price of 100 per cent.;
 - (vi) £3,424,000 of the Class F Notes at the issue price of 39.81541 per cent.;
 - (vii) £2,568,000 of the Class R Notes at the issue price of 100 per cent.

Only the Rated Notes are being sold through the Lead Manager. The Unrated Notes will not be sold through the Lead Manager and are intended to be offered only in a privately placed transaction. The Certificates are not being offered by this prospectus. Any transferee or purchaser of any Certificate is prohibited from relying on this prospectus in connection with any such transaction.

On the Closing Date, (i) 5 per cent. of each of the Rated Notes and 100 per cent. of the Class F Notes and Class R Notes will be acquired by the Retention Holder, and (ii) the Retention Holder will concurrently transfer 95 per cent. of each of the Class F Notes and the Class R Notes to a holder pursuant to a private placement transaction. The Certificates will be issued on the Closing Date to the Seller and represent a right to deferred consideration for the sale of the Portfolio by the Seller to the Issuer. The Seller will transfer the Certificates to Barclays on the Closing Date immediately following the issue of the Certificates to the Seller. Barclays expects to transfer 95 per cent. of the Class Y Certificates to a holder pursuant to a private placement transaction.

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 Issuer has agreed to indemnify the Arranger and the Lead Manager under the Subscription Agreement against certain liabilities in connection with the issue of the Notes and the Certificates, including liabilities under applicable securities laws, or contribute to payments the Arranger and the Lead Manager may be required to make in respect of those liabilities, subject in each case to the conditions and requirements set out in the Subscription Agreement.

Pursuant to the Subscription Agreement, the Retention Holder will warrant and/or undertake to the Arranger and the Lead Manager to:

Other than admission of the Notes to the Official List and the admission of the Notes to trading Euronext Dublin, no action has been taken by the Issuer, the Seller, the Lead Manager or the Arranger, which would or has been intended to permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

The Retention Holder will covenant to the Arranger and Lead Manager that it will, whilst any of the Notes remain outstanding, retain on an ongoing basis a material net economic interest of 5 per cent. in the nominal value of each of the Class of Notes sold or transferred to the investors in accordance with the text of Article 6(1) of the Securitisation Regulation (which, in each case, does not take into account any corresponding national measures).

The Seller has prior to entering into the Mortgage Sale Agreement identified the mortgage loans to be included in the Closing Date Portfolio. Statistical and other information on the Provisional Portfolio is set out in the section of this Prospectus entitled "*Characteristics of the Provisional Portfolio*". From the Provisional Portfolio, Loans will be selected to comprise the Closing Date Portfolio. Any change in the manner in which the interest is held will be notified to the Noteholders.

Pursuant to the terms of the Subscription Agreement, the Retention Holder may assign, transfer or novate its rights, obligations and liabilities (other than any obligations relating to retentions of 5 per cent. of the material net economic interest of each of the Class of Notes sold or transferred to the investors, except to the extent such obligation is capable of being transferred or novated in accordance with the applicable legislation and regulation and would not cause the transaction described in this Prospectus to cease to be compliant with the risk retention requirements under Article 6 of the Securitisation Regulation to one of its subsidiaries. In that event, the obligations, liabilities and rights of the Seller will become the obligations, liabilities and rights of the entity acquiring them.

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 and each Lead Manager acknowledges that any LM Notes that are not ERISA-Eligible Notes may not be purchased or held by any Benefit Plan Investor, including any ERISA Plan or other Plan or any entity whose underlying assets include plan assets by reason of such an employee benefit plan or plan's investment in such entity within the meaning of the Plan Asset Regulation, and each purchaser of such LM Notes (or interests therein) will be deemed to have represented, warranted and agreed that it is not, and is not acting on behalf of (and for so long as it holds such LM Notes (or interests therein) will not be, and will not be acting on behalf of), a Benefit Plan Investor or an ERISA Plan or other Plan or a governmental, church or non-U.S. plan which is subject to any Similar Law, and no part of the assets to be used by it to acquire or hold such LM Notes (or any interests therein) constitutes or will constitute the assets of any Benefit Plan Investor or such governmental, church or non-U.S. plan, or, if it is a governmental, church or non-U.S. plan, its acquisition, holding and disposition of such LM Notes (or interests therein) will not constitute or result in a violation of any

Similar Law. Each purchaser of ERISA-Eligible Notes (or interests therein) will be deemed to have represented, warranted and agreed that either (i) it is not, and it is not acting on behalf of (and for so long as it holds such LM Notes (or interests therein) will not be, and will not be acting on behalf of), a Benefit Plan Investor or a governmental, church or non-U.S. plan which is subject to any Similar Law, and no part of the assets to be used by it to acquire or hold such LM Notes (or interests therein) constitute or will constitute the assets of any Benefit Plan Investor or such governmental, church or non-U.S. plan, or (ii) its acquisition, holding and disposition of such LM Notes (or interests therein) will not constitute or 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 any Similar Law.

Each of the Arranger and the Lead Manager has acknowledged, in the Subscription Agreement, that the LM Notes have not been and will not be registered under the Securities Act or the securities laws or "blue sky" 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 (as defined under Regulation S of the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes are being offered and sold only (a) outside the United States to persons other than U.S. persons as defined in Regulation S in offshore transactions in reliance on, and in compliance with, Regulation S and (b) in the United States to a limited number of QIBs acting for their own accounts or the accounts of one or more other QIBs in connection with resales by the Lead Manager in reliance on, and in compliance with, Rule 144A. In addition, the LM Notes cannot be resold in the United States or to U.S. persons unless an exemption from registration is available.

In connection with any Regulation S Notes, the Arranger and the Lead Manager has agreed that with respect to the relevant Regulation S Notes for which it has subscribed that it will not offer, sell or deliver the Regulation 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 Regulation 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. In connection with any Regulation S Notes, the Arranger and the Lead Manager has further agreed that with respect to the relevant Regulation S Notes for which it has subscribed it will have sent to each affiliate or person receiving a selling commission, fee or other remuneration that purchases Regulation S Notes from it during the Distribution Compliance Period, a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation 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 period made up of the 40 days following the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by the Lead Manager, or any other manager or dealer that is not participating in the offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

In connection with any Rule 144A Notes, the Arranger and the Lead 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 LM Notes within the United States only to QIBs in reliance on Rule 144A, and each purchaser of Notes is hereby notified that the Lead 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 £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 and the Lead 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 Lead 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

The Lead 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 LM 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 LM Notes in, from or otherwise involving the United Kingdom.

The Arranger and Lead Manager each acknowledge that, save for having applied for the admission of the Notes to the Official List of the Central Bank of Ireland and admission to trading on Euronext Dublin, no further action has been or will be taken in any jurisdiction by the Arranger and Lead Manager that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material in relation to the Notes, in any country or jurisdiction where such further action for that purpose is required.

Ireland

The Lead Manager has represented and agreed that:

- (a) it will not underwrite the issue of, or place the LM Notes, otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 of Ireland, as amended, (the **MiFID Regulations**) including, without limitation, Regulation 5 (Requirement for authorisation (and certain provisions concerning MTFs and OTFs)) thereof and in connection with the MiFID Regulations, any applicable codes of conduct or rules and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland, Regulation (EU) No 600/2014, as amended, and any delegated or implementing acts adopted thereunder and the provisions of the Investor Compensation Act 1998 of Ireland, as amended;

- (b) it will not underwrite the issue of, or place, the LM Notes otherwise than in conformity with the provisions of the Companies Act 2014 of Ireland (as amended, the **Companies Act**), the Central Bank Acts 1942 to 2018 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 of Ireland, as amended;
- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the LM Notes otherwise than in conformity with the provisions of the European Union Prospectus Regulations 2019 and any rules issued by the Central Bank of Ireland under Section 1363 of the Companies Act; and
- (d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the LM Notes, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU/596/2014), as amended, the Market Abuse Directive on criminal sanctions for market abuse (Directive 2014/57/EU), the European Union (Market Abuse) Regulations 2016 of Ireland, as amended, (S.I. No 349 of 2016) and any Irish market abuse law as defined in those Regulations and the Companies Act 2014 of Ireland, as amended, and any rules made or guidance issued by the Central Bank of Ireland in connection with the foregoing, including any rules or guidelines issued by the Central Bank of Ireland under Section 1370 of the Companies Act 2014 of Ireland, as amended.

Prohibition of Sales to EEA Retail Investors

The Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area.

For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of MiFID II;
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
- (c) not a qualified investor as defined in the Prospectus Regulation,

the expression "offer" includes 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.

General

Each of the Issuer, the Arranger, the Lead Manager and the Seller has undertaken that it will not, directly or indirectly, offer or sell any Notes or Certificates or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes 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*", 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 two

business days (T+2), 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 two 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

The Notes and the Class X Certificates are subject to transfer restrictions and are not transferable except in accordance with the restrictions set forth herein. Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes or Certificates.

Class X Certificate

The Class X Certificate may only be transferred in whole and is not divisible.

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 or "blue sky" laws of any state or other jurisdiction 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 (as defined in Regulation S) except pursuant to 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 or to a U.S. person, only to QIBs acting for their own account or for the account of one or more other QIBs, in each case in accordance with and pursuant to Rule 144A and any state or local securities laws and (ii) in the case of the Regulation 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, any sale or transfer of interests in a Regulation S Global Note 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 (together with any subsequent transferee) of the Notes (including any interests therein) will be deemed to have acknowledged, represented and agreed as follows:

- (a) the Notes are only being offered in a transaction that does not involve a public offering in the United States within the meaning of the Securities Act and the Notes have not been and will not be registered under the Securities Act or the securities laws or "blue sky" laws of any state or other jurisdiction of the United States and, accordingly, may not be offered, sold, reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described below;
- (b) (i) in the case of the Rule 144A Global Notes, it (A) is a QIB within the meaning of Rule 144A under the Securities Act, (B) 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, (C) 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 and (D) 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 (ii) in the case of the Regulation S Notes, it is not a U.S. person (within the meaning of Regulation S under the Securities Act and is acquiring such Regulation 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) it understands that the Issuer is not and will not be registered under the Investment Company Act;
- (d) if it decides to resell or otherwise transfer the Notes or any beneficial interest therein, then it agrees that it will resell or transfer such Notes only prior to the date which is one year after the later of the last issue date for the series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Notes: (i) to the Issuer or any affiliate thereof; (ii) inside the United States 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; (iii) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available); (iv) 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; or (v) pursuant to another available exemption from the registration requirements of 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;
- (e) if it is outside the United States and is not a U.S. person, if it should resell or otherwise transfer the notes prior to the expiration of the Distribution Compliance Period, it will do so only (i) (A) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A and (ii) in accordance with all applicable U.S. state or local securities laws;
- (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 (d) above, if then applicable;
- (g) It is not acquiring the notes with a view to the resale, distribution or other disposition thereof in violation of the Securities Act;
- (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 Regulation 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 understands that the Notes offered in reliance on Regulation S will be represented by the Regulation S Global Notes. Before any interest in the Regulation 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;

- (j) it understands that the Issuer, the Registrar, the Arranger, the Lead Manager 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 acknowledgements, representations and agreements on behalf of each such account.

Legend

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any Class of Notes is outstanding, a Regulation 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**), OR THE SECURITIES LAWS OR "BLUE SKY" LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND ACCORDINGLY MAY NOT BE OFFERED, SOLD, PLEDGED OR TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT REGULATION S) (**U.S. PERSONS**) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

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 DATE, 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 STATE OR LOCAL SECURITIES LAWS. 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 AND HOLDING OF THIS NOTE, SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE (OR INTEREST HEREIN) 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 THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (II) A **PLAN** AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY

REASON OF SUCH AN EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN SUCH ENTITY WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) (EACH OF THE FOREGOING, A **BENEFIT PLAN INVESTOR**), OR (IV) 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 PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES OR WILL CONSTITUTE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) THAT ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR 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 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 EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE (OR ANY INTEREST HEREIN) 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, (II) A **PLAN** AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN SUCH ENTITY WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) (EACH OF THE FOREGOING, A **BENEFIT PLAN INVESTOR**), OR (IV) 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 PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES OR WILL CONSTITUTE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) IF IT IS A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF 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 Class 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 U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OR "BLUE SKY" LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND ACCORDINGLY MAY NOT BE OFFERED, SOLD, PLEDGED OR TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT REGULATION S) (**U.S. PERSONS**) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. ACCORDINGLY, EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

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 OR TO A U.S. PERSON, 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 UNDER THE SECURITIES ACT, (III) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (IV) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF 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 PARAGRAPH (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 AND HOLDING OF THIS NOTE, SHALL BE DEEMED TO REPRESENT, WARRANT AND AGREE

THAT EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE (OR INTEREST HEREIN) 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 THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, (II) A **PLAN** AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN SUCH ENTITY WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) (EACH OF THE FOREGOING, A **BENEFIT PLAN INVESTOR**) OR (IV) 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 PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES OR WILL CONSTITUTE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) THAT ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR 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 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 EITHER (A) IT IS NOT, AND IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS NOTE (OR ANY INTEREST HEREIN) 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, (II) A **PLAN** AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN'S INVESTMENT IN SUCH ENTITY WITHIN THE MEANING OF 29 C.F.R. SECTION 2510.3-101 (AS MODIFIED BY SECTION 3(42) OF ERISA) (EACH OF THE FOREGOING, A **BENEFIT PLAN INVESTOR**), OR (IV) 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 PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA AND/OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), AND NO PART OF THE ASSETS TO BE USED BY IT TO ACQUIRE OR HOLD THIS NOTE OR ANY INTEREST HEREIN CONSTITUTES OR WILL CONSTITUTE THE ASSETS OF ANY BENEFIT PLAN INVESTOR OR SUCH GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, OR (B) IF IT IS A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR ANY INTEREST HEREIN WILL NOT CONSTITUTE OR RESULT IN A VIOLATION OF 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. The LEI of the Issuer is 635400BLYSFCWESLTE75 and the STUI is and the STUI is 635400BLYSFCWESLTE75N201901.
2. It is expected that the admission of the Notes to the Official List of Euronext Dublin and the admission of the Notes to trading on Euronext Dublin's Regulated Market will be granted on or around 22 October 2019. The Certificates will not be listed.
3. 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 5 July 2019 (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).
4. 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 July and the first statutory accounts of the Issuer will be drawn up to 31 July 2020. So long as the Notes are admitted to trading on Euronext Dublin's Regulated Market, the most recently published audited annual accounts of the Issuer from time to time shall be available at the specified office of the Principal Paying Agent in London. The Issuer does not publish interim accounts.
5. For so long as the Notes are admitted to the Official List of Euronext Dublin and to trading on Euronext Dublin's Regulated Market, the Issuer shall maintain a Paying Agent in the United Kingdom.
6. Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.
7. Since 5 July 2019 (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.
8. The issue of the Notes and the Certificates was authorised pursuant to a resolution of the board of directors of the Issuer passed on 14 October 2019.
9. The Notes and the Certificates have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISINs and Common Codes.

Class of Notes	Regulation S ISIN	Regulation S Common Code	Rule 144A ISIN	Rule 144A Common Code
Class A Notes	XS2065975265	206597526	XS2065977048	206597704
Class B Notes	XS2065975695	206597569	XS2065977394	206597739
Class C Notes	XS2065975851	206597585	XS2065977477	206597747
Class D Notes	XS2065975935	206597593	XS2065983442	206598344

Class of Notes	Regulation S ISIN	Regulation S Common Code	Rule 144A ISIN	Rule 144A Common Code
Class E Notes	XS2065976073	206597607	XS2065995453	206599545
Class F Notes	XS2065976313	206597631	XS2065995537	206599553
Class R Notes	XS2065976826	206597682	XS2065995701	206599570
Class X Certificate	XS2065999950	206599995	XS2066000394	206600039
Class Y Certificates	XS2066000477	206600047	XS2066000550	206600055

10. Reporting

Securitisation Regulation Reporting

The Cash Manager (on behalf of the Issuer) shall:

- (a) publish on the Cash Manager Website a Quarterly Investor Report, as required by and in accordance with Article 7(1)(e) of the Securitisation Regulation, which shall be provided (i) as at the Closing Date and prior to the Template Effective Date in the form set out in Annex VIII of the CRA3 and (ii) following confirmation from the Issuer to the Cash Manager of the Template Effective Date in the final form adopted under the Securitisation Regulation;
- (b) publish on the Cash Manager Website (simultaneously with the report referred to in paragraph (a) above) on a quarterly basis certain loan-by-loan information in relation to the Portfolio in respect of the relevant Collection Period as required by and in accordance with Article 7(1)(a) of the Securitisation Regulation which report shall be provided by the Servicer to the Cash Manager (to the reasonable satisfaction of the Cash Manager) (i) as at the Closing Date and prior to the Template Effective Date in the form of the standardised template set out in Annex I of the CRA3 as required by Article 43(8) of the Securitisation Regulation and (ii) following confirmation from the Issuer to the Cash Manager that the Template Effective Date has occurred, in the manner required by such technical standards;
- (c) publish on the Cash Manager Website any information provided by the Issuer (or the Servicer on its behalf) required to be reported pursuant to Article 7(1)(f) or 7(1)(g) (as applicable) of the Securitisation Regulation without delay; and
- (d) subject to receipt from the Issuer of the final Transaction Documents and this Prospectus within 15 days of the issuance of the Notes, make available via the Cash Manager Website copies of the final Transaction Documents and this Prospectus.

Each report set out above and loan-by-loan and other information shall be made available no later than one month following the Interest Payment Date following the Collection Period to which it relates. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. To the extent any technical standards prepared under the Securitisation Regulation come into effect after the date of this Prospectus and require such reports to be published in a different manner or on a different website the Issuer (as designated entity for the purposes of the Securitisation Regulation) shall comply with the requirements of such technical standards.

The Cash Manager will (as authorised by the Issuer) make the information referred to above available to the Noteholders and Certificateholders, relevant competent authorities (including for the avoidance of doubt the FCA) and, upon request, to potential investors in the Notes on the Cash Manager Website. In addition, the Issuer confirms that the Cash Manager on behalf of the Issuer has made available the documents required by Article 7(1)(b) of the Securitisation Regulation prior to the pricing date of the Notes.

None of the reports or the Cash Manager Website or the contents thereof form part of this Prospectus.

11. The Issuer will procure that the information and reports as more fully set out in the section of this Prospectus headed "*Summary of the Key Transaction Documents – Investor Reports and information Reporting under the Securitisation Regulation*" are published when and in the manner set out in such section.
12. From the date of this Prospectus and for so long as the Notes are listed on Euronext Dublin and admitted to trading on its Regulated 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) or made available at <https://pivot.usbank.com> (or such other website as may be available for such purpose and notified by the Cash Manager to the Transaction Parties and the Rating Agencies from time to time):
 - (a) the memorandum and articles of association of each of the Issuer and Holdings;
 - (b) physical copies of the following documents:
 - (i) Administration Agreement;
 - (ii) Agency Agreement;
 - (iii) Bank Account Agreement;
 - (iv) Cash Management Agreement;
 - (v) Corporate Services Agreement;
 - (vi) Deed of Charge;
 - (vii) Deed Poll;
 - (viii) Interim Period Collection Account Declarations of Trust;
 - (ix) Interim Servicing and Legal Title Holder Deed;
 - (x) Issuer Power of Attorney;
 - (xi) each Legal Title Holder Power of Attorney;
 - (xii) Long-Term Servicing and Legal Title Holder Deed;
 - (xiii) Master Definitions and Construction Schedule;
 - (xiv) Mortgage Sale Agreement;

- (xv) Original Legal Title Holder Corporate Services Agreement;
- (xvi) Retention Holder Deed Poll;
- (xvii) Risk Retention Letter;
- (xviii) Scottish Supplemental Charge;
- (xix) each Scottish Declaration of Trust;
- (xx) Seller Declaration of Trust;
- (xxi) Seller Power of Attorney;
- (xxii) Seller Security Power of Attorney;
- (xxiii) Servicer Power of Attorney;
- (xxiv) Share Trust Deed;
- (xxv) Subscription Agreement;
- (xxvi) Trust Deed; and
- (xxvii) 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.

13. 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.
14. Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Regulated Market of Euronext Dublin for the purposes of the Prospectus Regulation.

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